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New Zealand's New Government: Soft Power a Casualty of Coalition Politics?

By Evan Rogerson

SYNOPSIS

In the New Zealand general election of October 2020, the centre-left Labour Party won an absolute majority. This year, in a striking reversal, Labour was swept from power. The new government sworn in on 27 November is a three-party coalition led by the centre-right National Party, with the libertarian ACT party and the populist NZ First. The new government's focus is very much domestic, with a strong emphasis on reversing measures taken under Labour. The consequences of domestic policy decisions by the Coalition threaten to weaken New Zealand's "soft power" and its capacity to be an active partner in areas such as climate change and support for multilateralism.

COMMENTARY

The incoming coalition comprising the National Party, ACT Party and NZ First has been described by commentators as the most right-wing New Zealand government in thirty years. However, there are significant personal and policy differences among its constituent parties, which were reflected in the lengthy coalition negotiations.

The veteran NZ First leader and current Deputy Prime Minister, Winston Peters, has already shown his willingness to embarrass Prime Minister Christopher Luxon, a comparative political novice. This government may turn out to be far from "strong and stable" as promised during the election.

The coalition parties benefited electorally from a widespread disenchantment with what Labour had done – or not done – in office. Approval of the previous government's successful handling of the COVID-19 pandemic seems to have been replaced by resentment at the restrictions this entailed and by anger at an ongoing cost-of-living crisis which the government appeared unable to tackle.

“Culture war” agitation was also given a local, racially-charged, twist with campaigning against Labour’s efforts to make governance structures more responsive to the needs of indigenous Maori people. The new government’s announced policy priorities so far centre on undoing Labour policies, shrinking the public service and cutting taxes.

Foreign and Trade Relations

Foreign and trade policy hardly featured in the election. The National Party has not proposed significant changes in these areas, which have traditionally seen a broadly bipartisan approach.

There will be differences of emphasis from Labour; for example, National pay more attention to the traditional British and Commonwealth connection, as do NZ First. The coalition’s major trade policy proposal is an FTA with India. However, any meaningful deal will be difficult to negotiate. India’s large domestic dairy sector will oppose any concession to New Zealand in this area, but without gains in access for dairy products, the benefit for New Zealand will be questionable.

Overall, a change of government does not change the basic reality of New Zealand’s position as a small, export-dependent economy with limited options. Winston Peters is Foreign Minister again (November 2023), having filled the role in earlier coalitions. His experience could be seen as underwriting stability, though, as argued below, domestic politics may call this into question.

Anticipated Decline in Soft Power

It is in New Zealand’s soft power relations that the new government could make a difference, and it seems likely to be for the worse. Soft power has been described as the power to persuade and co-opt rather than coerce. New Zealand is a small economy with little economic and virtually no military clout, but it has been able to exercise a disproportionate international influence through skilful use of persuasion and leading by example. There are already clear signs that the new government’s domestic priorities are undermining this influence.

The phased smoking ban introduced by Labour has been reversed, possibly for fiscal reasons but also under the influence of the tobacco lobby. The previous policy had an international impact, inspiring similar measures in the UK, for example. Its abrupt termination has attracted widespread negative comment internationally as well as in New Zealand. It is likely to weaken international efforts to control the public health menace of smoking.

NZ First, Winston Peters’ party, polled 6 per cent in the election, just over the 5 per cent threshold to enter Parliament. It owes its return from the political wilderness in part to the votes of anti-vaxxers and conspiracy theorists, a small but vociferous group among whom suspicion of international organisations is high. They have been rewarded in the coalition agreement, where National, needing NZ First in order to form a government, has agreed to:

“Ensure a National Interest Test is undertaken before New Zealand accepts any agreements from the UN and its agencies that limit national decision-making and

reconfirm that New Zealand's domestic law holds primacy over any international agreements”.

In line with this agreement, the Prime Minister has announced that New Zealand will reserve its position in the current negotiations to finalise updates to the World Health Organization’s International Health Regulations, where New Zealand representatives have in fact made a major contribution. This approach undercuts National’s proclaimed support for multilateralism and breaks with decades of constructive participation in international organisations.

Climate change has largely been ignored in the policy announcements, and the relevant minister is outside the Cabinet.* Pressure from the farming lobby is weakening New Zealand’s commitment to reduce agricultural emissions and to address the problem of water pollution from agricultural runoff.

So far, the new government has maintained the country’s overall climate targets, but it is increasingly unclear how these will be reached. New Zealand has established a strong record of contributing to the international effort on climate change, which is now under threat.

Pacific Island governments, who are directly threatened by rising sea levels, have already expressed concern about the future of New Zealand advocacy on the region’s behalf. Furthermore, the new government’s decision to permit offshore oil and gas exploration has recently attracted criticism at COP28.

Weakening measures to address climate change is likely to be costly in economic terms, too. Fonterra, the country’s largest dairy exporter, has recognised that New Zealand’s agricultural exports are vulnerable to carbon border taxes such as the European Union’s Carbon Border Adjustment Mechanism. And the much-vaunted “clean, green” image that New Zealand has assiduously promoted to boost exports and tourism is increasingly losing credibility.

Conclusion

Taken together, these policies and others waiting in the wings, such as weakening gun controls and questioning the status of the Treaty of Waitangi, the foundational agreement between Maori and European settlers, open the prospect of a country turning inward in response to sectional grievances and turning its back on the international influence it has exerted through being seen as a “good international citizen”.

At her best, as in the response to the Christchurch massacre, Jacinda Ardern combined moral and political leadership in a way that occurs rarely. Her successors appear uninterested in maintaining this inheritance. Yet soft power is really the only power New Zealand has, and if it is squandered it will be hard to rebuild.

* Not all ministers in the New Zealand political system are in the Cabinet; those outside the Cabinet are appointed for specific issues or portfolios and their issues will be raised and discussed in Cabinet through a relatively senior member of the Cabinet.

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