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New Zealand's Election: Will There Be an Upset?

By Evan Rogerson

Synopsis

New Zealand's recent General Election may have taken place but it is not really over. Special and overseas votes remain to be counted. The final total result is set for 7 October. Then a governing coalition has to be put together. There is little likelihood, however, of radical change in external policies.

Commentary

NEW ZEALAND'S latest General Election may have taken place on 23 September 2017, but it isn't really over. Special and overseas votes remain to be counted - the Electoral Commission has set 7 October as the date for the final result. On past form the left bloc of Labour and Greens stand to gain one or two seats more on their current combined total of 52.

This would still leave the right-wing National Party, currently on 58, as the largest group in Parliament, with its libertarian ally ACT bringing one more seat. However both blocs would fall short of the 61 seats needed to form a government in the 120-member House.

Rise of a Kingmaker

Enter the king (or queen) maker. Winston Peters, the veteran leader of New Zealand First, currently controls nine seats, enough to tip the result either way. He is being intensively courted by both sides but is understandably playing his cards very close to his chest. Peters has said he would not announce his decision until the final result is in. Any additional seats for Labour/the Greens would give more stability and legitimacy to a coalition or support agreement with NZ First, which otherwise would have a one-seat majority.

On the other side National, which took 46% of the vote, is stressing its claim to govern for a fourth term. With NZ First and ACT support National would have a clear majority. Under New Zealand's proportional representation electoral system, though, there are no rules or conventions about who gets to form a government; it all comes down to the numbers.

Guessing which way NZ First will go has become an election spinoff industry. Most commentators think Peters will choose National, given its status as the largest party and his expressed distaste for the Greens. However on a number of their policy priorities NZ First is closer to Labour, and Peters, a former National MP, has scores to settle with his old party.

His own position in a new government and his political legacy - he is 72 - will also enter into the calculation. For outside observers what matters is that whichever way NZ First jumps, there may be an effect on New Zealand policies in key areas such as immigration and trade. Any such effects are unlikely to be radical.

New Zealand First: Populist and Complex?

New Zealand First is usually described as a populist party. Its reality is more complex and often contradictory. Peters, who is part-Maori, opposes the reserved Maori seats in Parliament and appeals most to older white voters who feel left behind by the rapid economic and social changes of recent years. In previous coalition roles he has made defending pensioner rights a priority.

NZ First wants to cut immigration to around 10,000 a year. The annual average net immigration for the last decade was 21,800, and for the year to June 2017 it was 69,100. It also wants to "stop the sale of land and farmland to foreigners". Its trade policies range from opposition to the Investor-State Dispute Settlement provisions in the Trans-Pacific Partnership (TPP), a favourite left-wing cause, to right-wing nostalgia for "Closer Commonwealth Economic Relations".

Overall the impression is that their external policies are not well thought out and not very coherent. The unifying thread is a generalised economic nationalism, which is nonetheless far short of Trumpian belligerence, as part of a wider urge to roll back the neo-liberal policies followed by both main parties over recent decades.

How much traction will ideas like these gain in the coalition negotiations with either major party? Labour has also come out in favour of limiting immigration, though not as strongly. It also says the TPP needs renegotiating to enable New Zealand to limit foreign property purchases. This does not mean it would adopt NZ First's ideas in the event of a coalition deal; its leadership is aware of the need to appeal to the middle ground and to maintain New Zealand's economic growth. National is pre-eminently the free-market party but it is also very pragmatic when power is at stake.

Domestic Issues and Past Practice

In any case the focus for concessions to NZ First is likely to be more on the domestic issues that resonate most with its voters, such as National's plan to put up the

qualifying age for the state pension to from 65 to 67. Given that National has set 2040 as the implementation date, there is some room for NZ First to secure a win here.

It is also worth noting the difference between NZ First's policies and past practice. Though Peters has often been accused of xenophobia, he was an unexpected success as foreign minister in an earlier coalition with Labour, winning respect from diplomats.

Under either of the coalition or support options, therefore, do not expect major changes in those aspects of New Zealand's policies that are of most interest to its international partners. At the most some tightening of immigration administration and the conditions for property purchase by overseas buyers, but not TPP renegotiation or major changes to monetary or fiscal policies.

Looking to the longer term, though, we should not underestimate the changes that this election signals. Conservative pundits have dismissed Labour's return from the dead under its charismatic new leader Jacinda Ardern as style over substance; but with an enlarged and rejuvenated parliamentary presence it is likely to have staying power even in opposition.

The National Party scored a remarkable result, but at least for the duration of the election campaign it was forced to move beyond its laissez-faire, managerial comfort zone and belatedly promise action on issues such as child poverty and the housing crisis. Its vote share does not mean unqualified support for the status quo. In New Zealand, as in many other developed countries, the neo-liberal tide is running out. Responding to the demand for action on social and environmental issues while staying open to the world is a major challenge for whoever forms the next government.

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