

Following strike wave, New Zealand prime minister appeases the corporate elite

By John Braddock
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New Zealand Prime Minister Jacinda Ardern announced on August 28 the creation of a new Business Advisory Council to build “closer relationships” between the Labour Party-led government and big business.

Ardern’s announcement, made to a gathering of corporate leaders in Auckland, was aimed at arresting a collapse in “business confidence” 10 months into her government’s term. A current ANZ bank outlook, the gloomiest monthly survey in a decade, shows 50 percent of businesses expect conditions to deteriorate. Economists are mostly downgrading growth forecasts for the coming year to around 2 percent, from about 3.5 percent a year ago.

Ardern had earlier described plummeting business confidence as the “elephant in the room” for the Labour-NZ First-Greens coalition government, but she opened her speech by declaring that the level of corporate disquiet had now become a “massive, big, flashing neon sign.”

Ardern reassured her audience that the government was “listening” to their concerns and promised to “do better.” Certainty, she warned, “should not be confused with stasis and complacency.” By failing to “transform” the economy in the 1970s and early 1980s, Ardern asserted, “we paid a price for that with the speed of reform that had to come after.”

The remarks were a reference to the brutal market-liberalisation attacks on jobs and living standards that was carried out by the Labour government of 1984–90. Ardern emphasised that her government has ambitious plans to further “transform the economy”—i.e., to extend the pro-capitalist agenda and deepen the assault on the working class—and “wants business to come with it.”

Ardern said the business council, to be chaired by Air

New Zealand chief executive Christopher Luxon, will provide her with “high-level free and frank advice” on key economic issues, and “harness expertise” from the private sector to develop the government’s economic policies.

BusinessNZ chief executive Kirk Hope welcomed the move, describing it as a sign the government was heeding the “concerns” of the corporate elite. One Fairfax Media commentator described it as “a direct line for business into the upper floors of the Beehive”—the Wellington building that houses government ministers and top bureaucrats.

The government had already established two other business-led groups to “advise” it—the Tripartite Future Work Forum, which includes the Council of Trade Unions, and the Small Business Council.

Labour’s move to further appease business is a clear response to the shift to the left by the working class, with tens of thousands of workers—including nurses, teachers, public servants, retail workers and transport workers—initiating the largest strike movement for two decades over low wages and living standards.

The strike wave has emerged amid growing anger among workers with the trade unions, which are desperately manoeuvring to suppress workers’ demands and impose spending limits dictated by the government.

Signalling rising alarm in ruling circles, Canterbury Employers Chamber of Commerce manager Leeann Watson told Fairfax Media last month: “We’ve had more strikes in the last six months than we’ve had in years.”

Manufacturers’ and Exporters Association chief executive Dieter Adam warned against significant pay rises for nurses and teachers, declaring: “When employees in our sector see a bunch of state employees

getting these high settlements, the logical question is ‘why not us?’”

Acutely aware of the widespread popular hostility to the political establishment after decades of attacks on social conditions and entrenched inequality, Labour and its coalition partners have sought to present a “progressive” image. It has introduced a series of populist gestures, including freezing MPs’ pay, reining in state sector CEO bonuses, marginally improving tenants’ rights and banning single-use plastic bags supposedly to protect the environment.

Behind these cosmetic measures, however, Labour is maintaining the previous National Party government’s austerity program by keeping a tight lid on spending in health, education and other services. Its right-wing nationalist agenda includes slashing immigration and banning foreign house buyers. While claiming there is “no more money” for health and education, 1,800 new police are being recruited. Defence spending and NZ’s integration with Washington’s anti-China offensive in the Asia-Pacific is being ramped-up.

In her speech, Ardern sought to assuage business concerns over Labour’s industrial relations policies. She promised that there will be no more than two industry-wide “Fair-Pay Agreements” in the current term in office, and that none would impact on major industries. Most employers would be able to “sit back and see how they work,” she said.

The so-called Fair Pay Agreements (FPAs) were the cornerstone of Labour’s industrial policy during last September’s national election. The policy was fraudulently promoted as giving “power back to workers” by preventing a “race to the bottom” by employers competing with each other to lower wages.

The FPAs are not intended to restrict exploitation of workers. Their real role will be to establish a corporatist framework of employer-union-government wage setting, while outlawing industrial action. This process will entrench low pay across entire industries, enforced by draconian legislation. The unions will enforce the deals and suppress resistance from workers.

A working group chaired by right-wing former National Party Prime Minister Jim Bolger and including trade union representatives is drafting the plans for the FPAs, which will be presented by the end of this year.

With global financial turbulence rapidly intensifying,

the ruling elite is preparing deep attacks on the working class. The *Wall Street Journal* (WSJ) published an article on August 26 noting that currency traders are watching Australia, New Zealand and Canada for “signs of the sort of malaise that often hits emerging markets when the US dollar is rising.”

The article noted that rising US interest rates are hitting these currencies and “diminishing their attractiveness to overseas capital.” The three countries have relied increasingly on inflows of foreign investment to finance current account deficits. The weaknesses in their economies, mainly dependent on commodity exports and trade with China, will only be exacerbated as US-initiated trade conflicts worsen.

The New Zealand dollar has already lost 5.7 percent this year. The WSJ cited a NZ Reserve Bank statement that, in the light of an economic slowdown that could be “prolonged,” it will keep borrowing rates at record lows for the next two years. The central bank warned that trade wars, “or even their threat” could “stall global investment and spending, and reduce demand for our products.”

New Zealand’s economy has struggled in recent months, with a slump in retail and car sales, dropping global prices for milk products, the country’s main export, and major construction firms experiencing financial trouble and exiting the industry. Job cuts are under way in the tertiary education sector, the Warehouse retail chain, Auckland city libraries, Nestlé’s chocolate factory in south Auckland, in the core public service, and among rail workers .

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Socialist Equality Party visit:

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