JOB CREATION SCHEMES AND THE CAPITALIST STATE:

A Marxist Analysis of Job Creation Schemes; 1890-1912 and 1930-1935.

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ABSTRACT

This thesis seeks to understand job creation schemes. It utilises a realist-Marxist methodology and a theoretical model based upon the work of Jessop (1982). These conceptual tools are applied to the investigation of the Co-operative Works Scheme and relief work from the 1890-1912 period, and the No 5 Scheme and the Camp Scheme from the 1930-35 period. The central thrust of the thesis is that these state interventions can only be understood as the outcome of the interaction between political relations and the state. This approach runs contrary to mainstream work on job creation schemes which focus on the relationship between state intervention and the nature of unemployment. A major concern of this thesis is to develop and apply a coherent model within which Marxist analyses of the state and state interventions may take place.

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Introduction

All theses undergo substantial change during the period in which they are transformed from an idea into a fi nished product. This thesis has been no exception. The principle objective throughout has been to understand job creation schemes; however there have been radical changes in the form that this study has taken. In the beginning the intention was to present a review of Marxist theories of the state and then to analyse material collected on the job creation schemes used by a number of western industrialised nations. For an example of this approach see Johnston (1983). To this end a literature review of the material on job creation schemes and a comparative study of such schemes were undertaken. The experience of this in itial study cast major doubts on the likely success and validity of a cross-national, Marxist analysis. At the most simple level there was the difficulty of obtaining adequate material. Job creation schemes, perhaps as much as any contemporary form of state intervention, demonstrate the constant state of flux in government policies. Job creation schemes generally only operate over short time periods and there is a tendency for governments to run a number of smaller job creation schemes, rather than large, integrated and coherent schemes. The transitory nature of

these policies when combined with irregular and unstandardised publication of details concerning their operation meant that it was most unlikely that sufficient material could be gained to permit a legitimate comparison.

At a more fundamental level, it was decided that the planned study would be invalid by virtue of the contradiction between a Marxist conception of reality and the methodology of a comparative study. This realisation arose out of familiarity with mainstream academic work on job creation schemes. Such work makes assumptions about reality that at once structures their presentation of research and determines their results. The problem is best illustrated by a brief review of the conventional approaches to job creation schemes.

Mainstream Approaches to the Study of Job Creation Schemes.

The study of job creation schemes, and indeed the study of unemployment and unemployment strategies in general, is dominated by governmental agencies publicising their schemes, and organisations like the OECD and economists who approach the subject from an 'objective' position. These groups have a common approach to job creation schemes; they assume that there is a direct link between the existence of unemployment (an objective phenomenon), and the existence of job creation schemes (an objective response to unemployment). This has major implications for the way job creation schemes are defined. It is implicitly

assumed that the nature of unemployment determines the type of policy response. However, there exists considerable difference of opinion concerning the precise nature and cause of contemporary unemployment. This leads to debate over the relevance of particular policy responses. This debate, and the different opinions on unemployment, occur within limits imposed by a general definition of unemployment; unemployment is a situation in which the supply of labour exceeds the demand for labour.

This general definition provides the basis for defining strategies that relieve unemployment: some policies seek to alter the supply of labour (for example, programmes that train the labour force or the unemployed in an attempt to restructure the labour supply, and programmes that reduce the supply of labour by altering the school leaving and retirement ages), while others expand the demand for labour (for example, employment subsidies and job creation schemes - government funded schemes to create work for the unemployed). This division provides the organisational base for virtually all studies and publications on policies to relieve unemployment.

Work on job creation schemes can be divided into two types. The emphasis in the first type is upon job creation schemes in the abstract. Authors will compare the labour market definition of job creation schemes with their model of unemployment and the economy (for example; Aislabie, (1980); Balkenhol, (1981);

Knight, unpublished; Layard and Nickel, (1980)). Often a number of different types of policy are evaluated at the same time. In more elaborate attempts, simulated economies are used in an effort to determine the impact of variables such as the type of policy used, and the amount expended on the policy (for example, Reyher, Koller, and Spitznagel,(1980); and Greenberg,(1978)). Scholars try to derive strategies and strategy mixes that will have the optimum effects. The objectives of these programmes are assumed to be determined by the nature of unemployment and the state of the economy in general.

These abstract evaluations of job creation schemes constitute only a relatively small proportion of the literature. More prevalent are articles that set out to describe and evaluate specific schemes (for example; Barocci, Harrison, and Jerrett, (1978); McIntosh(ed), (1980); Metcalf, (1982); OECD, (1980); Reubens, (1970); Smith and Sugarman, (1981); Spitaels,(1979)). The vast majority of these studies accept the link between unemployment and job creation schemes and the concomitant labour market definitions. They frequently begin with a statement of the contemporary unemployment situation. Where a number of different types of unemployment relief schemes are being considered, it is conventional to structure the discussion with the distinction between supply-side and demand-side strategies. At the level of specific types of policy, the labour market definition plays a major role in defining what the 'crucial issues' are. Thus for example, most studies of job creation

schemes are eager to document the number of jobs created, since this is taken to measure the extent to which the scheme did expand the demand for labour. Another important issue is 'substitution' - a situation in which an unemployed worker is taken on under a job creation scheme when he or she would have been taken on by the employer without such support. High rates of substitution mean that funds expended on job creation scheme are not creating jobs. Also of relevance is the cost of the jobs created and the description of the individuals who take part in the schemes. Descriptions thus become evaluative because they seek to 'describe' the operation of a job creation scheme in relation to these criteria.

The archetypical example of such a descriptive/evaluative approach is the OECD's 1980 study of job creation schemes operating in five member nations. The study begins with a definition of job creation schemes:

> [They] involve the granting of public funds (usually central) to public or private non-profit employers primarily for the purpose of providing employment; restrictions are placed on eligibility and quite often other employment conditions. In general one could also add that involvement is temporary, and even where the programme itself is more or less permanent, either the projects sponsored, or an individual's eligibility within the programme is of fixed duration. (OECD,1980:5-6)

The OECD also defines the objectives of job creation schemes:

> to provide counter-cyclical economic stimulus, and to reduce structural problems leading to high and/or chronic unemployment among certain regions, occupations, and those possessing certain personal characteristics. (OECD,1980:33)

These definitions are clearly based on the labour market view of unemployment. They also follow another standard convention by distinguishing between structural and cyclical unemployment. Cyclical unemployment is usually caused by a decrease in the demand for labour (often short-term), while structural unemployment is generally associated with deficiencies in the labour supply (for example, skill shortages). The OECD suggests that job creation schemes can relieve either of these types of unemployment; however, it goes on to argue that the different types of unemployment require differently structured schemes. Two ideal-type job creation schemes are therefore derived. Counter cyclical programmes need to be:

> capable of a fast phasing in and out, be highly labour intensive, have very low displacement, draw its participants from the unemployed and not from outside the labour force and produce needed goods and services efficiently.(OECD,1980:35)

Schemes aimed at countering structural unemployment need to be well considered and designed to improve the position of specified groups of disadvantaged workers (ibid:35-6). Some sort of training element is usually thought to be important in this respect.

These ideal types of job creation schemes are applied to specific programmes run in the five nations. The comparison is mediated by means of a set of 'descriptive' categories. These are: the number of places created, the type of jobs created, the characteristics of participants, targeting success, transition and post-programme experience, participant attitudes and

satisfaction, wage rates, net costs to treasury, net job creation and displacement, start-up and phase-out characteristics, value of output and the financing of the programmes.

The mainstream approach to unemployment and job creation schemes is plagued by a number of fundamental weaknesses. Firstly, aside from relating job creation schemes to the expansion of the demand for labour, this approach has extreme difficulty in defining the common elements of job creation schemes; every possible specification seems to be contradicted by at least one job creation scheme. Thus, definitions, where they are provided at all, tend to be vague, imprecise, and heavily qualified. The OECD's definition is a good example of this.

Secondly, there is a paucity of information on job creation schemes, and more importantly, the information available does not easily fit into the categories that the conventional approach defines. Until relatively recently no government systematically evaluated job creation schemes. For example, material is seldom collected on the post-programme experiences of participants. Yet according to the conventional approach this is a 'crucial issue', especially in relation to structural unemployment. From this one might conclude that job creation schemes are always aimed at cyclical unemployment. However, material is equally scarce on issues relating to this objective - for example, on substitution effects. The suggestion is that those who are collecting the

information have different priorities and different 'crucial issues' than mainstream scholars.

Thirdly, the results of analyses and evaluations are inconclusive and vague. Abstract analyses rarely feel confident to come out either in favour of or against job creation schemes. More often they tentatively list a number of features of scheme design and structure that have a significant impact on performance. Descriptive studies can be just as confused in this respect. The OECD study, for example:

> It becomes evident, after comparing the description and findings of the programmes with the two objectives outlined above, that there is either a considerable amount of deliberate compromise in programme design, or programme objectives are confused, or economic circumstances are rarely of the pure structural or pure cyclical type but rather a combination of the two.
>
> Since ... procedures beneficial to counter-cyclical policies are likely to be detrimental to structural job creation policies, it is not likely that compromising in the middle of each procedure, or taking fifty per cent of the procedures beneficial to one objective and fifty per cent to the other, is a likely way of maximising the attainment of either objective.
>
> In fact, what seems to have resulted is that most countries are operating counter-cyclically designed programmes aimed at participants with structurally determined employment problems.
>
> (OECD,1980:36)

These weaknesses suggest that the analysis of job creation schemes found in mainstream accounts and the reality provided by specific schemes are not entirely compatible. It might be argued that this incompatibility is merely due to errors in the analysis; however it is perhaps more accurate to view the error

as epistemological. The mainstream account assumes that job creation schemes are the direct result of the existence and nature of unemployment, and, at the same time, that objective unemployment and theories about unemployment are synonymous (unemployment is cyclical or structural). If this were so, state interventions should correspond to theories of unemployment (This mainstream conception of job creation scheme is summarised in Diagram 1). Non-concordance of theories and interventions therefore throws doubt on this whole epistemological and theoretical nexus. It can be seen as having two faults. Firstly, it might be argued that there is not a direct causative link between unemployment and job creation schemes, and therefore such interventions must be viewed as the outcome of some other determinant. Haveman (1980) and Ginzberg (1980) (discussed below) attempt to come to terms with these problems in the mainstream approach. Secondly, it can be asserted that there is no direct link between unemployment and theories of unemployment. Therefore, when theory does accord with the reality of interventions, the unity is attributable to some factor other than the 'correctness' of the theory and the theoretical nexus. The Marxist approach to job creation scheme (see page 14) provides a resolution of this second major difficulty with mainstream accounts.

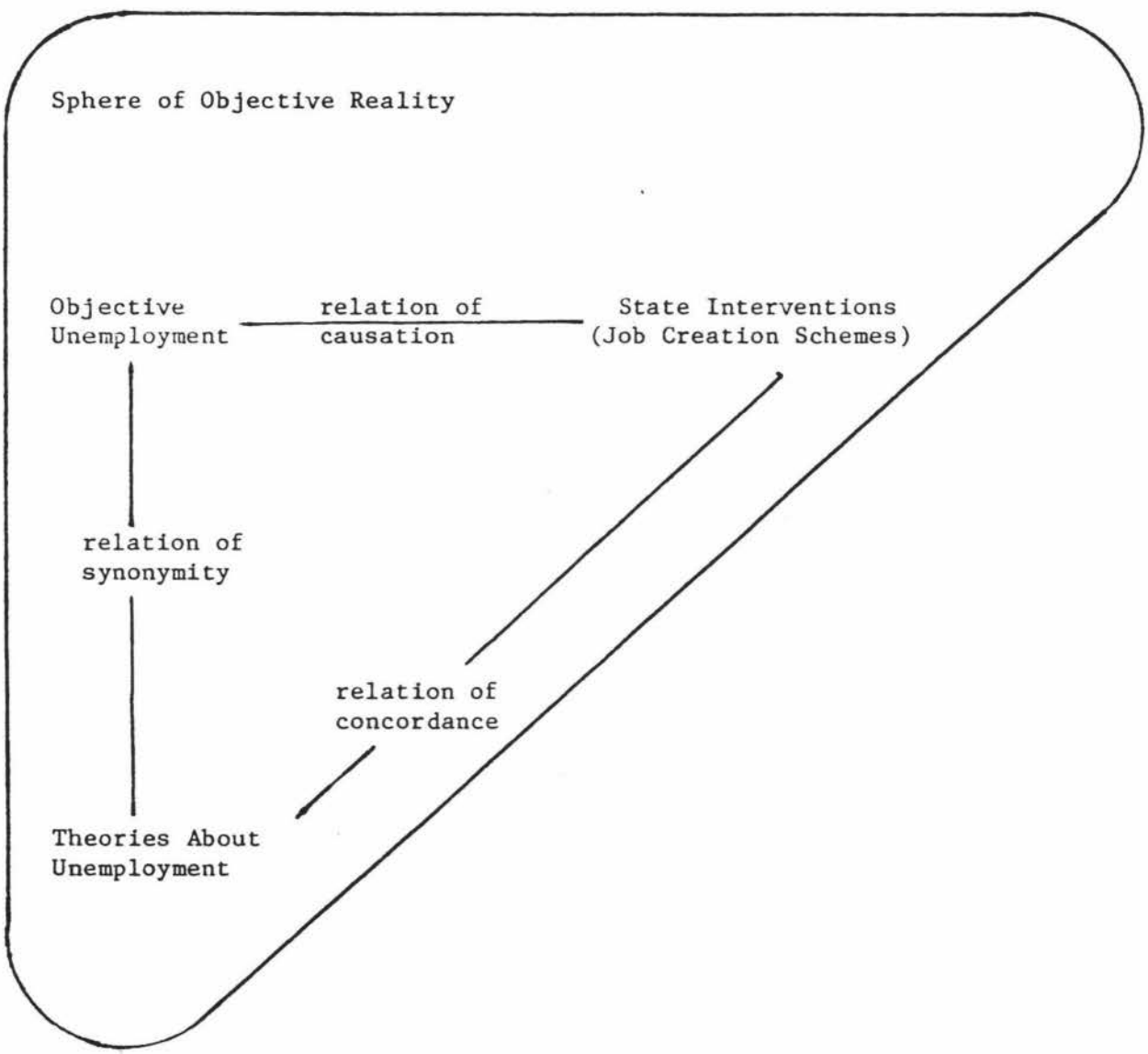
The first form of criticism may be expressed in the assertion that in the formation of state interventions, unemployment is mediated by political and historical factors.

Diagram 1

Diagramatic Representation of

Mainstream Approaches to

Job Creation Schemes.



When mainstream writers touch upon politics they typically limit it to two roles. On the one hand, it is regarded as an 'aberration'; it interferes with the normal process of policy formulation. (In this respect 'politics' may be invoked to explain the non-correspondence of theories about unemployment and state interventions.) On the other hand, it is sometimes suggested that political objectives coexist with the objective requirements of the labour market (for example, Reyher, Koller, and Spitznagel,1979). It may be possible to achieve a situation in which political objectives and the necessities of the labour market concur. These allowances for political factors do not, however, alter the fundamental divorce of state intervention from politics and history.

This conception of state intervention has important implications for how a study of job creation schemes should be conducted. If it is assumed that policy corresponds in an unmediated fashion to the demands of the economy, then a cross-national approach is vindicated. Variations in unemployment policy can be studied in association with variations in unemployment. Moreover, job creation schemes and their effects in specific situations can legitimately be investigated at an abstract level in terms of their general or defining characteristics as a policy tool.

Variations on the Mainstream Approach.

In some of the literature on job creation schemes there is an implicit denial of this orthodox approach. The state is understood as a political institution; it is assumed that the relationship between unemployment and job creation schemes is mediated by political factors. This involves a rejection of half of the mainstream approach's theoretical nexus. The result is that specific job creation schemes are studied. They are seen to have complex and subtle objectives that correspond to the intentions of the political organisations and agents that design them. Typically such studies take an historical approach. Haveman(1980 a and b) and Ginzberg(1980), for example, provide discussions of the political context within which the American Manpower Development Act and the Comprehensive Employment and Training Acts were created. Job creation schemes in fact played only a relatively small role in these Acts until the mid-1970's. Ginzberg notes that in the United States more than twenty years of manpower policy have seen substantial changes in stated objectives. Some of these include:

> retraining unemployed skilled workers who were presumed to have lost their jobs because of automation; a perception that large numbers of persons with poor education and limited skills required assistance to improve their labor-market prospects; the importance of the federal government's direct involvement in job creation to assist those who needed the opportunity of a work experience before seeking a permanent job; the use of PSE [Public Sector Employment] jobs to assist the cyclically unemployed; the importance of concentrating a substantial effort on in-school and out-of-school youth who are poorly suited to make the transition into the world of work; helping people on welfare to secure training and jobs in the hope of

> speeding their removal from the public assistance rolls; and enabling minority youth to obtain badly needed income during summer vacation. (Ginzberg,1980:10)

Equally as important as these official objectives have been what Ginzberg calls ancillary objectives. For example, city and county executives valued manpower policies because they helped to ease their budgetary difficulties; academics saw such policies as a source of research funds; and social welfare agencies found that it was possible to use manpower policies to expand their staffing and services (Ginzberg,1980:10-11).

Haveman argues that the use of job creation schemes in the United States was not fundamentally a response to unemployment, since unemployment had existed for a considerable period, nor was it based on an academic analysis of the potential of job creation schemes to cure unemployment. Rather, they were introduced because:

> the public and the policy makers had become disillusioned both with manpower training and with welfare. (Haveman,1980a:66)

The war on poverty had failed, and the results of the training approach used previously in manpower policy were disappointing. The number of unemployed and the cost of income transfers were climbing (ibid). There was a sizable ideological and political shift: a central feature in the popularity of job creation schemes was the role of work. Critics of the previous system argued that:

> [l]ittle could be expected from, a system of money or food or housing or medical care gifts in which no <u>quid pro quo</u> in the form of effort was required or expected,

> and in which the gift was withdrawn as effort increased. The remedy was clear: Provision of income support should be granted only in payment for work provided (Haveman,1980b:147).

Although Haveman and Ginzberg perceive job creation schemes to be involved with political issues, they have an extremely limited conception of the political realm. Firstly, they limit 'political influence' to choosing between policy objectives. However, the alternatives are seen to be determined by reality: objective reality and economic theory are still thought to be synonymous. Furthermore, it is assumed that the relevant policy response flows logically from the choice of objective. Thus the political is conceived of as a phase in a rational system of problem management. (The approach of Haveman and Ginzberg can be understood as a modification of the mainstream approach. It is summarised in Diagram 2.)

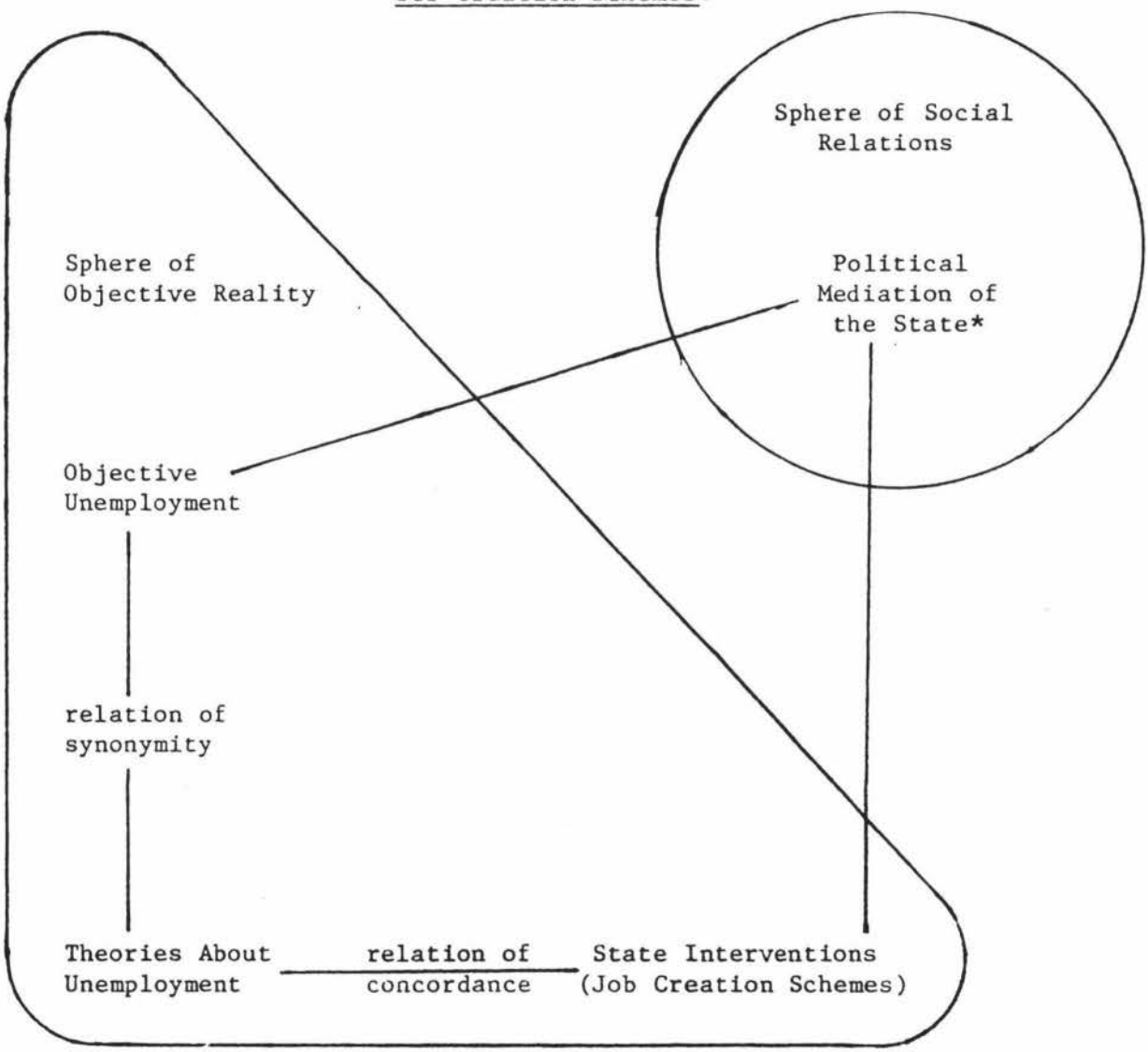
Secondly, they perceive political processes in a purely pluralist fashion. All groups have access to the state and all individuals find the expression of their interests through these groups. The state chooses its policies in an arbitrary fashion. There is no awareness of classes or class conflict either as they influence the formation of state interventions or as they are affected by these interventions.

Diagram 2

Diagramatic Representation of

Haveman and Ginzberg's Conception of

Job Creation Schemes.



* Politics is conceived of as the choice between objectively defined options.

A Marxist Approach to Job Creation Schemes.(See Diagram 3)

The inadequacies in the work of Haveman and Ginzberg can be overcome by the use of a Marxist analysis. It provides the potential for a more rigorous theorisation of politics and the state. Unfortunately, there have been very few attempts by Marxists to come to terms with job creation schemes, or even with employment policies taken as a whole. Two efforts, however, are worthy of note. The work of Stafford (1981) comprises a useful attempt to define the functioning of one of the British training schemes in class terms. The objective was to investigate the role of the scheme in bridging the transition of working class children from school to work. Stafford assumes that unemployment obstructs the normal transition mechanism (studied by Willis, (1977)) and thus presents a situation in which working class youth might not be adequately integrated into capitalist society.

Although a sound piece of research, Stafford offers no insights into the creation of the scheme investigated. A recent paper by Rees and Rees (1982) sets out a preliminary analysis of British juvenile unemployment policy between the two World Wars. They view these policies as a 'programme':

> The programme was based upon a particular definition of the nature of juvenile unemployment, which emphasized 'employability' and 'demoralisation'. The programme was the product of the relationships between class

> groupings, mediated through the policy making mechanisms of the state. These relationships should be understood in the context of the emerging 'corporatist' response to the necessity to restructure the British economy. (Rees and Rees,1982:27)

These two articles provide at least the beginning for a Marxist analysis of job creation schemes. They pose an alternative to the mainstream approach by stressing the relevance of class concepts. They locate state intervention in the field of social relations. Their work is, however, of only limited scope. Both articles assume the existence of a coherent Marxist theory of state intervention. But in fact, Marxist theory of the state has been anything but coherent, and, in the vast majority of cases, remains quite unsuited to the analysis of specific interventions such as job creation schemes. This is particularly problematic in that until the late 1960's, (and even to an extent since then), much of the Marxist work on the state has attempted to derive its form and interventions from the economic principles of the capitalist mode of production. Thus, job creation schemes might be understood as serving to reproduce labour power. State intervention is necessary, because the particular nature of the circuit of capital makes it impossible for individual capitalists to reproduce labour power (for example, Aumeeruddy et al,1978). To the extent that it remains committed to the notion that there is a direct link between intervention and the economic sphere (the relations of production), it is no improvement on the approach of mainstream writings on job creation schemes.

The article by Stafford risks falling into the same trap because it assesses the training scheme in terms of the reproduction of labour power. In the absence of a discussion of the origin of this scheme there is a temptation to view its effect as its cause. Thus, the state appears as a united, functional apparatus, intervening logically to secure the conditions of capital accumulation (It should be noted that Stafford does not explicitly advocate this view of the state).

The article by Rees and Rees contrasts with Stafford's work in that it explicitly rejects such an approach. An important factor in explaining juvenile unemployment policy between the wars is the 'ideology of unemployment'. Their references to unemployment are therefore contingent; they refer instead to the process of the:

> Social construction of the phenomenon [of unemployment] as a societal problem meriting specific policy initiatives. (Rees and Rees,1982:16)

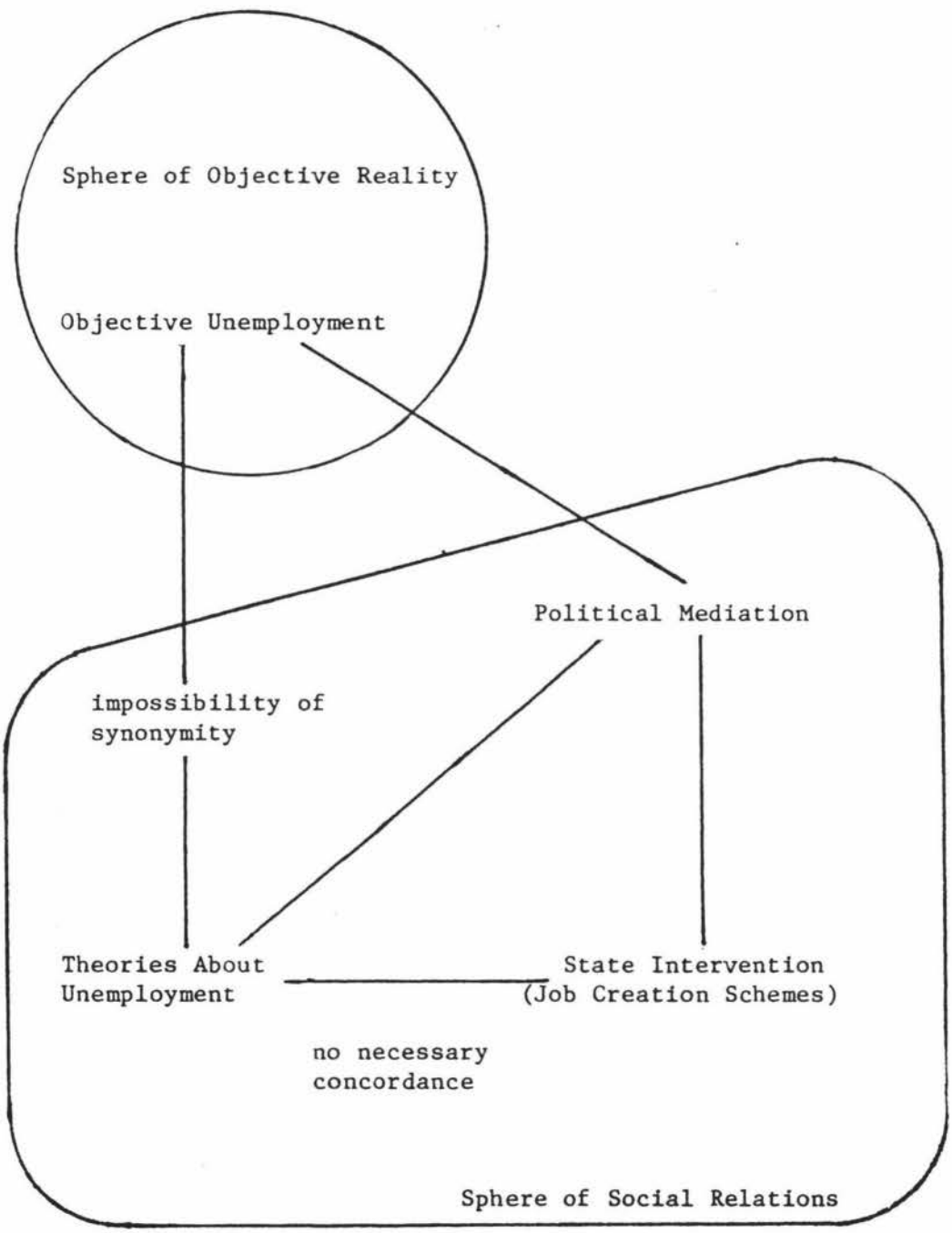
This carries an implicit assumption about the relationship of theory and knowledge to reality. Theories about unemployment are seen as part of political and ideological relations rather than as synonymous with reality itself. Theories are ideologies. When fully developed this approach has the potential to break entirely with the mainstream theoretical nexus. It is to suggest that job creation schemes exist independently of unemployment and that theories of unemployment belong to the social world. Thus, any possible concordance between theories and state interventions must be attributable to social factors.

Diagram 3

Diagramatic Representation of a

Marxist Approach to

Job Creation Schemes (for example Rees and Rees).



Implications of a Realist-Marxist Method for the Structure of this Thesis.

The above discussion has provided some indication of the effects that epistemology and methodology have for the investigation of job creation schemes. The difference between the empiricist mainstream account and the position tentatively put forward by Rees and Rees can perhaps be summed up by noting their respective points of reference. Mainstream accounts seek to understand unemployment policy in terms of the nature of unemployment. The Marxist account of Rees and Rees proposes to understand unemployment policy in terms of the relations between classes, and between classes and the state.

The first chapter of this thesis will set out the realist-Marxist epistemology and method. This approach is not fundamentally different from that implicitly expressed in the article by Rees and Rees. One of its basic assumptions is that knowledge of reality is a socially created understanding that can never be reduced to, or conflated with the nature of reality.

The methodology discussed in Chapter 1 structures the rest of this thesis. It specifies that reality is characterised by multiple levels of abstraction, and is not accountable in terms of any one principle of explanation. This, then, involves a rejection of the account of job creation schemes that was offered

by Aumeeruddy et al (above) since this attempts to explain them solely by reference to the relations of production.

The realist method specifies that research should begin with a problematic aspect of reality (in this case a job creation scheme) and then attempt to construct a theoretical account of this through a process of theoretical elaboration. It begins at the most abstract level and proceeds downwards to the most concrete level. Needless to say this makes heavy demands on the theoretical system. It has already been pointed out that Marxist theory of the state is not unified in its account of the state. Moreover, it can be noted that it is not always consistent in its methodology. Jessop's recent work The Capitalist State (1982), will therefore be used because it deals comprehensively with the existent body of Marxist work on the state and then attempts to construct out of this a theoretical structure according to the realist-Marxist method. Initially it was not thought that Jessop's work would play such a large part in structuring the theory and research of this thesis. It was intended that the research would be more eclectic, relying on theorists such as Gramsci, Poulantzas, Wright, Laclau and so forth. Jessop was useful because he provided a set of criteria for describing specific states; namely, form of representation, state organisation and state intervention. Jessop's work became more compelling as the research progressed. Many of the apparent limits to the utility of his model were found to be the result of his attempt to integrate a large number of diverse theorists.

Thus his book was found to be complex rather than incoherent. Perserverance with the concepts of form of representation, state organisation and state intervention led to a comprehension of the ramificatons of his model and less emphasis was placed on other theorists.

It cannot be doubted that Jessop's model is far from perfect (some of the problems will be discussed in the conclusion); however it is considered that it provides the best available conception of the state. The theory chapter (Chapter 2) will review Jessop's basic model with the intention of developing concepts necessary for theorising the particular job creation schemes selected for study. No attempt will be made to provide a comprehensive review of Jessop's entire work. Such an effort would in itself be a suitable thesis topic.

As well as structuring the theory and the process of research/explanation, the realist-Marxist method also defines what is to be studied and in what fashion. In particular the method dictates that job creation schemes should be explained as specific concrete phenomena. Choosing suitable schemes has been a difficult task. New Zealand has been selected because of the availability of data - an important factor when one considers that job creation schemes do not usually feature strongly in publications. New Zealand is also a good choice because it has a lengthy history of job creation schemes. Until about 1980 they remained the major response to unemployment.

Four job creation schemes pertaining to two periods will be dealt with. The first period is the 1890-1912 Liberal Era, the second, the depression years 1930-35. Again, historical work has been selected primarily because of the relative ease of obtaining information. It has, of course, been necessary to choose some arbitrary cutoff points in order to reduce the ground to be covered. Firstly, no attempt will be made in this thesis to explain the 'development of job creation schemes in New Zealand', although the importance of the periods in the development of New Zealand's approach to unemployment might make it appear that this is the case. Secondly, the investigation will be limited to central government-operated job creation schemes. This excludes privately sponsored schemes and those run independently by local bodies. The focus of attention within central government schemes will be on the general level rather than upon specific instances of these schemes. Finally, no attempt will be made to examine all the schemes operated by central government in the given time periods. This is of less relevance to the Liberal Era which was dominated by one major scheme, the Cooperative Work Scheme. However it is important in the context of the 1930's. During the depression years there were a large number of schemes operating. Only two of these will be dealt with here; the The No 5 Scheme and the Camp Scheme.

Finally, some note is required concerning the use of parts and chapters in this thesis. It has proved impossible to maintain a regular chapter size. It has therefore been decided

to divide the thesis into three parts. Each part contains a relatively discrete aspect of the study. Part 1 deals with theory and method. Part 2 contains the study of the 1890-1912 period, and Part 3, the study of the 1930-35 period. Within these parts, chapters have been allocated according to their natural breaks in the subject matter, rather than according to concerns of length. Part 1, therefore, comprises a chapter on epistemology and methodology and a chapter on theory. Parts Two and Three have a common structure. They both begin with a chapter describing the relevant job creation schemes. The second chapter involves an analysis of the particular state in terms of its conjuncture, and the final chapter presents the analysis of the specific job creation scheme. This structure will be rationalised in Chapters 1 and 2. The final chapter provides a review of the important theoretical conclusions to be drawn from the research.

PART ONE:

Theory and Method.

CHAPTER I: Epistemology and Method.

CHAPTER II: Theory.

CHAPTER I.

1-1) Introduction: The Need for an Explicit Methodology When Constructing a Marxist Account of the State.

Epistemology and methodology are not merely necessary components of analyses: they are inevitable. Every intellectual endeavour is based upon an epistemological perspective which constitutes a set of philosophical assumptions concerning the process by which knowledge of the 'real world' can be obtained. Methodology is the translation of this position into a specific structure which guides intellectual practices.

In the preface to the second edition of Das Capital, Marx alluded to his basic epistemological principle in the context of a criticism of the Hegelian idealist approach to knowledge:

> For Hegel, the thought process (which he actually transforms into an independent subject giving it the name of "idea") is the demiurge [creator] of the real; and for him the need is only the outward manifestation of the idea. In my view, on the other hand, the ideal is nothing other than the material when it has been transposed and translated inside the human head. (Marx,1972:lix)

Marx assumes that reality is structured into levels of abstraction. Thus, Capital is concerned with:

> not the higher or lower degree of development of the social antagonisms which arose out of the natural laws of capitalist products, but these laws in themselves,

> the tendencies which work out with an iron necessity towards an inevitable goal. (ibid,xlix)

Thus, Capital begins with an abstract analysis of capitalist production, and then later moves to a more concrete discussion of the rise and progress of this mode of production. Marxist theory and epistemology are not equally well integrated in all areas of investigation. In particular, the pervasiveness of Marx's method is less marked in the region of 'theory of the state'. This weakness can be reduced to one factor: neither Marx nor Engels, (nor for that matter majority of later 'forefathers of Marxism' such as Lenin and Gramsci), constructed a definitive theory of the state. Their legacy is instead a series of comments, notes, descriptions and statements which, although insightful, are frequently contradictory or at least confused.

The absence of a systematic account of the state has been compounded by the willingness of scholars to accept the existent body of writing on the state, or particular themes therein, as a general theory of the state. A number of recurrent themes in the work of Marx, Lenin and Engels have been selected out for treatment in this fashion. Two of the most influential themes are epiphenomenalism and instrumentalism. Epiphenomenalism sees the form and functions of the state as reflecting the needs of the economic base. The state is, therefore, inherently capitalist. On the other hand, instrumentalism views the state as a neutral institution which is appropriated by the capitalist class. It thus becomes an instrument for the repression of the working class. In this case the state is not inherently

capitalist and can be appropriated and used by the working class.

These two themes served as the major theories of the state, and as such, remained unchallenged until the late 1960's. At that stage a resurgence of interest in Marxist political theory resulted in attempts to update these theories in the light of contemporary developments in the 'states' of modern western capitalist nations. Epiphenomenalism and instrumentalism have continued to play a significant role in the debate on the state, though perhaps in a less reductionist fashion. Theory often seems to proceed as an attempt to update these traditional approaches: the field remains divided between class-theoretical and capital-theoretical accounts of the capitalist state.

Underlying instrumentalism, epiphenomenalism and many of the later variations upon these themes, is an epistemological and methodological position contrary to that of Marx. The error can perhaps be best understood as a willingness to account for the capitalist state in terms of a general theory - whether it be the logic of capital or the logic of the class struggle. A contrary point of view has been put forward by a number of scholars (for example; Jessop(1982), Poulantzas(1975), Laclau(1977), and Wright(1978)) who have been concerned to counter any form of reductionism. Returning to Marx and Engels, these theorists locate as their starting point the Marxist epistemology and method. They then proceed to reconstruct a Marxist account of the state.

Poulantzas (1975) takes as his starting point the method of Capital (1972) and notes made in the Preface to a Contribution to the Critique of Political Economy (1857). He attempts to construct a full epistemology which distinguishes between various levels of theoretical abstraction. He stresses that the process of theorisation about the state does not proceed directly from the real-concrete (reality) to the concrete-in-thought (theory about that reality). Rather, it proceeds from the real concrete to the most abstract level of theory, and then down to the most concrete level of theory via the process of theoretical elaboration. Poulantzas also notes that the most concrete concepts cannot be simply derived from the most abstract, they involve a process of 'elaboration' (Poulantzas,1975:12-23).

Jessop(1982) adopts a similar epistemology and method. Although initially working from Marx and Engels, Jessop makes substantial use of Bhaskar's(1979) realist theory of science. Again, theory and reality are held to be stratified by varying levels of abstraction. Theory construction proceeds from the real-concrete, to the most general level of theory and then down to the most concrete level. The final result is the 'concrete-in-thought'. (This theory of retroduction is based upon Sayer (1979:105-41).)

When Poulantzas and Jessop apply this epistemology to Marx and Engels' writings on the state, they conclude that in the vast majority of cases the writings concern concrete conjunctures.

Because no definitive theory of the state was produced, Marx and Engels only touched upon the state in the course of discourses on other subjects. According to Jessop, these contexts included attempts to:

> describe specific political events and to situate them in a specific historical context, and/or to provide a theoretical basis for the identification of political class interests and an appropriate mode of intervention in the class struggle. (Jessop,1982:29)

Their writings on the state, therefore, correspond, as Poulantzas puts it, to the historical development of historical materialism rather than to the valid order of an historical materialist account of the state (Poulantzas,1975:20). The result, Poulantzas argues, is three types of material on the state:

1. A well ordered body of concepts designed to guide political practice in a concrete conjuncture - but not theoretically elaborated.

2. Elements of theoretical knowledge of political practice and the superstructure of the state - but not inserted into a systematic theoretical discourse.

3. An implicit conception of the political in general. (ibid:19-20)

Poulantzas is concerned to theoretically elaborate the works of Marx and Engels. His objective is to construct a regional theory of the capitalist state. He argues that not only are Marx and Engels' notes concentrated at the most concrete level of analysis, but that there is a certain amount of confusion between the most abstract theories and their conjunctural analyses.

In reconstructing the work of Marx and Engels according to a Marxist epistemology and method, both Poulantzas and Jessop make an extremely important point. They argue that 'the state' cannot be theorised at the general level. To support this assertion Jessop refers to comments made by Marx in his 1857 Introduction and in the Critique of the Gotha Programme (1875). In these works Marx argued that 'the state', like the concept of 'production in general', does not exist in the real world. It is, instead, a rational abstraction which is useful because it highlights the common elements of all states. The state, in fact, only exists at definite stages of development and must be theorised at that level as the outcome of a complex synthesis of general and specific elements (Jessop;1982:29). Thus:

> While a theoretical account of specific states is possible, no single theory of the state can be constructed without rejecting the basic premises of historical materialism. (Jessop,1982:29)

1-2) How is the State to be Understood.

The implication of these comments is that those scholars who have employed certain themes found in the writings of Marx and Engels have been misguided; firstly, they accepted statements that pertain to the most concrete level as general theories, and secondly, they attempted to use these general theories to theorise concrete states. In the following pages a 'realist' approach to the state will be set out. This exposition will be based primarily on the model developed by Jessop.

According to Bhaskar (1975), a realist account of the world is characterised by two assumptions; firstly, it suggests that there exists a concrete reality independently of the existence of intellectual activity, and secondly that this real world can only be perceived through concepts and theories, which are the product of social activity (Bhaskar,1975:21-4). This distinguishes the realist approach from idealism, which accepts that knowledge is social (that is, not 'real') but does not accept the existence of a real world independent of this social activity, and empiricism which assumes that there is a real world, but that knowledge of this world is also real - ie, it is not a social product and either mirrors reality or becomes synonymous with it (ibid:24-5).

The realist approach assumes, then, that knowledge is a socially created body that exists independently of reality: that it is impossible to know about the world except through the mediation of ideas and concepts. Thus, knowledge does not use reality as its base, but rather it works on knowledge itself (Bhaskar,1975:21). This has important implications for the process of research. It implies that a hypothesis, for example, is never compared with reality per se. Instead, as Jessop argues:

> empirical evaluation involves comparing the propositions from the hypothesis with evidence in the form of propositions produced through specific empirical techniques and procedures. (Jessop,1982:219)

Thus, conformity between the hypothesis and the empirical material is only prima facie support (ibid). Similarly, non-conformity does not imply that the hypothesis is incorrect. Among the factors to which it could be attributed are errors in the process of theoretical elaboration and errors in the technically-mediated reality (ibid). The impossibility of unmediated access to reality obviously circumscribes the relevance of experience for the process of knowledge generation. However, the relevance of knowledge can also be understood as limited in another way. The realist approach argues that laws are 'trans-factual', that is to say, experience of a regularity is neither a necessary nor sufficient condition of the existence of a law. Bhaskar supports this negatively: if this is not the case, that is, if laws are dependent on a constant conjuncture of events, then generalities and universal laws cannot legitimately be sustained (ibid:12-3). This asserts that laws do not concern

observable facts, but rather they concern structures which generate these observable facts. Laws are not dependent for their proof on the appearance of certain effects; laws are tendential. This perspective has major implications; if laws are trans-factual and concern structures rather than facts, it follows that reality must be stratified into levels of abstraction. Similarly, in order to reflect reality, knowledge and theoretical systems should also be stratified into levels of abstraction. This assumption therefore gives rise to the need for a stratified analysis of the real world.

Jessop accepts that reality is stratified. Following Bhaskar (1975:12-20ff), he acknowledges the existence of three levels of abstraction. These are; the empirically observable, which is the only level open to empirical experience (accepting that such experience will be technically and discursively mediated); the level of the 'actual' at which specific events and agents that occur at appearance levels exist; and the 'real' where the mechanisms that generate these effects exist (ibid:215-6). The actual, argues Jessop, is a condition of the intelligibility of the empirically observable, and the real is a condition of intelligibility of the actual (ibid:216).

This division is very similar to that advocated by Poulantzas (1975). Both Jessop and Poulantzas accept that different concepts are needed to understand the different levels. Laclau (1977) sums up the relations between concepts in a

realist-Marxist theoretical system:

1. That not every concept enters into relations with every other concept. Thus it is impossible to begin with one concept and derive the whole theoretical structure.

2. It is not possible to establish necessary relations between different conceptual structures - only their conditions of articulation.

3. Any approximation to the concrete presupposes increasingly complex conceptual articulations and not the mere exposition of logical properties of a simple conceptual whole. (Laclau,1977:10)

This realist conception of reality and knowledge has very definite implications for the process of theorisation. As Laclau's comments suggest, the process does not begin at the concrete level and work upwards to the most abstract on the basis of generalisation (see Laclau,1977:60) Rather, it involves articulation or 'elaboration' as Poulantzas calls it; the real-concrete is assumed to be the determinate product of an unspecified number of lines of causation. Transforming the real-concrete into the concrete-in-thought involves grasping the 'contingent necessity' of the real-concrete. This concept combines the ultimately determinate nature of the real-concrete (its necessity) with the impossibility of understanding this in terms of only one principle of explanation (its contingency).

Viewing the real-concrete as the result of the articulation of a number of lines of causation makes theory complex. It is composed of a number of different levels with different, non-reducible concepts. Explaining an event or overcoming some problem therefore becomes extremely complex. Problems can occur

at any level of abstraction; they are not limited to the real-concrete. This means that a particular explanation should be evaluated in terms of its 'explanendum'. This explanendum includes three things: a declaration of the effects that are to be explained, the principles of explanation that are to be used, and the level of abstraction at which the explanation will take place. The real-concrete can only be theorised through a synthesis of a large number of principles of explanation. It is permissable for a particular explanation to develop only one principle provided that no attempt is made to account for the entire phenomenon. This suggests that a particular piece of work can be judged successful in terms of its compatibility with other accounts. At some stage a whole picture may be constructed of a specific state. Because there can be no way of knowing whether one explanation is more right than another, formal conventions must hold sway (Jessop,1982:215).

The real-concrete can be understood at varying levels of abstraction. At the most abstract level any explanation will be indeterminate and must specify formally the mediations by which it has its effects. An explanation can be judged successful if it remains sound when the effects that it is to explain are made more concrete; that is, when its explanendum is extended to a more concrete level (Jessop,1982:214-5).

From the basis of the realist epistemology, Jessop identifies three frequent errors made by Marxist accounts of the

state (Jessop,1982:212-3). Firstly, it is common for scholars to use only one theoretical determination to explain the whole state. Thus, for example, Aumeeruddy et al (1978) attempt to explain the capitalist state (and presumably, therefore, job creation schemes) in terms of the difficulties presented to capitalist production by the commodification of labour-power that is implicit in capitalist relations of production. This problem is avoided by an insistence on multiple determination and the notion of levels of abstraction. The latter separates general theory from the concrete, and poses the need for mediation of abstract principles of determination. Secondly, there is a tendency to accept a synchronic or historiographic account of the real-concrete as an explanation. Such an account attempts to travel directly from the real-concrete to the concrete-in-thought. This makes it impossible to establish the cause of an effect. Such an explanation does not move beyond the level of appearance. The realist-Marxist method avoids this with its emphasis on levels of abstraction (ibid). Finally, there is often the failure to resist the temptation of reducing specific states to the instantiations of a general principle. Such an approach rejects variations between concrete states as irrelevant or cosmetic. This is termed 'subsumptionism' because it subsumes specific states under a general principle of explanation. The realist method replaces the terms general and specific with those of abstract and concrete. These latter terms stress that there can be no simple derivation of the concrete from the abstract (ibid).

The realist account of science and its employment as a framework for Marxian theory is useful in the study of state interventions such as the No 5 Scheme. These interventions are seen as 'specific effects' and are taken to exist at the level of the real-concrete. They are not specific because they are one type of intervention, but rather because each job creation scheme is a unique state intervention and must be located in a particular conjuncture at a particular point in time. (Thus, the plural, job creation schemes, refers to a number of specific concrete schemes (effects) rather than to an ideal-type of state intervention).

The first stage in the analysis of a particular job creation scheme must be to conduct a preliminary investigation of the nature of its operation. At this point the object is to 'describe' (although it is acknowledged that no pure theoretically-free description is possible). The analysis itself consists of the construction of a concrete-in-thought version of the real-concrete. This requires a process of theoretical elaboration, not of generalisation. The explanation therefore moves from the more abstract to the more concrete rather than vice-versa. Exactly how abstract and how determinate the explanation is will be determined by the specific effects to be accounted for and the number of principles of explanation that are employed. job creation schemes, insofar as they are a concrete effect, must be studied at the concrete level if a determinate account is to be obtained.

1-3) Problems with the Realist Method of Inquiry.

The application of the realist epistemology and method results in highly complex scientific activity. The researcher begins with a problematic aspect of reality (or some theoretically constituted anomaly) and then proceeds to theorise this by moving through the varying levels of theoretical abstraction. The complexity arises from the necessity to understand the articulation of the varying lines of determinacy. To simplify the situation the student is permitted to specify which particular effects are to be accounted for, the principles of explanation to be used and the level of abstraction at which the explanation will take place. This essentially allows that knowledge may build up incrementally through the combination of a number of such commensurable studies. The criteria by which a study is judged to be successful are internal to the particular theoretical account.

There is, however, a difficulty with this approach. The view that the real-concrete is the complex product of multiple lines of determination and its subsequent implications for the nature of theoretical concepts (see discussion of Laclau above),

undermines the practicability of the incremental approach to research. It suggests that an explanation of a particular aspect of the state must be part of an already existent total theoretical structure. Only this structure can specify what the major lines of determination are and how they interact, thus defining the discrete principles of explanation and the effects that they may be reasonably expected to account for. One implication of this is that the success of an explanation can be assessed by external factors - its conformity with a theoretical structure that is assumed to be correct. This comparison will judge when a theoretical explanation succeeds in explaining the specified effects.

The difficulties with the realist method can be illustrated by reference to Poulantzas' first work: Political Power and Social Classes(1975). It begins by deriving a realist-Marxist method and a structuralist theoretical framework from the work of Marx. Poulantzas then proceeds to define his objective: the development of a regional theory of the state under the capitalist mode of production, and at the more concrete level of the social formation. If it were accepted that an explanation is successful when it fulfills its explanendum, the grounds for criticising Poulantzas would be limited; either he failed to achieve his goal, that is, to explain the effects that he desired to explain, or he made a mistake in the construction of the theory. Most criticisms, however, have rested on what has been described as Poulantzas' attempt to over-politicise the

state - to give it too much autonomy from the economic sphere and to attempt to explain its form and interventions in political terms alone.

Within the realist-Marxist method, this error might be described as the over-extension of the political as a principle of explanation. In other words, Poulantzas attempted to explain with reference to politics, effects which can only be accounted for by other principles of explanation. In fact, however, this ciritcism of Poulantzas has not occurred within the realist-Marxist method. Typically, it is argued that Poluantzas has got the wrong principle of explanation altogether. This is often accompanied by an alternative principle of explanation which, it is suggested, can account for the effects that Poulantzas misguidedly tried to explain in political terms.

In terms of the problems of the realist-Marxist method discussed above, Poulantzas' error can perhaps be understood as stemming from his failure to adequately develop his general theoretical structure. In particular, he did not pay sufficient attention to economic principles of explanation. This prevented him from identifying effects that can be explained in economic terms, and from developing a more satisfactory awareness of the way in which such economic principles of explanation are articulated with political principles of explanation to obtain a coherent picture of the social formation. It is,therefore,only a small step from being aware of economic principles of explanation

but placing them outside of the explanendum, to rejecting economic mechanisms altogether as principles of explanation.

This difficulty with the realist-Marxist method would perhaps be less problematic if there existed a solid, coherent body of theory concerning the state. Such a body of theory would involve a general theory of historical materialism which would define the object to be investigated and the conceptual tools to be employed. It would also involve the specification of the method by which the investigation would take place; a set of abstract concepts which described the main principles of explanation, a set of even less abstract concepts concerning the way in which these principles of determination interact and/or are mediated to produce effects at the real-concrete level, and a set of concepts which involve how these effects will be transformed into real-concrete phenomena.

It has already been noted, however, that Marx and Engels left behind no such structure. This has perhaps had more serious implications because of the way that theoretical discourse on the state has developed. The basis and agenda for this debate has been set by the misguided development of certain themes found in the works of Marx and Engels - particularly instrumentalism and epiphenomenalism. In other words, this debate has not been bounded nor structured by a Marxian methodology. It has not, therefore, focused on the development of a coherent theoretical system structured by the concept of the articulation of various

lines of determination. Instead, it has been characterised by reductionism, empiricism and subsumptionism.

Jessop's note that there can be no guarantee that existing theories will correspond with the needed categories of the realist-Marxist method (Jessop,1982:213) appears to be an understatement in the case of Marxist accounts of the state. This presents an awkward situation for any attempt to apply the realist-Marxist method to a study of the state. Whereas the method requires a complete conceptual structure with concepts ranging from the most abstract to the most concrete, Marxist theory of the state offers a mass of theory which is largely inconsistent with this model.

This situation demands some modifications to the basic tenets of the realist-Marxist epistemology. It is necessary to precede the investigation of specific job creation schemes with a discussion of Marxist theory of the state. The aim of this should not be to review theories, but rather to construct a theoretical structure which will function as part of the realist-Marxist approach to job creation schemes. There are two demands on this theory. Firstly, it must consist, or be an element of, a general theoretical account of the social formation. That is, the study of specific job creation schemes needs to be backed by an entire theoretical system, even though only part of this system may be used. Secondly, the theory must focus on the specific principles of explanation to be used in the

study. These theoretical tasks will be undertaken in the next chapter.

CHAPTER II:

Theory.

2-1) Marxist Theory of the State.

The previous chapter dealt with the question of how a Marxist account of the state and therefore of job creation schemes would be constructed. The model developed could be said to have two implications for this thesis. Firstly, it defined the manner in which the research should take place. Job Creation Schemes are to be studied as specific phenomena existing at the concrete level of the social formation. The analytic process does not involve a direct transition from a specific job creation scheme to a theoretical explanation of that scheme. Rather, it begins with the real-concrete level and then creates the concrete-in-thought through a process of theory generation that starts with abstract theoretical principles and moves down to the most concrete level.

The second set of implications concern the structure of the theory. The explanation should not attempt to reduce specific job creation schemes to one line of determination. Rather, it

must comprehend schemes as the complex (but never-the-less, determined) product of multiple chains of causality. An adequate theorisation will therefore involve the complex synthesis of various principles of explanation operating at various levels of abstraction.

The use of a sound Marxist methodology does not, unfortunately, generate a sound Marxist theory, or a sound Marxist theorisation of job creation schemes. The method adopted in this thesis makes demands on theory, but these demands do not exclude all but the 'right' approach. In addition to the methodological criteria for a good Marxist account of the state, it is, therefore, also necessary to have a set of criteria to guide the substantive theoretical system. The search for guiding principles for any Marxist work typically leads back to Marx and Engels. However, again, the lack of a definitive account of the state and the concomitant lack of coherency in the work of Marx and Engels obstructs in this respect. Ultimately, the scholar resorts to choosing particualr themes or to drawing out 'implicit' approaches. Jessop specifies five criteria which must be accounted for by a Marxist account of the state.

1. It must be founded on the specific qualities of capitalism as a mode of production and at the same time allow for the articulation of the capitalist mode of production with other modes of production and other relations of social and/or private labour.

2. It must attribute a central role in the process of capital accumulation to the interaction among class forces.

3. It must establish relations between economic and political features of society without reducing one to the other or treating them as entirely independent or autonomous.

4. It must allow for historical and national differences in the form and function of the state in capitalist social formations.

5. It must allow for the influence of both class forces rooted in and/or relevant to non-capitalist production, and non-class forces.
(Jessop,1982:221)

At a simple level these criteria can be understood to reject both epiphenomenalism (the reduction of the state to the capitalist relations of production), and instrumentalism (the reduction of the state to a class-neutral tool of oppression). It does this by asserting the significance of <u>both</u> class <u>and</u> economic factors in the determination of specific states.

In doing this Jessop is in keeping with the majority of contemporary theorists of the state. Recently there has been a gradual move towards a reintegration of class logic and capital logic in accounts of the state. The work of Poulantzas (1975) stands out as an early attempt to reconstruct Marx's methodological and theoretical approach to the state. He attempted to overcome instrumentalism and epiphenomenalism with an initially structuralist perspective that viewed the state as a form-determined system of political domination. Thus, it incorporated economic determinism in the last instance and political struggle. At the other extreme, theorists working on the state from the traditionally economic reductionist capital logic approach, have come to realise the crucial importance of

class struggle in mediating the determination of the state by the economic. However, the point remains that there have been few attempts to articulate the lines of class and capital determinism. Poulantzas, for example, completely neglected the nature and form of the limitations imposed on the state by the economic relations of production, even though he explicitly acknowledged their existence. Similarly, despite recognising the significance of class struggle, the form derivationists have inadequate conceptual apparatus to deal with this class struggle.

In a positive sense Jessop's fifth criterion is met in a Marxist account of the state by the articulation of both class and economic principles of explanation. His book, The Capitalist State (1982) endeavours to bridge this gap between class and capital accounts of the state by providing a methodology and a theoretical structure capable of integrating both of these aspects. The book, therefore, begins with a comprehensive critique of all major Marxist writings on the state. The last chapter then begins to develop a model. It makes explicit the realist-Marxist method and incorporates into it the major elements of a theoretically rigorous and realist account of the state. This model aims at a synthesis of multiple lines of determination.

Implications for this Thesis.

It is beyond the scope of this thesis to develop an entire methodological and theoretical account of the state and then to apply it to the investigation of specific state interventions. It is therefore necessary to demarcate a subset of this theoretical task which can legitimately be tackled. The methodological approach set out in Chapter 1 explicitly allows for this type of activity. It is acceptable for a study to specify certain particular effects that will be accounted for, the principles of explanation to be used in explaining them and the level of abstraction at which the explanation will take place. The effects to be explained in the case of this thesis are the job creation schemes operating in the 1890's and the 1930-35 periods.

The previous chapter also noted the difficulty in reconciling the total, holistic approach of the realist-Marxist method with this particularistic, explanens-oriented way of conducting research. The realist-Marxist method assumed, it was argued, that the student understood the whole before any of its component parts. This general understanding identified the discrete principles of explanation (and their articulation), and the effects that might reasonably be explained by them, thus also identifying components that would make an acceptable explanens.

For this reason it has been impossible to date to specify precisely what the principles of explanation would be in a study of job creation scheme since such principles are theoretically determined.

Jessop's work is useful for this study because it develops a total theoretical structure. The methodology accepts specific job creation schemes as an effect to be accounted for at the most concrete level; and the theoretical structure serves to provide the principles of explanation (and their articulation) with which these effects can be explained. Within this structure, the studies conducted in Parts Two and Three will appear as component elements of a total account of the social formations to which the specific job creation schemes pertain. This means that Jessop's model can complete the explanendum of this thesis.

This chapter will expound Jessop's theoretical model with the intention of utilising it in the analysis of the job creation schemes run in the 1890-1912 and 1930-35 periods. In the following few pages the main points of the model will be briefly touched upon in order to identify the principles of explanation that might be used to explain job creation schemes. The objective of this is to complete the explanens so that the remainder of the chapter might concentrate on developing the theoretical concepts needed to actually explain job creation schemes.

Jessop's model can be understood in terms of four guidelines:

1. The state is an institutional structure which cannot exercise power.

2. Political forces do not exist independently of the state.

3. State power is a complex social relation.

4. State power is capitalist only to the extent that it creates, maintains or restores the conditions of capital accumulation in a given situation.
(Jessop,1982:221)

The first guideline deals largely with the relation of the state to the relations of production. Jessop supports the argument that the form of the capitalist state is determined by the relations of production. In particular, the state is a form-determined system of political domination. When combined with the separation of economic and political relations inherent in the capitalist relations of production, this raises problems for continued capital accumulation. The state's content is dependent on the balance of political forces. However, these political relations are affected by the form of representation and the form of intervention that characterises a particular state. Thus, political relations cannot be understood as existing prior to or independently of their involvement with the state (Guideline 2).

The unity of the state and the form of its interventions are dependent on political practice. State power describes the

balance of forces at a particular time as they are mediated through the state apparatuses (Guideline 3). The balance of these forces must be understood in terms of the relations between agents achieved within the relevant structural limits. One such set of limits are the forms of representation and state intervention that characterise a particular state.

State interventions, by implication, cannot be understood as determinate in terms of economic principles of explanation. Economic mechanisms are mediated by political and ideological relations and at the most have a contingent effect. Every state can, however, be assessed in terms of the manner in which it intervenes in the accumulation of capital (Guideline 4). There must be no suggestion of a relation of causation.

As the level at which an explanation is sought becomes more concrete, economic mechanisms become more indeterminate by virtue of their mediations. Particular state interventions can be understood in terms of the interaction of political forces and state structures. The economic realm overdetermines both state structures and political forces, however, this is at a more abstract level and is indeterminate with respect to specific interventions. This thesis will, therefore, understand job creation schemes as the complex outcome of the interaction of state structures and political relations as they are expressed in the balance of forces and mediated through the state apparatuses.

In so far as abstract economic determinations lie outside of the explanens accepted by this thesis, no attempt will be made to develop them in the study of specific job creation schemes presented here. Instead, the general patterns of such theory will be exposed. The point of this is twofold. Firstly, it consists of a 'mapping out' of Jessop's theoretical structure, and is therefore useful because it identifies what will not be covered. Secondly, it is important because at this level Jessop derives the existence of the state structures which interact with political and ideological struggles in the formation of specific state interventions. The main focus will not be on how these structures are derived (a more abstract issue), but rather on how they interact with political practice. This chapter will therefore be more concerned with concepts pertaining to political and ideological relations and their interaction with specific state structures. It will be structured into sections dealing with each of the four guidelines.

It needs to be noted that no attempt will be made at any stage to provide an exhaustive review of contemporary Marxist theories of the state. Apart from the section under guideline 1 in which the object is to present the general theoretical line of attempts to derive the form and/or function of the capitalist state from the capitalist mode of production, this chapter will restrict itself to concepts and a theoretical structure that can be used in the subsequent explanation of specific job creation schemes.

2-2) Guideline 1: The State is an Institutional Ensemble. Which Cannot Exercise Power.

Although it is conventional to define the state in institutional terms there are a number of pitfalls and traps for the unwary. With this first guideline Jessop seeks to critique the positions of both epiphenomenalism and instrumentalism. These approaches share the belief that the state is a unitary and functional institution. With this guideline Jessop also establishes a base onto which he can graft elements of both class determination and capital determination of the state At this stage, however, he is primarily concerned with the derivation of the form or structure of the state. In later guidelines he integrates the political and ideological elements.

The following pages will do three things. Firstly they will locate this first guideline relative to the capital logic and instrumentalist positions. Secondly, they will discuss more fully the form derivation variation upon capital logic and its use in Jessop's model. Finally, they will discuss the typology of structures that correspond to the definition of the state as an institutional ensemble.

Although instrumentalism and epiphenomenalism agree that the capitalist state is inherently unitary and functional for the capital class or for capital accumulation, they strongly disagree on the source and nature if this functionality. The capital logic approach attempts to establish this functionality by deriving the form and funtion of the capitalist state from either the circulation of commodities, or the processes of production pertaining to the capitalist mode of production. Pashukanis (1978) for example, argued that the bourgeois state's essential features were that it was an impersonal apparatus of public power distinct from the private sphere of civil society. The necessity for such an apparatus was to be found in the process of commodity circulation. In particular, Pashukanis utilised Marx's observations on the circulation of commodities in the capitalist mode of production. Marx argued that this circulation was dependent on the intervention of subjects who would relate on free and equal terms in the marketplace as owners of the commodities. Pashukanis believed that bourgeois law served to protect and guarantee these legal relations between subjects. (He also related bourgeois law to the nature of commodities in the capitalist mode of production) (Jessop, 1982:84-6).

Along different lines is the attempt by Aumeeruddy, Lautier and Tortajada (1978) to derive the form and function of the state

from the specific problems presented by the commodification of labour in capitalist societies. There are two problems for capitalist production. Firstly, there can be no guarantee that labour power will be constituted in the terms necessary for capitalist production. Secondly, there can be no guarantee that labour power will not be destroyed during the process of production. This necessitates the intervention of the state to constitute and reproduce labour so as to guarantee continued capitalist accumulation (see also Brunhoff,1978) (Jessop, 1982:92-3; Martin,1982a:15-16).

Theorists who fall into the capital logic category often think of the state as an 'ideal-collective-capitalist' whose task it is to protect the general interests of capital. It serves to reproduce capital accumulation and to counter crisis tendencies. Altvater (1973) argues that the need for such an 'ideal-collective-capitalist' is based upon the contradiction between the interests of individual capitals (who tend to be anarchic and self-annihilating) and the general interests of capital. Similarly, the 'real autonomy' of the state is defined in terms of the economic base. In the case of Altvater, the state requires autonomy in order to mediate between the competing interests of individual capitals. This approach locates any limits to the state's ability to reproduce capital accumulation in the general nature of commodity exchange and/or production under the capitalist mode of production(Jessop,1982:118).

Instrumentalism, the other approach that views the state as essentially capitalist, understands this functionality in a different way. As an institution, the state is seen as an autonomous subject exercising power. Class struggle centres on the appropriation and deployment of state power, and takes place outside the state. State power is therefore capitalist because the state is dominated by the bourgeoisie. In this sense state power is understood in terms of the coercive state apparatuses.

The instrumentalist position Jessop identifies with the early parts of Miliband's book; The State in Capitalist Society (1969). Here Miliband argues that the state is capitalist because it is dominated by personnel who are at least sympathetic to the bourgeoisie. However, Jessop also notes that in the latter half of the book, Miliband deals with structural limitations on the state and thus partly relinquishes the instrumentalist position(Jessop,1982:22).

In rejecting capital logic and instrumentalism, Jessop is doing two things. Firstly, he is asserting that the state is not an inherently unitary or functional institution. Rather it is a set of diverse institutions whose internal and collective unity is an ongoing problem. Secondly, he is arguing that if this institutional ensemble is united and functional for the bourgeois class or for capital accumulation, then this functionality cannot be explained in terms of either the abstract logic of capital accumulation, or the domination of the state by the capitalist

class.

However, Jessop is not denying that the relations of production can be rejected out of hand as a principle of explanation. A more favourable account of the nature of the state and state intervention in this respect Jessop finds in the form derivationist approach, a recent, sophisticated development upon the capital logic theme. The developments have been both substantive and methodological. Form-derivationists accept that reality is divided into levels of abstraction, and that the state occurs at the most concrete level as the complex outcome of the interaction of a number of chains of causality. In substantive terms, form derivationism has countered capital logic by asserting a distinction between the state as form and as content. The form of the state is still derived from the relations of production; the content of the state and its interventions cannot, however, be understood in the same way. Some form derivationists argue that even the derivation of form is not direct. It occurs at a more abstract level of analysis than does the state itself. It is also argued that the form of concrete states is determined by the interaction of these abstract principles of explanation and political practices. Thus, when explaining the form of the state, references to the economic relations of production can only be contingent (ie., not determinate). Genth and Altvater (1976), for example, argued that even the particularisation of the capitalist state itself cannot be reduced simply to the relations of production, but

requires for its introduction and reproduction appropriate political practices (see also Holloway and Picciotto,1977) (Jessop,1982:119).

The distinction between state form and content originally arose out of the realisation that state form might actually make problematic the performance of the economic functions necessary for continued capital accumulation. In particular, theorists frequently refer to the particularistic state form, that is, the separation of the state and political relations from the economic sphere, an effect determined by the relations of production. Usually this is deemed to make the reproduction of capitalist accumulation problematic by virtue of the mediation through political struggles of economic imperatives. Hirsch (1974 and 1977), for example, emphasises the importance of the state in mobilising counter-tendencies to economic crisis tendencies such as the tendency for the rate of profit to fall. However, he understands such interventions in terms of the state's reactive character and its over-determined role in maintaining political class domination Thus, the state responds not to economic imperatives (or more appropriately, economic crises) but rather to the political repercussions of economic events (Jessop,1982:101-6).

For Hirsch, the state must fulfill three functional imperatives. Firstly, it must maintain the subordination of the dominated classes through coercion and co-option. Secondly, it

must perform functions necessary to reproduce the economic processes. Finally, it must formulate policies to unite the bourgeoisie (Jessop,1982:103). To achieve these Hirsch argues that the state must consist of a pluralistic structure that is receptive to the demands of subordinate classes, and a specific processing mechanism to make these demands compatible with the needs of capital accumulation. He thus views the state as a structurally selective device which has definite effects on the shape of class struggle and the balance of forces (ibid).

Jessop agrees with Hirsch, and other form derivationists, that the state is a form-determined field of class relations. Jessop understands the state as an institutional ensemble consisting of forms of representation, state organisation and state intervention. These are structural elements which have definite (though not determinate) effects for political and ideological relations. Forms of representation are the structures which govern the access that dominated groups have to the state apparatuses, but they also have implications for the way political forces are constituted (this will be discussed in the next guideline). State organisation and state intervention also have implications for political relations in that they overdetermine the reproduction of the state apparatus as a system of political domination and the ability of the dominant class or faction to grant concessions to the subordinate groups. To the extent that these effects are asymmetrical, the state cannot be seen as class neutral.

Jessop also adopts the idea that the content of the state is determined by political relations. In particular, he accepts that the form of the capitalist state problematises its functionings in both economic and political terms. Economically there is no reason for it to reproduce capital accumulation, and politically there is no guarantee that it will serve as a unified system of political domination. In fact, the unity of the state as an institutional ensemble is dependent on political relations.

Jessop criticises the form derivationists for their concentration on specific economic mechanisms when explaining state interventions (for example, Hirsch's discussion of the tendency for the rate of profit to fall). Jessop argues that once it has been accepted that all such mechanisms become state interventions only by virtue of their political mediation, there is little to be gained from their identification (Jessop.1982:125). Jessop believes that there are no necessary or inevitable links between particular forms of economic crises and specific state interventions. Economic mechanisms become state interventions through their articulation in the discourses of political forces and through their ex post constraints on state structures and interventions (ibid).

Typically, scholars in the form derivation tradition do not have adequately developed conceptions of the political to complement their well developed capital theoretical lines. This prejudices their analyses of specific state policies by virtue of

the weakness of any possible articulation of the economic and the political. Thus, Hirsch gives primacy to specific economic mechanisms in explaining policies, but does not give adequate consideration to the manner of their political mediation. The search for adequate political and ideological concepts leads to the class theoretical tradition.

2-3) Guideline 2: Political Forces do not Exist Independently of the State

At a simple level this assertion can be understood as a rejection of the instrumentalist proposition that the state is a class-neutral institution over which the classes fight for control. Jessop consistently argues that the state, through its forms of representation and state interventions, has significant effects on the constitution of political forces, the nature of political struggles, and therefore on the balance of political forces. These effects are achieved by regulating the access of political forces to the state apparatuses and by regulating the state's ability to achieve specific class interests.

At a more complex level this guideline can be understood in methodological terms. Instrumentalism understands political

relations as the struggle between the working class and the bourgeoisie. These classes are created by the relations of production, therefore implying that the relations of production either occur at the same level as political relations, or determine political relations. Jessop, by contrast, follows the modern convention of separating classes from political forces. The separation is, as Laclau notes, based on the perception of different levels of abstraction (Laclau,1977:104-5). Classes as objective economic categories are defined by the relations of production at the level of the mode of production. The state, political and ideological struggles exist, however, at the concrete level of the social formation. As such, they cannot be reduced in any simplistic manner to the classes defined at the level of the mode of production. Jessop summarises this argument and its implications:

> (C)lass determination (i.e., location in the relations of production) entails little for class position (ie., stance adopted in class struggle). This suggests that relations of production are not the objective basis for class formation in the sense of constituting singular and mutually exclusive 'classes-in-themselves' which necessarily develop sooner or later into 'classes-for-themselves'. Instead we must recognise that the specific interpretations of these relations offered in various class schemata and ideologies (including denials that classes exist, or that if they exist, they involve irreconcilable antagonisms) are integral but independent elements in the formation of class forces. (Jessop,1982:242)

To distinguish betwen the relations of production (classes) and political relations (political forces) requires a rejection of any explanation of political relations that is couched in class terms alone. Political relations become a separate sphere

of activity which operates according to its own, sui generis, principles. This has implications for the study of job creation schemes because it suggests that a particular scheme cannot be understood simply as the outcome of a struggle between the working class and the bourgeoisie. This distinction, then, demands an alternative account of political relations. This, in turn, requires that the focus of this discussion be extended beyond the bounds of the state.

Laclau and Mouffe present one of the most coherent efforts to construct an account of the political and ideological dimensions of the capitalist social formation. In the next few pages the material presented by Laclau in Politics and Ideology in Marxist Theory (1977) will be dealt with. Having done this, attention will turn to the way in which Laclau and Mouffe have refined this approach in their more recent works. Finally, mention will be made of the role of this theory in Jessop's overall structure.

Laclau does not deal explicitly with the state. Rather, he discusses the nature and form of political and ideological conflict in an attempt to understand the unity of social formations in non-reductionist terms. In doing this he seeks to establish the political and ideological fields of operation as distinct from the relations of production. In accounting for the functioning of the ideological field, Laclau utilises the approach of Althusser (1971). The ideological realm revolves

around the interpellation of individuals (the bearers of structures) as 'subjects'. This interpellation reformulates the individual's relationship with their real conditions of existence; interpellated subjects are said to live this relationship as if the subjects themselves determined it (rather than vice-versa) (Lacalu,1977:100-101).

Laclau argues that interpellations have no meaning in themselves (ibid). They are of varying types (for example, familial, legal, religious) and can be articulated together into ideological discourses. The unity of such discourses is not based upon logical relations between the interpellations, but rather, upon relations of connotation and symbolism. Unity relies on each interpellation's ability to fulfill a role of condensation relative to the others: each interpellation should evoke the whole (ibid:102). Laclau criticises Althusser for suggesting that every interpellation reproduces the social system because this implicitly assumes that every ideology is the dominant ideology (ibid:100n). (Laclau also criticises Althusser for conceiving of the ideological as a distinct instance in the social formation. This will not be dealt with here; however see McLennon et al 1977; and Hirst 1979). Laclau argues that concrete political forces and struggles are constituted at the ideological realm in the form of ideological discourses and the relations between them. These forces will not necessarily be class-based (Laclau,1977:106). Indeed, the dominant contradiction at the level of the social formation is what Laclau

calls the popular-democratic struggle. This involves the interpellation of subjects as 'the people' in an antagonistic relation with the dominant power bloc (ibid:108).

During the process of ideological struggle a social force will attempt to integrate into its own ideological discourses ideological elements and discourses of other social groups. This is, then, a process of articulation and disarticulation rather than the destruction of ideological discourses.

During times of stability the connotative linkage of interpellations will not be seriously challenged. However, under unfavourable circumstances the unity may break down:

> In a period of generalized ideological crises....the crisis of confidence in the 'natural' or 'automatic' reproduction of the system is translated into an exacerbation of all the ideological contradictions and into a dissolution of the unity of the dominant ideological discourse. (Laclau,1977:103)

The various component discourses which were formerly integrated into the dominant ideological discourse will attempt to establish their own dominance by articulating the interpellations of other groups into their own structure, and by oisarticulating other discourses. A possible avenue through which this crisis might be resolved is that the dominant fraction may select one interpellation and develop a logical discourse of interpellations around it. This will serve as the basis for critiquing the existing system and a principle of ideological reconstruction (Laclau;1977:103).

The major difficulties that Laclau faces at this stage concern the integration of the political and ideological fields with class relations. In particular they arise out of his attempt to reconcile the autonomy he grants to the political and the ideological with the basic Marxist tenet that the relations of production (and therefore classes) are determinate in the last instance. In this early work Laclau resolves the apparent contradiction by arguing that although class contradictions may not become contradictions at the ideological and political level, and contradictions at this level may not reflect class contradictioau,1977:196).

Laclau establishes this in the first place by simply asserting the primacy of class relations (which have a location in the relations of production) over other contradictions. However, he also builds this overdetermination into his account of the organisation of interpellations into discourses: classes overdetermine other contradictions by virtue of the fact that only class forces possess an organising principle which integrate interpellations into an ideological discourse. Thus, popular-democratic ideological discourses always exist in an articulation with class discourses (ibid,1977:108). In this manner ideological discourses may have a non-class content (ideological elements are in themselves, class neutral) but will have a class <u>form</u> because it is a class that provides the principle of organisation (ibid:160-1).

A significant implication of this is that only the two main classes can achieve a hegemony. Jessop finds this unacceptable: he recognises that hegemony is necessarily class based to the extent that it will be class-relevant in its effects (Jessop,1982:194-5). Laclau, on the other hand, suggests that hegemony will be class based by virtue of the agents that establish and maintain it.

For Laclau, class struggle at the ideological level takes the form of an attempt to articulate non-class interpellations and discourses (such as, the popular-democratic discourse) into the discourses of antagonistic classes, by presenting class objectives as the popular objectives (Laclau,1977:108-9). The concrete form of this struggle is the partial absorption and neutralisation of the ideological elements of antagonistic, or potentially antagonistic groups (ibid:161). It is not essential for the dominant class to disseminate a common world view for it to retain its domination; it merely has to neutralise possible contradictions to its interests (ibid). One way of doing this is 'transformism' by which the representative institutions of new groups are co-opted into the dominant power bloc, thus absorbing the people/power bloc contradiction (ibid:115).

Although it comprises some useful notes on the nature of the ideological and political realms and the processes that take place there, this account has proved to be inadequate because of its continued reliance upon class reductionism. Laclau attempted

to establish the necessary existence of class relations in the discursively formed political and ideological realms. In subsequent attempts to overcome this residue of class reductionism, Laclau and Mouffe (for example, Laclau,1980 and Laclau and Mouffe,1982) have asserted that the entire social formation, including economic relations, is created discursively. These relations are, therefore, seen as social relations not because they are structures expressed in the relations between subjects, but rather because they constitute themselves as social through the social (discursive) production of meaning (Jessop,1982:195). The unity of a social formation is not, therefore, a necessary nor inevitable structurally determined effect, but is instead contingent upon the articulation of the various discourses into a 'collective' will (ibid,1982:203). In other words, it is contingent upon the establishment of a 'hegemony', or discourse of discourses. This hegemony is achieved through political and ideological struggles.

This approach does not privilege class interpellations over non-class interpellations. Classes and class struggle cannot be said to exist except in so far as classes (and the antagonism between them) are created through discourse. Class struggle is thus in the first instance a struggle to constitute a class as such through discourse (Jessop,1982:196). Only later does it become a struggle to articulate other discourses into this class discourse. This process of articulation takes place through 'interruption' and 'interpretation'. Interuption involves

attempts to absorb elements from another ideological discourse through persuasion and open debate. By contrast, interpretation involves identifying a discourse as a discrete meaning which is inherently incompatible (ibid).

Hegemony, then, is the articulation of various discourses into a relatively coherent, non-antagonistic unity. It is in this sense a discourse of discourses. Laclau and Mouffe recognise two modes of hegemonic articulation. Firstly, through a discourse of difference, the dominant group seeks to neutralise ideologically constituted antagonisms, basically by re-interpreting them as reconcilable differences. Secondly, the dominant group can establish a system of equivalances which acknowledges differences of interest between groups, but either argues for the subjugation of these differences during the pursuit of a common enemy, or else constructs a 'common polarity which is juxtaposed in an irreducible dualism to another pole and defined as superior to it" (Jessop,1982:197).

Laclau (1977) initially argued that at the level of the social formation, political and ideological struggles had no necessary correspondence with class relations defined at the level of the relations of production. At the same time, however, he attempted to guarantee the existence of class forces at that level, and the overdetermination of all struggles and contradictions by class contradictions. This was, however, unacceptable because of its class reductionism. At a later

stage, Laclau and Mouffe (1980,1982) reformulate the relationship between the relations of production so that all imperatives from this level make an appearance at the social formation only by virtue of their mediation through discourses. Classes, therefore, lost their privelege and were assumed to exist in political relations only in to the extent that they were determined through discourse.

The major criticism that Jessop has of this approach is Laclau and Mouffe restrict their use of the concept of discourse. Although explicitly acknowledging that discourse involves the entire phenomena by which meaning is created, Laclau and Mouffe implicitly limit their discussion to discourse as text (Jessop,1982:199). Jessop is concerned that this results in a failure to consider the way in which extra-discursive features (such as the condition of capital accumulation and the state itself) have an effect on discourse and therefore on political and ideological relations (ibid:199-200).

Consideration of these features leads to a modified version of Laclau and Mouffe's conception of hegemony. Jessop accepts the basic definition of hegemony as

> the interpellation and organisation of different 'class-relevant' forces under the political, intellectual, and moral leadership of a given class (faction) or, more precisely, its political, intellectual, and moral spokesmen(sic). In this sense one can say that the exercise of hegemony assigns a 'class-relevance' to non-class forces...(Jessop,1977:243)

The key to such leadership Jessop believes to be the institution of an 'hegemonic project' which mobilises popular support, thus facilitating the unity of the diverse social forces comprising the power bloc. This project is, to an extent, circumscribed by extra-discursive factors. For example, hegemony is typically dependent on the flow of material concessions from the dominant class to the subordinate forces. Thus, hegemonic potential will be limited by the particular condition of capital accumulation, more specifically, the economic ability to produce those material concessions.

More relevant to this thesis are the effects of the state on hegemonic struggles. The state comprises a form-determined system of political domination. It shapes political forces and their demands in a structurally selective fashion, through its forms of representation and forms of state intervention. The specific forms of state intervention have implications for hegemonic projects to the extent that they effect the sort of concessions that can be granted to particular interests. Thus, they comprise a boundary within which the dominant faction must operate in the construction of its hegemony. State organisation is important to the extent that it concerns the unification of the state both as an institutional ensemble, and as a system of political domination. The larger and more diverse the state institutions, the more difficult it will be to establish and maintain internal unity. A hegemonic project may serve to unite a particular state by providing a material and ideological base

for cohesion. However, unity will also be dependent on the development of sui generis forms of organisation. The extent of formal organisation, and the size and diversity of the state, therefore, imposes limits on hegemony.

These 'extra-discursive' elements are in no way determinate with respect to political relations. Hegemony and hegemonic projects continue to operate through discursive processes which take place within and around these extra-discursive elements. Thus, Laclau and Mouffe's discussion of the form and nature of ideological and political relations are satisfactory (though, Jessop argues, incomplete) when supplemented with this non-discursive aspect. This, for example, Jessop identifies two types of hegemonic project. A one-nation project seeks to mobilise the support of the entire social formation through the granting of concessions and symbolic rewards (for example, 'social imperialism' and 'Keynesian welfare statism') (Jessop,1982:244). A two-nation project seeks to gain the support of only the politically significant segments of society. All hegemonic projects require the management of support and resistance. A one-nation project attempts to neutralise all antagonisms, whereas a two-nation project may use coercion to subordinate the 'other nation' (ibid). Jessop notes as an example of a two nation hegemony, the attempt with 'Thatcherism' to re-organise political support on the basis of a vertical division between the economically 'productive' and the 'parasitic' sections of society (ibid). This conception of

hegemony has clear links with the work of Laclau and Mouffe.

The preceeding discussion has served to create a basis for understanding political and ideological relations. This is particularly important to this thesis with its intention of explaining job creation schemes at a concrete level and in political and ideological terms. Such an explanation, it has been argued, cannot be couched in terms of 'class struggle' per se, but instead must consider the articulation of political and ideological relations with specific, extra-discursive aspects such as the state. These political and ideological relations involve struggles and contradictions, but these are not necessarily class based. It is, therefore, necessary to specify how particular forces are interpellated and organised in any particular situation as well as the manner in which these forces are articulated with the relevant state.

2-4) Guideline 3: State Power is a Complex Social Relation that Reflects the Changing Balance of Social Forces in a Determinate Conjuncture

Asserting that the state cannot, qua institutional ensemble, exercise power makes problematic the concept of state power. the traditional alternative to viewing the state as a neutral subject possessing its own power is to view state power as essentially class power. However, this is also problematic because it has been argued above that there is no necessary coincidence between classes defined by the relations of production and political and ideological forces constituted at the level of the social formation. This perception of state power is also inadequate because it makes the state the object of class struggle and locates the struggle outside of the state. It has been argued above that class forces do not exist independently of the state. It is also evident that political relations occur within the state.

A resolution to the dilemma of state power can be found in a reformulation of the concept of power itself. Jessop defines power as:

> the production of effects within the limits set by the 'structural constraints' confronting different agents. (Jessop,1982:253)

This is not, however, to argue that power is a predetermined property of agents expressed in the production of desired effects. Rather it is to say that power and the exercise of power refers to the outcome of social relations at a particular point in time (ibid). Power, therefore, involves both structural and relational dimensions insofar as these combine to make determinate the balance of forces at a particular moment.

The structural aspect includes such non-discursive elements as social and material conditions and the state. These limit and shape the relations between agents, but, it must be stressed that they do not determine the outcome of such relations. This rejects the notion of agents as bearers (trager) of structures since if they were so, their actions could be explained in terms of these structural factors alone (Jessop,1982:153-4).

Power is, in fact, determinate only when principles of explanation pertinent to the action of agents are taken into account. Agents are non-unitary subjects constituted through discourse. Again, it is necessary to take account of extra-discursive elements such as the attributes, capacities and modes of organisation and calculation of agents when understanding agents and their actions (Jessop,1982:254). The actions of agents will not, however, be determinate in these terms.

The concept of power has only limited value in a study of a particular context. It cannot serve as a principle of explanation for specific effects since it is itself a situation that must be explained. It is the form determined, institutionally mediated effect of the particular balance among social forces (Jessop,1982:225).

Different types of power can, however, be identified. One important ground for distinguishing types of power is the specific social base that comprises it. This refers of course to the specific constellation of support and resistance (Jessop,1982:225). A second ground for differentiating between different types of power is the specific institutional mediation. Thus, state power is different from economic power by virtue of its mediation through the state's sui generis institutional ensemble. Within this it is also possible to distinguish the specific apparatus(es) institutions and so forth which mediate power (ibid).

State power does not, therefore exist apart from class power. However, the changes in the concept of power suggest that class power cannot explain a specific effect, or state power, but must itself be explained. This has implications for this thesis. A specific job creation scheme cannot be understood in terms of the exercise of power by either a single class, or by the state alone. It must instead be examined as the outcome of the articulation of a particular balance of political forces within

the constraints imposed by such extra-discursive factors as the state. The conception of political relations provided in the previous guideline will therefore play a vital role in explaining job creation schemes.

2-5) Guideline 4: State Power is Capitalist to the Extent that it Creates, Maintains or Restores the Conditions of Capital Accumulation.

Guidelines 1, 2 and 3 have had as a central theme the non-reducibility of the state and state intervention to the relations of production. In guideline 1, it was argued that although the relations of production contain the conditions of existence of the state and its particularised form, this does not mean that the state would necessarily function to maintain capital accumulation or to guarantee the political domination of the bourgeoisie. It has been argued throughout this chapter that the state is only united and functional for capital to the extent that it is constituted as such through political practice.

The relation of the relations of production to the state and state interventions is, therefore, in no way determinate. At the same time, in terms of both is form and its content (specific

instances of capital accumulation), the relations of production remain a principle of explanation which must play a part in any full account of the state. However, as a principle of explanation the relations of production are more indeterminate the more concrete are the effects to be explained. Concrete effects, such as job creation schemes are more determinate in terms of political and ideological relations. These relations are a major source of mediation of economic imperatives. However, as Jessop notes (1982:125), the extent of such mediation undermines the relevance of the economic mechanisms. Thus, this thesis, which is concerned with the concrete level, can legitimately focus on political and ideological relations. The accumulation of capital must be taken into account of, however, at least insofar as it imposes limits on the state and circumscribes the effects of its interventions.

In asserting that the state is only capitalist to the extent that it supports capital accumulation, Jessop is defining another role for the relations of production in an account of the state. It serves as a point of reference from which state interventions can be measured. In other words, every state can be measured in terms of how it interacts with capital accumulation. At different levels of analysis this involves different things. At a relatively abstract level, it may involve the assessment of the extent to which the state provides the conditions of existence of the capitalist form of the circulation of capital. At more concrete levels it will require the investigation of the

interaction between specific state interventions and specific elements of capital, specific aspects of the circulation of capital (for example, the commodification of labour power) and so forth.

An important role in this aspect of the functioning of the state will be the forms of state intervention. These forms structure the manner in which a particular state may intervene with obvious implications for the role the state might play in the accumulation of capital. Further discussion of this aspect of the state must, therefore, await section 2.8 which discusses Forms of State Intervention in more detail.

The explanation of specific job creation schemes requires the investigation of the complex balances of forces that occur at a given point in time, and their articulation with extra-discursive structures such as the state. So far this chapter has dealt with the state and with political relations. The next three sections will discuss the forms of representation, forms of state organisation and forms of state intervention that may characterise particular states.

2-6) Forms of Representation

In conceiving of the state as a form-determined system of political domination, Jessop asserts that the state has a role in mediating political relations in a structurally selective fashion. Different state structures therefore have different effects on the state's functioning as a system of political domination (and its effectiveness in reproducing the process of capital accumulation). Forms of representation concern variations in the specific structures by which the state mediates political demands and supports. Jessop recognises five such structures:

1. CLIENTILISM may be characterised as a form of representation based on the exchange of political support in return for the allocation of politically-mediated resources and involving a hierarchical relationship between dependent client(s) and superordinate patron(s).

2. CORPORATISM involves political representation on the basis of function within the division of labour and is characterised by the formal equivalence of 'corporations' whose members perform substantively different functions.

3. PARLIAMENTARISM may be defined as a form of representation based on the indirect participation of individual 'citizens' in policy-making through their exercise of voting and accompanying rights in relation to an elected legislature and/or political executive; it is associated with formal equality among individual 'citizens' and the formal freedoms necessary for its operation provide the basis for the development of pluralism as well as party organisation.

4. PLURALISM is a form of representation based on institutionalised channels of access to the state apparatuses for political forces representing interests and/or causes rooted in civil society (as opposed to function in the division of labour) and recognised as legitimate by relevant branches of the state.

5. RAISON D'ETAT is a limit case of intervention without formal channels of representation but it is not incompatible with informal channels of representation nor with attempts to legitimate such interventions in terms of the national or public interest.
(taken from Jessop,1982:229-30)

Jessop quotes a number of examples of the effects that these structures have on political relations. Parliamentarism encourages the political fragmentation of economic categories through the interpellation of members as 'individuals' and 'citizens'(Jessop,1982:230). In other words, location in the economic system is deemed to be irrelevant to political practice. Corporatism, by contrast, encourages the formation of groups based on functions in the division of labour but these groups are interdependent and formally equivalent. Their interests are not, therefore, contradictory but rather lie in co-operation (ibid). Clientilism and pluralism provide representation for 'economic-corporate' and 'civil-corporate' groupings and are, therefore, non-hegemonic to the extent that there is no inherent attempt or potential to mobilise the support of all sectors of society (ibid). Again, this contrasts with parliamentarism which serves precisely to provide a channel which can be mobilised, usually behind a hegemonic project (ibid).

These forms of representation also present problems for the establishment of a unified system of political domination. Jessop notes a number of problems with liberal parliamentarism:

> The electoral mediation of hegemony, the unification of a power bloc, the possible anti-bourgeois domination of parliament, the potential failure of governmental control over the administrative apparatuses, the threat to a stable Ordnunspolitik posed by adversary politics and the electoral style, the technical incompetence of politicians in economic programming, and so forth. (Jessop,1982:241)

The difficulties involved in corporatism mainly revolve around the containment of the emergence of class conflict. This particularly poses problems insofar as the organisational patterns of worker's organisations and management are different. maintaining corporatist unions will therefore be problematic (ibid) (on the limits of corporatism see also Cox,1981)

2-7) Forms of State Organisation.

The unity of the state as an institutional ensemble and as a system of political domination is an ongoing problem which must be resolved politically. Once again, however, there are structural factors which will affect the achievement of unity. As well as forms of representation, state structure can be seen

as comprised of sui generis forms of internal organisation. Thus, the unity of the state apparatuses can be said to be contingent upon the articulation of political relations and formal criteria.

The formal unity of the state typically takes the form of the bureaucratic system of organisation. This system constructs a special category of career officials, subordinates them to formal rules of legal and financial accountability, and structures them within a hierarchical chain of command (Jessop,1982:231). It also constitutes a system of organisation for the distribution of resources. Within these bounds, substantive unity is dependent on the existence of a united political executive or cross-cutting network which can provide leadership and a hegemonic project sufficient to mobilise the support of state apparatuses and the bureaucrats.

The bureaucratic form of organisation is particularly suited to certain types of state intervention. For example, it is appropriate for administration through general laws. It is not suited, on the other hand, to the administration of the ad hoc, discretionary policies that are associated with more intensive forms of state intervention (Jessop,1982:231) (see next section). Such a mismatch may present problems for the achievement of unity. In many cases the difficulties are avoided by the supplementation of the bureaucratic form of organisation with quasi-autonomous, non-governmental bodies, (or quangos)

(ibid:232). Quangos have considerably more scope and freedom than do the normal bureaucratic state apparatuses. They may be:

> charged with substantive support and facilitation of economic and social activities and/or with imperative or concertative direction of these activities (Jessop,1982:232).

While solving the problem of the incompatibility of the bureaucratic form of organisation and ad hoc discretionary state interventions, this mixture of bureaucracy and quangos may generate difficulties for the achievement of unity within the state apparatus. One such difficulty is the potential that quangos have for a degeneration of the state into clientilism (Jessop,1982:232). This presents a problem for unity in the sense that such clientilism involves a non-hegemonic form of representation.

Jessop finally notes that the organisation of the state apparatus will have a structurally limiting effect on hegemonic projects. The dominance of particular apparatuses or branches may make it easier for some classes of fractions to instigate a hegemonic project, while undermining other projects. Thus, for example, Jessop talks about the dominance of the Treasury-Bank of England elements of the state apparatus in Britain. This has had favourable results for banking capital, and their continued dominance. On the other hand, it had less than favourable results in terms of the Labour Government's (1964-70) ability to sustain a hegemonic project (Jessop,1982:232-3). This implies that a long term shift in hegemony may be dependent on a

substantial reorganisation of the state apparatuses (ibid).

2-8) Forms of State Intervention.

There are a number of possible forms in which the state may intervene in the relations of production. Jessop identifies five such forms:

1. FORMAL FACILITATION: the state maintains the general external conditions of capitalist production: these include a formally rational monetary system, a formally rational legal system, and a formally rational system of administration. [This form of intervention implies that capitalist production is self-regulating. To the extent that this is not the case, other forms of intervention will be required.]

2. SUBSTANTIVE FACILITATION: the state reproduces certain general conditions of production within capitalism, ie., conditions whose provision is essential for the majority of individual capitals to continue production. The most general conditions of this kind is labour-power since it is not produced in the enterprise itself but is bought into the labour process as a simple, non-capitalist commodity in exchange for wages. In addition it may prove necessary for the state to supply means of production which have a general significance for capital, e.g., infrastructure, energy supplies, transport, basic research and development, economic statistics.

3. FORMAL SUPPORT: the state alters the general external conditions of production in a particularistic manner and/or establishes external conditions favourable to particular capitals. This can be accomplished through the introduction of substantively rational criteria into the legal framework, through modifications in the financial costs of specific economic activities, and

through particularistic administrative measures. It should be noted that the state intervenes indirectly in offering formal support, ie., through the mediation of law, money and administrative measures; and that it is left to market forces to determine whether these changes are exploited by economic agents who remain formally free and autonomous. Among these measures could be included changes in competition policy, company law, investment allowances, regional employment premia, and the conditions of access to corporatist decision making bodies.

4. SUBSTANTIVE SUPPORT: involves the direct allocation of particular conditions of production to particular economic agents rather than leaving it to the autonomous choice of market forces which agents, if any, benefit from state's action. Measures of this kind could include licences, monopolies, state credit, state sponsorship and so forth.

5. DIRECTION: the state overrides the formal freedom of economic agents and directs that they either act of refrain from acting in particular ways. Here the state no longer relies merely on facilitating or supporting market forces but intervenes to support, counteract or modify them through restrictions on the formal autonomy and freedom of these agents.
(Jessop,1982:233-4)

These forms of intervention can be studied at varying levels of abstraction and in terms of their link with the circuit of capital. This provides the means to investigate the pre-conditions of capital accumulation (at varying levels of abstraction), the nature of crises and their resolution, and the articulation of the capitalist mode of production with other modes of production (Jessop,1982:235).

The more concrete the level of abstraction, the more complex and determinate an explanation will be. At the concrete level a state can be understood in terms of the articulation of a

specific form or forms of state intervention, and a specific form of the circuit of capital. Moreover, this relationship can be made more concrete through the specification of the particular state intervention, and the particular capitals involved (including wage-labour) (Jessop,1982:236).

It must be emphasised that with this typology of state interventions and its combination with the circuit of capital, Jessop is in no way suggesting that the state is inherently functional for capital. He is, instead, providing a set of criteria from which specific states can be examined and their capitalist nature assessed.

2-9) Articulations of Structures.

The form of representation, state organisation and state intervention are articulated together in varying combinations to form hybrid states. These are not isolated or discrete aspects. The effect of state intervention, for example, is not dependent purely on the adequacy of the available policy tools, its form of intervention, for example, but also relies on the articulation of intervention with strategies to secure the support of those affected (Jessop,1982:238). Similarly, different combinations of

forms of representation, state intervention and state organisation will have different structural implications for the political relations which in the final analysis generate the unity of the state and the social formation. Jessop also points out that the laws of motion of the capitalist mode of production are dependent for their enactment on the balance of forces in the complex relation between capital and labour. Therefore, the articulation of forms of representation, forms of state intervention and forms of state organisation may have definite effects on capital accumulation (Jessop,1982:238). This suggests in turn that crises of capital accumulation may not only be reflected in crises in the balance of forces, but may actually be caused by structural dislocations in the state apparatuses (ibid).

2-10) Conclusion.

This chapter provides a framework for understanding job creation schemes. These schemes are seen as an exercise of state power. However, rather than explaining them, this statement serves merely to highlight their determination at the concrete level by a complex interaction of structural and relational variables.

The formation of a specific job creation scheme might be understood as a result of the particular articulation of the structures that comprise the state, and political and ideological relations. This chapter has aimed at developing a typology of structures; a set of concepts that can be applied to a specific state in order to understand the sort of limits and constraints that it applies to political and ideological relations, and to state interventions. But it has also been concerned to develop a conceptualisation of political and ideological relations which does not reduce these aspects to the effects of the state (or any other) structures.

In the next two sections the theoretical framework developed in this chapter will be applied to two specific, historical uses of job creation schemes. In accordance with the realist methodology, these studies will begin with a description the particular job creation scheme. The second step is to gain some impression of the overall political situation. This involves a theorisation of the state: the specification of the specific forms of representation, forms of state organisation and forms of state intervention which characterised the state, their articulation with the balance of forces. The final section of each study will concentrate more exclusively on each of the job creation schemes. It will attempt to explain them as the outcome of the articulation of structures and political and ideological relations. Thus, job creation schemes will not, it must be emphasised, be seen merely as instantiations of the state in

general. Rather, they will be analysed separately and in relation to the particular state. Firstly, their effect on the accumulation of capital will be considered, both as a discrete policy and in comparison with the general type of state intervention at the time. Secondly, the schemes will be examined in terms of political relations - the political factors that resulted in their implementation and their effects upon political relations. Finally, the schemes will be examined in terms of their ideological dimensions. Political relations are ideologically represented in discourses. It is thus necessary to see how these schemes expressed the relations between discourses, and again the effects that the job creation scheme had as an intervention in this context.

PART TWO:

The Liberal Era - 1890-1912

Chapter III:

Job Creation in the Liberal Era.

3-1) Introduction.

The Liberal era began with the election to power of the Liberal Party in 1890 and ended in 1912. It is widely regarded as a highly significant period in New Zealand's history, and, in particular, for the development of the interventionist 'welfare state'. While the policies of the Liberal Government could not be regarded as 'welfarist', they involved extensive state intervention in the economic and social spheres. In this sense they set precedents and established the state apparatuses that were necessary for later developments.

Of particular interest to this chapter is the development of a definite and active policy on unemployment under the Liberal Government. This policy revolved around the Department of Labour and its employment bureaux. It embodied a 'labour market' theory in so far as unemployment was viewed as the product of

disjunctions between the supply and demand for labour. This was believed to be caused by a lack of information on available jobs and poor labour mobility. It was felt that this could be best remedied through state provision of an information service and assistance to the unemployed to aid their mobility. The state's role was seen primarily in terms of aiding unemployed men find jobs. However, the Liberal Government also operated the Co-operative Works Scheme; a programme designed to create jobs on public works projects. Insofar as it expressed the labour market approach, this scheme served to expand the demand for labour; it was to function as a buffer for male employment. But it also served as a cheap way of expanding the Public Works Department's activities. Within the scheme the contradiction between public works and unemployment relief reduced its effectiveness as a buffer. It also caused ambivalence in the attitude of the Public Works Department towards the workers. This was reflected in the harsh conditions to which the men were subjected.

It is quite inaccurate however, to suppose that prior to the Liberal Government nothing was done to relieve the unemployed, or that the Liberal state made a complete break with former policy. In the earlier period relief was mainly in the form of 'relief work'. The primary purpose of this type of job creation scheme was the relief of poverty. It involved no clear division between poverty through unemployment and poverty attributed to other causes. Its attitude toward the recipient was essentially

punitive, reflecting an imported belief that the working class were fundamentally lazy, and that the provision of direct relief would result in the pauperisation of the recipient and the working class as a whole.

Relief work was provided by voluntary benevolent societies and, before 1876, by some provincial governments. After 1876 central government took over the funding of the relief from provincial governments. In 1885 relief provisions were organised under the Hospitals and Charitable Institutions Act. Under this Act the unemployed and other able-bodied poor were to be given 'work relief'.

The Liberal Government's labour market approach was original in that it acknowledged a distinction between the nature of poverty and of unemployment. The Co-operative Works Scheme demonstrated this change of attitude toward the unemployed insofar as it reduced (although it did not eliminate) the regulative and coercive elements of unemployment relief. However, the Liberal Government also continued to make use of the Hospitals and Charitable Institutions Act. In fact no alterations were made to this Act until 1909, and then the changes mainly concerned financial and administrative responsibility for relief. Although the unemployed were increasingly distinguished from the poor in general, the distinction between the deserving and the undeserving remained paramount and ensured the continued pertinence of the 1885 Act.

'Relief work' served as a back up to the employment bureaux which provided the conditions under which the individuals could help themselves. Those failing to obtain jobs had to pass the 'work test' in order to obtain direct relief.

To understand the use of job creation schemes in this period is to understand both of these types of unemployment relief. At first glance it would seem most appealing to study the Co-operative Works Scheme alone, because it embodies the vanguard of the Liberal Government's approach. If anything were to demonstrate the strength of the Liberal state, one would expect to find it in the operation of the Co-operative Works Scheme. However, this scheme was only one part of a system for handling unemployment. The more traditional 'relief work' played an equally important role. These two forms of job creation scheme combined with the employment bureaux to effectively deal with the problem of unemployment in the 1890's and early 1900's. An analysis of job creation schemes in the Liberal Era must therefore include an examination of both. Accordingly, this chapter is divided into two main sections. The first deals with the provision of work relief under the 1885 Act, the second with the Co-operative Works Scheme. The final section will provide some concluding comments.

3-2) Relief Work: The Hospitals and Charitable Institutions Act, 1885.

Relief work was provided under the auspices of various poor relief sources before the dissolution of the provinces in 1876. Relief arrangements were predominantly based on voluntary effort with some measures funded by provincial governments (Tennant,1981:1). There was considerable regional variation in relief arrangements. In some cases relief was distributed by benevolent societies who received government subsidies on subscriptions. In others, provincial governments employed Relieving Officers who operated on their own, or alongside benevolent societies, and in some of the smaller towns hospitals provided relief for the poor (Chilton,1968:46). On the whole, relief was seen to be best funded by voluntary sources, though nowhere had voluntary efforts proved sufficient to eliminate the need for government assistance (Tennant,1981:20).

It was traditional for poor relief to be divided into two types. Indoor relief was relief in which the recipient was confined in a hospital or some other institution. Outdoor relief included aid in the form of food parcels and tokens, cash payments, and relief work. Both benevolent societies and government-paid relieving officers could create relief work; usually benevolent societies would receive government subsidies

for this purpose.

With the dissolution of the provinces in 1876 central government inherited a considerable financial responsibility for hospitals and charitable aid (Chilton,1968:76). It continued funding where the provincial governments left off, perpetuating the marked regional disparities in relief provisions. In provinces where the provincial government had funded much relief, for example in Canterbury, central government continued to do so. Other areas, where provincial governments had not taken any responsibility, received little assistance. Thus, for a long time after 1876, Canterbury received the vast majority of funds expended on charitable aid by central government (ibid:79-80). Under the Financial Arrangements Acts of 1876 and 1878, local authorities also became eligible for subsidies for the purpose of creating relief work.

Although it accepted financial responsibility where there was a precedent, central government did not have the capacity to take over the regulation of poor relief. This deficiency resulted in a somewhat nebulous situation in which organisations dispensing relief were only loosely supervised (Chilton,1968:49). It was often argued that benevolent societies were overly generous in the distribution of aid. This was especially the case during the 1880's when the economic situation deteriorated. The depression resulted in an increase in the number of such societies and the amount of aid given (Chilton,1968:47-8).

The state did not systematize poor relief until 1885 when the Hospitals and Charitable Institutions Act was introduced. The state's functions under this Act were to provide subsidies to encourage voluntary and local authority contributions, and to oversee the operation of the relief system as a whole (Tennant,1981:11). The Act did not reduce the complexity of the relief system, nor did it significantly alter the forms that relief took. The distinctions between indoor and outdoor aid, and the deserving and undeserving remained as central themes. In fact, the primary aim of the Act was not so much the relief of poverty as the reduction of pauperism and central government expenditure. Both were to be achieved by shifting responsibility for relief to the local level (ibid). However, this Act did acknowledge the existence of poverty in New Zealand and also created a national system for its relief.

The division between indoor and outdoor relief, typical of all poverty relief both before and after 1885, was taken from the English Poor Law. It was closely related to the concern with the problem of pauperism. The giving of direct relief to the poor was thought to attract unworthy and undeserving individuals, and to lead to the moral decay of those who were genuinely in need of aid. To remain morally pure the individual had to work for his or her livelihood. In this way the value of work was enshrined in the relief system. The recipient of charitable aid was to be either confined to an institution or else subject to conditions designed to prevent pauperisation.

Relief work clearly expressed these attitudes. For example, in 1885 the Immigration Officer in Christchurch reported to his head office on the relief work he was creating. The work involved a twelve or fourteen hour day breaking stones. He commented:

> Probably no better test work than this could be found, a large number have left and if the present fine weather continues I shall endeavour to reduce the number considerably next week (Campbell,1976:23).

This type of work was commonly referred to as the 'work test' because its main objective was to eliminate the undeserving and the malingerers. Under the 1885 Act it was suggested that such work was appropriate for all the able-bodied poor, including the unemployed. Stone breaking and gorse cutting were the preferred forms of work. The strength of the principle of discouragement was demonstrated in Auckland where the hospital board had unemployed men breaking rocks in the same yard as penal labour (Tennant,1981:230). Despite the severity of relief work and the provisions of outdoor relief, it was widely regarded as a cause of pauperism.

It might also be noted that by imposing work relief, relieving authorities hoped to get some return for their expenditure (Tennant,1981:230). Unfortunately the men so employed were slow and inefficient, and few hospital boards could afford to create and supervise relief work (ibid). Primarily because of the expense, relief work was used less frequently until the Great Depression of the 1920's and 1930's (ibid,232).

The Liberal Government's attitude toward the 1885 Act seems contradictory. Seddon, the Prime Minister, evidently regarded the Act as degrading in the extreme, and advocated further localising of relief (Tennant,1981:38). A Bill was put before the House in 1895 which would have placed the administration of relief more firmly in the hands of local authorities; however the bill was withdrawn without debate (ibid:39). Modifications were not made until 1909 at which point hospitals and charitable aid became the responsibility of single integrated boards, called hospitals and charitable aid board (later just hospital boards). This allowed closer co-operation between the medical and charitable dimensions of the Boards' functions (ibid:46).

Yet despite the expressed dissatisfaction with charitable aid, the Liberal Government did no more than remove from its care certain categories of poor. For example, in 1898 old age pensions were introduced. In 1911 pensions were also provided for widows with children. Other administrative changes had also taken place. The building of 'institutions' for charitable aid resulted in an increase in specialisation in the care of the elderly and infirm. Groups such as unmarried mothers and destitute children who had previously received indoor relief had to look elsewhere (Tennant,1981:14). Furthermore, the fear of pauperism resulted in a determined effort to cut down on outdoor relief between 1896 and 1908 (Campbell,1976:83). In aid of this, the Inspector of Hospitals and Charitable Institutions attempted to collect information on the causes of poverty in cases relieved

with charitable aid. This provides virtually the only reliable data on outdoor relief, as records were not usually kept (see Table 1). Between 1897 and 1908, in the districts that responded to the questionnaire, 3,558 of the 24,018 recipients were poor through lack of employment (Campbell,1976:84).

The unemployed were still being provided for under the 1885 Act as late as 1932. In the 1920's, unemployment increased, placing pressure on the hospital boards. They attempted to avoid the responsibility for creating relief by arguing that there was a difference between the relief of poverty and the relief of unemployment; and furthermore, it was argued that relief of unemployment was the responsibility of central government. The government's attitude was that unemployment was an acceptable cause of poverty and that the boards should continue to create work for the unemployed (Tennant,1981:204).

Table 1: The Percentage of Cases Handled by Various Charitable Aid Boards, Whose Primary Cause of Poverty Was "Lack of Employment", 1897 to 1908.

1897	14.09	1903	19.41
1898	13.62	1904	15.05
1899	14.72	1905	22.51
1900	17.18	1906	19.81
1901	13.41	1907	16.54
1902	15.36	1908	5.27

Source: Report of the Inspector of Hospitals and Charitable Institutions, 1897-1908, A.J.H.R., H-22. Campbell,1976:84.

3-3) The Co-operative Works Scheme.

It has been suggested already that whereas the relief work provided under the auspices of charitable aid authorities had a strongly coercive flavour, the Co-operative Works Scheme was somewhat more benign. In the Co-operative Works Scheme the philosophy of the work test was replaced by a labour market theory. This ascribed to the Co-operative Works Scheme a major role in ironing out fluctuations in the economy and in the labour market. This element was not wholly without precedent - traces of this approach can be found, for example, in the measures of

the Vogel ministry (Young,1975). Furthermore, it did not totally dominate the operation of the Co-operative Works Scheme. The regulative and coercive character of relief work before 1890 was also in evidence in this scheme. It is interesting to briefly examine the creation of relief work by central government prior to the Liberal Era.

Unemployment was dealt with by two government ministries during the 1880's; the Immigration Department and the Public Works Department. The Immigration Department was generally responsible for employment in the colony (Campbell,1976:23) and Immigration Officers acted as employment agents for new immigrants as early as 1850 (Gibbons,1970:21). During the 1880's officers had the power to create work where it was needed. The Public Works Department was the department through which decisions on relief work were implemented (Campbell,1976:28-9).

The Public Works Department's annual expenditure on relief work was relatively small. It amounted to a total of 22,246 pounds, 18 shillings and 6 pence for the March years 1884 to 1887 (Campbell,1976:28). By the late 1880's, however, the vote for work relief had increased to 10,000 pounds <u>per year</u> (ibid:30). Table 2 presents the number of men employed on relief works by the Public Works Department between 1888 and 1890. It is interesting to note that the number of men so employed reached a peak in 1888. In that year the Public Works Department was taken by surprise by the demand for relief work,

and exceeded its budget. It spent 14,361 pounds on relief work. By 1890, the demand for relief work had dropped back. In that year the Department spent only 1,871 pounds (ibid:30-2).

The Public Works Department was fundamentally parsimonious. Relief would often be ceased for reasons other than a reduction in unemployment (Campbell,1976:30). The objectives of government policy were two-fold: firstly, to get the unemployed out of the towns, and secondly, where the government had to spend money, to ensure that it was spent to good effect (ibid:32-3). In 1888, for example, the Minister of Public Works commented in his annual report that unless it was absolutely necessary, no expenditure on relief work would be made. He continued:

> We have latterly been getting very fair value for the money expended on this class of work, as the men employed have been fairly good labourers, and have been engaged, whenever practicable, on roads in the country districts, and on railways and other works of a reproductive character (quoted in Campbell,1976:30).

The attitude to 'unemployment' was ambivalent. Campbell suggests that although most people accepted that there existed cases of deserving unemployed. The individual was nevertheless blamed for his or her predicament (Campbell,1976:22-3). Any demands for relief were certainly viewed in an antagonistic manner. This tended to lead to an emphasis on 'disincentive' in relief (ibid). In particular it was considered that the reluctance of men to move out of the towns was a major cause of unemployment (ibid:28). Most of the work offered by the Public Works Department was in the country. This was regarded as part

Table 2: Men Employed on Relief Works, 1888 to 1889,

Monthly Totals.

April	1888	345	March	1889	131
May	1888	398	April	1889	117
June	1888	515	May	1889	166
July	1888	629	June	1889	199
August	1888	727	July	1889	214
September	1888	793	August	1889	213
October	1888	809	September	1889	247
November	1888	602	October	1889	220
December	1888	445	November	1889	204
January	1889	348	December	1889	....
February	1889	249	January	1890	56
March	1889	188	February	1890	Nil
April	1889	172	March	1890	Nil
May	1889	185	April	1890	Nil
			May	1890	Nil

Source: A.J.H.R., 1889,D9:2; A.J.H.R.,1890,D10:2

N.B. The figures from these sources do not correspond where they overlap; March, April, May and June, 1889.

of the 'test' which such work involved (ibid). The rates of pay were extremely low; at the end of the 1880's workers on relief works received a mere 4 shillings a day (ibid:25).

Under the Liberal Government it was expected that something would be done about unemployment. Seddon promised that the state would provide work for the unemployed as long as there were reproductive works to be done (Gibbons,1970:58). Accordingly, the Co-operative Works Scheme was introduced in 1891. This was reputedly the result of a trip made by Seddon to the West Coast. There he connected a number of unfulfilled contracts on normal public works projects with the large number of unemployed in the district (Gibbons,1970:50). The fact that these initial projects

to which the co-operative method was applied had been either judged as unremunerative by private contractors or else deserted by the successful tender, suggests that the relief of unemployment was not the only goal of the scheme. Blow (1894), Under Secretary of Public Works, extolled the virtues of the Co-operative Works Scheme as a means of avoiding the system of private contractors and subcontractors which had previously caused difficulty on public works projects.

The government was happy with the way the co-operative system worked on the West Coast contracts. These works involved the building of roads, railways, culverts and small bridges (Blow,1894:237). By 1894 it had been extended to include:

> the erection of iron bridges ..., the supply of sleepers, the laying of the permanent-way, the construction of timber bridges up to 2,000 pounds in value, and of masonry abutments and piers for bridges, and the erection of stations and other public buildings, etc. (ibid)

After a reasonably slow beginning, the Co-operative Works Scheme came to operate in virtually all normal state construction projects (Campbell,1976:97). Table 3 shows the average number of men per month employed on the Co-operative Works Scheme each year of its operation. There were some some seasonal fluctuations which are not illustrated in these figures. These were partly the result of the scheme's intended operation as a buffer for unemployment - thus the numbers employed on co-operative works would increase in the winter when bushfelling contracts and work

Table 3: Men Employed on the Co-operative Works Scheme; Monthly Averages For Each Year.

Year	Number	Year	Number
1894	1,869	1905	4,564
1895	2,455	1906	7,119
1896	2,293	1907	5,281
1897	2,493	1908	6,508
1998	2,725	1909	7,063
1999	2,975	1910	4,926
1900	3,408	1911	6,343
1901	5,213	1912	6,471
1902	2,649	1913	4,771
1903	4,226	1914	4,630
1904	3,356	1915	5,836

Source: Campbell, 1976, p 97.

at freezing works was unavailable (Gibbons,1977:55). Of particular significance is the steady rise in the numbers employed on the Co-operative Works Scheme, especially after the turn of the century. This expansion of the scheme can be attributed to economic and political factors, and what Gibbons calls the 'logic of construction' (Gibbons,1977:56). For example, after the turn of the century the route for the North Island main trunk railway line was decided upon. The government decided to move ahead quickly on its construction for political reasons, thus expanding the number of men on co-operative works (ibid:55). At this stage, the geographical distribution of public works still played a sizable role in politics (Noonan,1975:80).

The defining feature of the co-operative system was the manner in which the workers were organised. Public works projects were divided up into a number of small contracts by the Engineer in charge. These were then let directly to gangs of workers. Initially the gangs contained up to 50 men, but experience showed this was too many. By 1904 the gangs were generally less than 12 men, and averaged approximately six men (Blow,1894:237-8). A headman was elected by the gang to deal with the Public Works Department.

Many of the more severe elements of previous relief work continued with the Co-operative Works Scheme. The work was mostly navvying and involved considerable hardships. The men generally lived in camps under canvas or in makeshift huts (Gibbons,1977:61). The government provided the men with their first tent, but these had to be repaired or replaced at the worker's expense (Blow,1894:238). Gibbons notes that those working for private contractors on similar work were often more satisfactorily accommodated (Gibbons,1977:62).

There was little in the way of recreational activities in the camps apart from drinking and gambling. Many of the men were single. Few of the married men were accompanied by their wives and families, despite the Department of Labour's policy of encouraging them to do so (Gibbons,1977:62). For those who were married but unaccompanied by their families, provision could be made to have remittances sent to their wives. Any married man

refusing to support his wife and family was dismissed from the scheme (Blow,1894:239-40).

The camps were often thought by the authorities and other elements of the community to be dangerous, lawless and drunken (Gibbons,1977:64). As a general policy, when co-operative workers entered an area the number of policemen was increased. However, Gibbons points out that the opportunities for crime against property in such remote rural areas was limited, and by far the greatest proportion of court cases were civil ones in which shop keepers attempted to extract payment from co-operative workers (ibid:65). Gibbons describes the camps as 'dreary, law abiding, uncomfortable and sober' (ibid:64).

The conditions of work were also extremely arduous. Most of the work was done by pick and shovel, though the government's policy was to provide labour-saving devices where necessary. In fact they were seldom available, partly because labour was cheaper than equipment (ibid:60). The men supplied their own picks and shovels, while the government supplied more expensive plant such as trucks, rails and barrows (Blow,1894:238). The workers also had to purchase explosives, and in some cases hire horses and drays from farmers (ibid).

A visitor to a railway construction sight at Raurimu in 1908 reported that:

> The working conditions were appalling. Continuous heavy rain, with occasional hail, sleet and snow, much fog, miry clay, and a tangled bed of wild undergrowth knitting together the forest giants, made a tough job for the workers.(in Gibbons,1977:60).

Bad weather and injury were the most common interferences with the work (Gibbons,1977:60)). There was little in the way of medical services because the construction sites were often a long distance from the towns. No compensation was paid to injured workers (ibid:60-1).

One aspect of the Co-operative Works Scheme that distinguished it clearly from previous public works job creation schemes was the method of payment. These previous schemes had usually paid men rates calculated on a daily basis: the rates of pay were designed to discourage all but the most desperate cases on the assumption that those requesting relief were malingerers and workshy. Under the Co-operative Works Scheme the men were paid something like the going rate for the type of work done. The scheme held some lofty ideals in this respect. In 1894 the Under-Secretary for Public Works said that as well as overcoming the evils of contracting and subcontracting, the co-operative system meant workmen:

> should be able, not only to earn a fair day's wage for a fair day's work, but also to secure for themselves the profits which the contractor would otherwise have made on the undertaking.
>
> It also places the workman on a much higher plane, and enables him to comprehend more fully the dignity of labour. Under the co-operative system every workman is a contractor, and has a personal interest in the economical and successful carrying out of the work. He

is also his own master. (Blow;1894:235).

It is clear that Blow is talking about workmen, not the unemployed. All labour for the Co-operative Works Scheme was selected from the ranks of the unemployed - they were referred by the employment bureaux of the Department of Labour. Workers on the scheme were therefore officially unemployed. However, while they were on the scheme they were treated as normal workers.

The procedure for the operation of co-operative works was as follows. The Engineer in charge of a particular project would make detailed plans of the work to be done, and then divide it up into sections manageable by a small gang of men. He would also calculate appropriate remuneration on the basis of the going wage for such work plus a small percentage 'to represent in some degree the profits a contractor would have made' (Blow,1894:238). After approval from the Engineer-in-Chief of the colony, contracts would be let and work begun. At the end of each month the Engineer would assess the work done and pay the gang according to the contract rate. The contract rate was not totally inflexible: if the Engineer considered the gang was being overpaid or being underpaid (despite their good efforts), he could alter the contract (ibid:235). One restriction on this was that the contract rate could not be raised to a level such that the project would cost more than it would if it had been done by private contractors (ibid).

At the end of the month the Engineer paid the elected headman of the gang the lump sum payment for the whole gang, minus expenses incurred. The headman would divide this equally among all workers. On average, wage rates were slightly higher than those received by workers doing similar work in the towns (Gibbons,1977:59). In 1895-6 the average daily earnings of about 2,000 men on co-operative works throughout the colony was seven shillings and six pence; skilled men, such as tunnellers, got higher rates (ibid). On the other hand, co-operative workers had to put up with atrocious working conditions, and the cost of living was higher in the camps than in the towns (ibid).

To a large extent the workers were self disciplining. The Engineer in charge of a project, and overseers, had the power to remove whole gangs or members of gangs, appoint new headmen, and so forth, if they desired (Blow,1894:240). Despite criticism to the contrary, the co-operative system does seem to have been an effective way of making the men work with little supervision. For example, Gibbons notes that in 1893 two overseers supervised 90 co-operative workers around Mangaonoho (Gibbons,1977:59). Similarly, this form of organisation did not lead to significant agitation. Again Gibbons comments that a solid eight hour day, six days a week was necessary to produce an average rate of pay (ibid), leaving little time for agitation.

One final dimension of the Co-operative Works Scheme which must have militated against agitation amongst the workers was the

scheme's relation to land ownership. Under the scheme, a certain proportion of the land opened up by the projects was to be allocated to co-operative workers. In practice there proved to be less land than the government anticipated, especially after the turn of the century (Gibbons,1977:79). Some married men were balloted land, although this was often only for uneconomic small-sized blocks (ibid). It was also originally intended that the Co-operative Works Scheme would provide a source of income for small landowners requiring capital to develop their land (Gibbons,1977:69). This did not eventuate in practice.

In many respects the Co-operative Works Scheme was quite original, yet it was not totally without precedent. Some of the earlier job creation schemes had organised the work on a piecemeal, contract basis (Campbell,1976:30), and in Britain a similar system to the Co-operative Works Scheme had been used to construct railways for over 50 years (Gibbons,1977:54). The emphasis on the nature of the project which typified earlier relief work continued. The notion that the Co-operative Works Scheme should operate as a buffer for male unemployment and a form of relief work is barely substantiated. Campbell argues that:

> no pretence is made that this [curing unemployment] was their major object - they were mainly a desirable way of getting various works completed (Campbell,1976:94).

Indeed, when the opposition asserted that the scheme was merely to provide work relief for the unemployed and to prevent agitation, Seddon replied that:

> The public Works of the colony are not carried on for [the workers'] sake, but to develop the country and promote settlement. (Gibbons,1977:55-6).

This can be interpreted not as a denial of the labour market strategy, but rather as a denial of any responsibility for the creation of work for the unemployed. The strongest suggestion of a labour market approach is to be found in the linking of the Co-operative Works Scheme and the Department of Labour. All workers on the scheme were recruited through the employment bureaux. The eligibility criteria also reflect an element of 'unemployment relief'. There were six restrictions:

1) Priority was given to those who had not previously been employed on the Co-operative Works Scheme;

2) Priority was given to local residents;

3) Priority was given to married men;

4) All applicants must have been unemployed for one week before they were eligible for the Co-operative Works Scheme. Those who had been on the scheme before must have been unemployed for two weeks before they were eligible;

5) Amongst those previously employed on the scheme, priority was given to those who had been off for the longest period; and

6) If there were more applicants than jobs, a ballot was taken. (Based on Blow,1894:240-1).

The main concerns behind these eligibility criteria were that priority be given to men with dependants, and that there should not develop a 'Co-operative Works Scheme labour workforce'. It was thought that a body of men would develop who would rely on the scheme for their livelihood, and who would follow the scheme around the country (Campbell,1976:97).

Clearly, if this were to happen, the scheme would no longer be operating as an 'unemployment relief' measure. The men employed on the scheme were in fact a mixed bag, a high proportion of them being recent immigrants (Gibbons,1977:56). The Department of Labour referred normal labourers to the scheme when they registered as unemployed, but it also sent skilled and blue collar workers who had been displaced by technological advances in their trades (ibid:57).

By 1896 unemployment had become minimal, and by the turn of the century there was a shortage of male labour (Gibbons,1977:57). As the labour market tightened, the government had to compete with private employers for labour. This did not produce any improvement in the living or working conditions of co-operative workers. At this stage there was a hardening of attitude towards the labour movement in general (Noonan,1975:78). The government did however drop most of the restrictions on eligibility for co-operative workers. It had been decided to push ahead and complete the main trunk railway line. In 1906 the government assisted the immigration to New Zealand of 44 British navvies to help construction, and in 1907 a further 300 were assisted (Gibbons,1977:56). Because of the reduction in unemployment and the existence of shortages of male labour, the government was happy to let a body of 'co-operative workers' develop (ibid:71). In 1908 when the scheme was scaled down, many of these workers gravitated to the towns where they again became unemployed (ibid:70).

It is quite obvious that over time the relatively small element of 'unemployment relief' in the Co-operative Works Scheme became even smaller, and by the time of the final push to complete the main trunk railway it had disappeared altogether. In part this can be attributed to the absence of wide scale unemployment after the turn of the century, but it was also partly a consequence of the dual focus of the Co-operative Works Scheme - on unemployment and on cheap public works. Gibbons sums up the development of the scheme in the following words:

> Unemployed men were given work by the state when political circumstances demanded that certain public works be proceded with. But when construction had been completed, re-employment by the state depended on political and financial factors. (Gibbons,1977:71)

3-4) Conclusion.

The Liberal Era was a time of continuity and change in the relief of unemployment. The Co-operative Works Scheme indicated a substantial departure from the traditional form of relieving unemployment. The element of compulsion was considerably smaller and the scheme's partial operation as an employment buffer suggests a movement away from a conception of unemployment that stressed the individual's failings. At the same time, however, it is important to note that the Co-operative Works Scheme is

only half of the equation. The unemployed and the poor continued to be relieved by the 1885 Hospitals and Charitable Institutions Act. This Act centred around the concepts of the deserving and undeserving poor and the problem of pauperism. Its importance in the Liberal Era highlights the continuity with earlier times.

As time progressed, the Liberal Government became, if anything, more repressive and coercive in its attitude to the unemployed. This was reflected in the attempts to cut down on outdoor charitable aid. It also found expression in the Co-operative Works Scheme in the form of a deterioration of working conditions relative to privately employed workers. This change can perhaps be accounted for in terms of a reduction in the scale of unemployment; those remaining unemployed were, therefore, in some sense unemployable. However, it also corresponded with a hardening of attitudes towards workers (Noonan,1975:78). This suggests that the development of unemployment policy may make more sense in the light of contemporaneous political developments. The object of the next chapter is to investigate this context.

CHAPTER IV:

The Liberal State - State Socialism?

4-1) Introduction.

The 1890 election is generally regarded as one of the major breaks in New Zealand's history. The pre-1890 period usually conjures up images of a frontier society, largely 'uncivilised', in which free enterprise and individualism were central themes. By contrast, the Liberal Era is associated with extensive state intervention to protect citizens and to regulate the worst aspects of the capitalist economy. In fact, however, the break between the pre-Liberal and Liberal periods is more poorly defined than this. Firstly, there was no tradition of laissez-faire government in New Zealand, so 1890 cannot be said to mark the introduction of state intervention. Previously, the state had fought wars, built roads and assisted the immigration of settlers. Secondly, there was a remarkable consistency in the dominant ideology both before and after 1890. New Zealand was always seen as a rural, egalitarian utopia, free of the ravages of class conflict. Oliver thus notes that many of the state

initiatives of the Liberal Era had their precedent in the earlier years (Oliver,1960:148).

To account for the Co-operative Works Scheme and relief work in terms of the theoretical and epistemological models set out in Part One of this thesis, is to understand a specific state intervention as the outcome of interaction between concrete political forces and the structures of the state apparatuses. This task has been divided into two separate stages. In this chapter the object is to provide a general understanding of the Liberal State. The chapter will be divided into three major sections which deal with the structural aspects of the state as discussed in Chapter 2: the forms of representation, state organisation and state intervention. However, it is also necessary to go beyond this to discuss how these structures are articulated with a specific balance of political forces.

In the next chapter the second stage of the analysis of the Co-operative Works Scheme and relief work will be conducted. The objective then will be to make sense of these schemes in terms of the conceptualisation of the Liberal State developed in this chapter.

4-2) The Forms of Representation: The Almost Popular State.

The Liberal period in New Zealand is easily demarcated from earlier periods in terms of both the form of representation and the balance of political forces. In the 1870's and 1880's the state was essentially 'clientilistic'. The government was composed of elected representatives who formed political alliances and coalitions and governed through a series of 'squads and cliques'. Franchise was, however, property based. The state therefore served the interests of the large property owners and big businessmen who dominated the political system. The major source of division within the political system was the regional distribution of state expenditure - in particular, public works which increased land values. Politics was therefore primarily parochial and issues such as class and party were absent.

Behind the domination of large capital in Parliament was a decisive political hegemony. This hegemony was not overtly based on the dominance of capital but rather rested on utopian ideas about the nature of New Zealand society. In particular, it was believed that New Zealand was land-based and lacking the class and other divisions that had marred the development of European societies from which the settlers had escaped. Land-based franchise was not resented, therefore, to the extent that most settlers aspired to be landowners themselves (Sinclair, 1966:105-6). It is also apparent that few of those eligible to

vote actually exercised their rights (ibid), suggesting that apathy was an important factor in political stability. Clientilism was not, therefore, expressed in the overt domination of the state by the interests of capital. Conservatism was, in fact, more a potential political force than a reality in New Zealand (ibid). Instead, clientilism was a form of representation that was adequate in the light of the absence of discrete interest groups constituted as political forces.

Following the collapse of Vogel's borrowing-induced boom of the 1870's, the political system changed profoundly. The depression had effects on the structure of the political system, and on the balance of power. Sinclair (1963) touches on both of these factors. He argues that the absence of loan finance which provided the basis for the parochial politics of former times, combined with threats to the interests of large landowners and businesses, led to the emergence of a conservative/liberal split (Sinclair,1965:109). In particular he sees three pressures as important in the development of a consciously conservative position. Firstly, the depression generated widespread poverty and misery which was converted into radical protest and directed against land monopolists (ibid:108).Secondly, the fact that the state's revenue base was insufficient to cover continued state expenditure and loan servicing, required either an extension of the revenue base through taxation, or a reduction in spending through retrenchment. Landowners vehemently resisted property taxes, advocating instead severe retrenchment of state expendit-

ure (ibid:109). Finally, the major social and economic changes which were taking place threatened the political and economic dominance of landowners. In particular one might mention the expansion of the manufacturing sector which had taken place under the favourable conditions of low wages and large labour supply provided by the depression, and also the rise of small farmers, made possible by the advent of refrigerated shipping.

The hardships of the depression combined with the growth of industry and manufacturing to give impetus to the trade union movement. However, the development of labour was perhaps based less on the internal, self-constitution of the working class as a political force, than it was on the influence of changes in the ideological framework. The vision of New Zealand as a classless utopia was under attack. Influential political leaders such as Stout came to realise that labour could not negotiate on an equal footing with capital. The value of trade unions was therefore accepted, provided they were subject to certain constraints and limits (Hamer,1966:82-4). This approach was embodied in the legal recognition of trade unions in 1879.

By the early 1880's trades councils had been set up in the main centres of New Zealand. They reached their highest point in 1885 with a national conference (Brown,1962:1). This labour movement was essentially industrial, although it had a good grasp of political issues (ibid). Its approach was 'state-socialist': that is, it believed in achieving the interests of labour through

legislative channels. All but one of these trades councils were forced into recess after 1886. When they reappeared in 1889, the balance in the labour movement had changed. It was now dominated by the more radical Maritime Council which was led by the Seaman's and Waterside unions. In contrast to the trades councils, the Maritime Council was strongly opposed to using political channels to effect change (ibid:2-5). However, the attempt to achieve their interests through the Maritime Strike proved disastrous. With the government's support the strike was defeated.

Despite its defeat, the Maritime Strike was still an important issue. It signalled the emergence of a more indigenous labour movement than the trades councils. Its defeat served at once to polarise New Zealand's political forces into Liberal and conservative, and to reshuffle the balance in the labour movement in favour of the more moderate trades councils. The Maritime Strike found considerable support amongst the Liberals. The effect, when combined with the 'sweating scandal' of the late 1880's and the mounting reaction against property, wealth and privilege as embodied in the runholders, was to put the government 'off-side'. By supporting the employers in putting down the strike, the Atkinson Ministry indicated their allegiance to the land monopolists, banks and employers who were opposing 'the people'.

The 1890 election was original in that it was fought by candidates who were divided up into two (somewhat poorly organised) parties. The leaders wrote manifestos designed to have a widespread appeal, and candidates pledged their support for either the Liberals or the government (Richardson,1981:198). This comprised the basis for the parliamentarist form of representation. Its emergence was necessitated by the fracturing of the dominant ideology. The depression had challenged the notion of New Zealand as an egalitarian, land-based community, suggesting instead that New Zealand society was composed of diverse, and in some cases antagonistic interests. The fragmented ideology coalesced around the poles of Liberal and Conservative in the 1890 election. However the victory of the Liberals was not a victory of one interest over another, but rather the victory of 'the people' over one interest.

The election of 1890 established the parliamentarist form of representation. This involved the replacement of the notion of a community of one interest, represented by the Atkinson ministry, with a community of diverse interests which was ultimately unified. The unifying ideological interpellation was the concept of social justice. Thus, in 1899, a veteran Liberal wrote:

> The claim of the Liberals to be a National Party rests on its unreserved adoption of the great principle of equality before the Constitution of their country for all New Zealanders without distinction of person, class or calling. From this follows the obligation that its public policy shall be marked by a broad, human spirit, and that amid the inevitable conflict of interests, the progress and welfare of all shall receive equally careful consideration. (in Sinclair, 1961:173)

The 'people' in the sense that it was expressed in the Liberal Government, meant small farmers and would-be farmers and workers. Two specific hegemonic projects organised Liberal support - land reform and labour reform. In the area of land reform the government committed itself to making land available for small farmers. This meant breaking up large estates, pursuing a policy of public works to open up new areas, and providing finance facilities. This project earned the Liberal Government the support of many small farmers.

As the Liberals committed themselves to freeing up the land to permit settlers to become farmers, so they were also committed to instigating a wide ranging programme of labour reforms. This involved the recognition that despite trade unions, workers were still at a disadvantage in their dealings with employers. Much legislation was introduced to regulate employment and working conditions. But perhaps Liberals' greatest effort was the introduction of the Industrial Conciliation and Arbitration Act. This Act provided for the creation of trade unions and it regulated manner in which they would interact with employers. The key to the Liberal conception of equality for workers was the notion of 'arbitration' (Hamer,1963:97). The Industrial Conciliation and Arbitration Act introduced a formal system of arbitration between employers and workers that was designed to enable the scales of justice to balance (ibid).

Ironically, much of the labour legislation that was implemented by the Liberal Government did not originate from the labour movement itself. Hamer argues that the labour movement remained weak and inchoate and possessed no ideology of its own (Hamer,1966:96). The leadership of the Liberal Government defined the labour movement's interests. Again, this can be related back to the defeat of the Maritime Strike and the subsequent domination of labour by the state-socialist trades councils.

This raises an interesting point because it suggests that through its form of representation, and its state interventions, the Liberal State actually constituted labour as a political force. Williams (1976) confirms this notion. He argues that the New Zealand system of industrial relations was not based on the development of a modern industrial economy, but rather on a pattern of labour legislation imposed by the Liberal Government (ibid:27-8). The Industrial Conciliation and Arbitration Act actually served to create disputes by making them the necessary grounds for arbitration (ibid:28-9). In a similar way, the Act might be seen to have actually produced unions. Williams goes on to argue that the Industrial Conciliation and Arbitration Act defused the basic grounds for industrial conflict - wages, but in the process ensured that when conflict did arise it would be a response to the perceived limits that the Arbitration Court imposed on the various interest groups (ibid:29). Through the parliamentarist form of

representation, the Liberal Government established unity among what was becoming an increasingly fragmented nation. The hegemonic projects that actually achieved this unity, land and labour reform, did so firstly by constituting interests as political forces, and secondly by satisfying these interests. In the long run, however, the Liberal Government was unable to sustain its ability to reconcile these various interest groups. The first decade of the twentieth century saw the emergence of a number of regional and national organisations with the express functions of achieving sectional interests (Williams1976:23-4) (for example, the Farmer's Union). What happened then was that interest groups that had been initially constituted by the state began to pursue their own interests. At the same time they expanded and developed in such a fashion that the Liberal Government was unable to contain them.

This progression from a political force constituted and co-opted by the state, to a more independent, assertive political force is expressed in the development of labour. The Maritime Strike crushed the radical unions opposed to co-operation with political parties, thus clearing the way for the continued domination of the 'state socialist' trades councils. This group put their energy into the Liberal Party. In the 1890 election five labour representatives were elected to Parliament.

For some time the moderates remained dominant in the labour movement. However, by 1896 dissatisfaction with the Liberals was

mounting. The actions of the Arbitration Court were the main grounds for complaint. The failure of three labour M.Ps to be re-elected in 1896, plus the cooling of the Liberal's reforming zeal led to a further weakening of support for the government (Brown,1962:3). Dissatisfaction was initially expressed in the demand for an independent Labour Party. However, the remaining labour M.P.s merged more completely with the Liberal Party (ibid). By 1904 the labour movement was split between those who advocated a separate labour party and those who wanted to maintain the alliance with the government. A third group also developed, this was composed of militant unions and revolutionary socialists. The mounting conservativism of the Liberal Government after Seddon's death in 1906, polarised the labour movement between the moderates who favoured the Liberal-Labour alliance, and the militants who wanted to be a separate force (ibid:6). The main issue was the Arbitration Court. The militant unionists, in particular the West Coast miners, began to take strike action with some success. In 1908 the Federation of Labour was created to offer some protection to unions operating outside the Industrial Conciliation and Arbitration Act (ibid).

A major line of response to the incipient fragmentation of the Liberal hegemony was to extend the organisation of the Liberal Party. At the election of 1893 the Liberal Party appeared better organised: all Liberal candidates were forced to pledge support to the party in return for official recognition (Richardson,1981:202). Yet despite this, the Party's

organisation was rudimentary, both within the House and outside it. Organisation was still far from a national basis; instead it relied on a loose collection of regional associations (ibid). The main leaders, in particular the dynamic and compelling Seddon, still had considerable control over Party matters.

As a result of the emerging split between labour and the Liberal Party, the Liberal-Labour Federation was established in 1889 to organise the Liberal Party at a national level (Richardson,1981:204-5). This had significant implications for New Zealand politics in general:

> By the end of the century the Liberals had become, in comparison with any previous political grouping, a party with mass organisation and a strong leadership. The Liberal-Labour Federation united regional associations into a body with a national conference and a national council, and for the first time New Zealanders could become members of a political party by paying a subscription. Effective power still rested with local notables in the electorates and with Seddon at the centre, but a model for future party structure had been created. (Richardson,1981:205).

However, the Liberal-Labour Federation had little effect on the increasing gap between the Liberal Government and the labour movement.

In terms of the erosion of the Liberal hegemony, Richardson emphasises the changing political attitudes of small farmers (Richardson,1981:295). As landowners became more prosperous they also became more conservative. To accommodate this the Liberal Government also became more conservative. However, farmers, above all came to dislike the Liberal

Government for its 'socialistic' nature and for its alliance with labour.

For much of the Liberal Era, the conditions of general economic prosperity combined with strong leadership and a policy of state interventions to create a situation of consensus politics in New Zealand. Ultimately, however, the Liberal Government was unable to reconcile the diverse interests which composed this consensus. This was less the product of structural constraints on the power bloc, than the reshuffling of political alliances among the interest groups of the alliance.

4-3) State Organisation: The Rise of Bureaucracy.

An important dimension of any particular state is the manner in which the state apparatuses are organised. This organisation concerns the reproduction of the state as a form of political domination and requires that two conditions be satisfied: firstly, resources such as finance and personnel must be mobilised, and secondly, the different branches of the state must be co-ordinated. This co-ordination exists at two levels. Firstly, at the purely formal level, unity of the state apparatuses is contingent upon the development of bureaucratic

organisation. Secondly, the substantive condition of unity is the existence of a unified political executive capable of uniting the state apparatuses and their personnel through a hegemonic project.

In terms of the mobilisation of resources, one of the major developments in the Liberal period was the reformation of the state's revenue base. Traditionally state expenditures were funded by customs excise, revenue from land sales and leases and, perhaps most important of all, overseas loan finance. In times of prosperity these sources were adequate and placed little restriction on the development of the state. However, in times of economic depression, such as the 1880's, these sources were undermined and the state's revenue decreased markedly. This contraction of revenue usually resulted in a halt in the growth of the state, and, in some cases, retrenchment. In the 1880's the government's inability to expand the revenue base without introducing property taxes led to a situation of considerable political instability (Martin,1982b:3).

In 1891 the Liberal government made a major step towards rectifying this problem with the introduction of the Land and Income Tax Act, 1891. Taxes were collected from both incomes and land values, and, while in the first instance the tax rates were low, the precedent of a 'progressive' tax system was established. At the same time, customs duties were increased on a number of goods to protect local industries. The immediate effect of these

measures was an increase in state revenue which sustained the state until the economic recovery after 1895 (Condliffe,1963:197). This enabled the Liberal Government to increase the size of the state and the scope of its interventions.

Under the Liberal Government the number of central government employees increased considerably. This was not in itself original. With the exception of the years 1886-7 to 1892-3, the civil service had expanded constantly, if at varying rates, since 1867. Table 4 provides some idea of the average annual increase in the numbers employed by central government. Between 1896-7 and 1912-3, the number employed by central government increased by 136 per cent (Ewing,1979:15).

Long before the 1890's the expansion of the civil service, the increasing complexity and diversity of the bureaucratic positions and the periodic demand for retrenchment in times of depression, generated the need for structure and restructure in departmental administration. For example, in 1886 a system of competitive examinations was introduced to regulate entry to the civil service, although this did not eliminate political interference in appointments. Under the Atkinson Ministry, the two largest state employers were given more effective management procedures. The Railways Department was managed by a three man commission, and in the Post and Telegraph Department a system of classification, recruitment provisions, and general regulations was devised (Ewing 1979:6).

Table 4: Average Annual Increase in Central Government Staff, 1867-8 to 1912-3.

Period	Increase
(1867-67) - (1876-77)	423
(1876-78) - (1882-83)	496
(1882-83) - (1886-87)	221
(1886-87) - (1892-93)	-14
(1892-93) - (1896-97)	200
(1896-97) - (1902-03)	638
(1902-03) - (1906-07)	832
(1906-07) - (1912-13)	1,107

Source: Ewing,1979:14.

Up to a point, therefore, there existed a reasonable bureaucratic structure in many departments before the Liberal Era. In the first years of their rule the Liberal government did little in the way of reforming this system with the exception of superannuation schemes for Police and Railways staff. It was not until the years 1905 to 1907 that the Liberals passed legislation to reform the civil service, and it was not until 1912 that it was recognised that a full-time management agency was required (Ewing,1979:8).

Despite this absence of legislative reform, the period was important for the development of the state's organisation. One of the main changes was in the relation between local and central governments. Before 1890 the government had included local bodies, elected committees, and central government authorities. After 1890, local agents and elected bodies still participated, but they did so within a centralised, bureaucratic struc-

ture (Gibbons,1970:101).

Ewing notes similar changes in the administration of government departments. Initially ministers personally controlled the day-to-day running of their departments. After 1886, however, the vast majority of these concerns were handed over to specific departmental staff or boards, although the minister still held ultimate responsibility (Ewing,1979:1-2).

During the Liberal Era the formal requisites for state unity kept up with the expansion and diversification of the state apparatuses. These formal requisites were complemented with a comparatively united political leadership. The hegemony of the period was, to a large extent, based on state intervention. This was in itself not exceptional. Other periods of New Zealand's history had also been dominated by hegemonic projects involving considerable state intervention (for example, the Vogel period of national development based on overseas borrowing). However, at the time it was significant to the extent that at the 1890 election the Atkinson Ministry proposed a hegemonic project founded on state retrenchment. The Liberals, by contrast, were in favour of increasing state expenditure; they provided leadership and direction for the state apparatuses and encouraged the further development of bureaucratic administration. Other policies, for example, the development of superannuation schemes for many public servants and the raising of salaries must also have made a substantial contribution to ensuring the support of

civil servants for this new hegemonic project.

4-4) State Intervention: Facilitation.

A final aspect of the Liberal state which needs discussion is the nature of its interventions. These interventions can be plotted in relation to the accumulation of capital. This suggests that the state may function to facilitate capital accumulation, or to direct it. It is not to suggest that there is a necessary and direct link between the needs of capital and the existence of specific interventions. In this sense, the accumulation of capital is used merely as a measuring device.

The 1890 election was fought and won by the Liberal party on policies of intervention, such as taxation reform, land reform, protectionism, and welfare. Under their government the range of the state's concerns was extended. Ewing provides a brief analysis of the expansion of state expenditure between 1896-7 and 1912-3 (see Table 5). In terms of the total expansion of state departmental expenditure, the most growth (61 percent) occured in the Railways, Post and Telegraph Departments, and other commercial departments (for example, the State Coal Mines, and the Government Life Insurance Department). The expansion of

Table 5: Increases in Expenditure of Various Departmental Groups, 1896-97 to 1912-13.

Departmental Expenditure (figures in pounds)

Departmental Grouping	1896-97	1912-13	%total incr.
Railways, P and T, and Commercial Departments	1,181,648	4,001,405	61
Commercial Servicing Departments	251,779	765,224	11
Government Servicing Departments	291,549	724,197	9
Traditional Social Fuctions	289,579	790,674	11
Modern Welfare Administration	114,411	481,674	8
Miscellaneous	21,006	37,490	0
Total	2,149,972	6,800,645	

Source: Ewing,1979:22

commercial servicing departments accounted for a further 11 percent of the total expansion, and the welfare provisions accounted for only 8 percent (Ewing,1979:22).

These figures suggest that the Liberal's programme of state interventions could best be described as 'substantive facilitation' of the economy. As well as reproducing the general external conditions of the capitalist economy (for example, legal and monetary systems), the Liberal state also provided certain internal conditions necessary for the reproduction of capitalism. In particular, it acted so as to reproduce the labour force, and to provide infrastructural requirements such as transport and communications systems, and commercial servicing. Labour was reproduced through a solid body of legislation designed to regulate the relationship between employers and their workforce. Particularly important in this development was the creation and growth of the Department of Labour which provided the machinery for supporting and enforcing this legislation. Martin lists the following significant Acts:

> In 1891 - Truck Act (payment in money wages); Coal Mines Act (regulating working conditions); Factories Act (superseded in 1894). In 1892 was passed the - Shops and Shop Assistants Act (superseded in 1894); the Contractors and Workmens Liens Act; and the Servants' Registry Office Act. .....In (1894) the Liberals passed the Factories Act (regulating working conditions, hours of work for children and women, working age); the Shops and Shop Assistants Act (along similar lines); and the Industrial Arbitration and Conciliation Act (provision of compulsory conciliation and arbitration mechanisms for registered unions of employees and employers). (Martin,1981b:17).

It is worth noting, however, that the nature of Liberal state intervention was not consistent over the whole period. The government's zeal for labour legislation had declined by 1894,

and little was done after this point. The state became increasingly oriented to the needs of farmers. Infrastructural services were therefore mainly directed at the development of rural areas. The leaders of the Liberal government believed that prosperity for the urban areas would follow on from prosperity in the country (Richardson,1981:204). They therefore supported state loans for farmers, public works to service farms and improvements in farming efficiency (ibid).

Understood in these terms the Liberal state's interventions do not appear to be so radical. The state had, in fact, at no time been 'non-interventionist'. Colonialists had learnt at an early stage to rely on state intervention (Condliffe,1963:183). Before 1890 the state assisted immigration, fought the Maoris in the land wars, and opened up the country with public works. In New Zealand there was no tradition of laissez-faire.

Condliffe argues that by the end of the Liberal Era the government's policies had produced no revolution in New Zealand's economic structure and no nationalisation of lands; in fact, capitalism had become firmly entrenched and labour had been pushed into a position as the "opposition" (Condliffe,1863:181). He adds that the majority of the Liberal's legislative experiments had been considerably modified or were under attack (ibid).

The Liberal Era might be distinguished from the preceding period in terms of two developments in state intervention. Firstly, after the reform of the taxation system the state was again able to expand its interventions and structures where previously retrenchment had been a primary concern. The range of interventions and state apparatuses themselves diversified. In particular, it is worth noting that the state intervened to reproduce labour power. It also provided other forms of substantive facilitation, such as land development through public works. However, this had also occured in earlier periods of New Zealand's History. Secondly, the particular fraction of capital that the Liberal state 'substantively facilitated' was different. Previously it was the large landowners and associated business interests who benefitted most from state expenditure. Under the Liberal government, small farmers and manufacturers became the main beneficiaries.

This extension of state intervention to the interests of a new fraction of capital can be seen as the result of the changes in the balance of political power (see Condliffe,1963:183).

4-5) Conclusion.

The major changes in the Liberal Era with which this chapter has been concerned were the development of the parliamentarist form of representation, the establishment of a national government behind hegemonic projects of land and labour legislation, and the extension of state apparatuses and interventions. The power bloc was widely based in the first instance. The use of ideas such as 'nation', 'state' and 'race' demonstrate the centrality of notions such as community, harmony and freedom from class tension, which underpinned the dominant ideology of the period (Hamer,1963:98). Within this hegemony the rural sector was dominant. As early as 1893 this domination had become overt and the government's tactics less co-optive. By 1895 or 1896 labour legislation was no longer a concern, and the attempts in 1899 to shore up the widening gap between Liberal and Labour was unsuccessful. The Liberal hegemony was also under attack from other quarters. Manufacturers were not happy with the labour legislation, but more importantly,the Liberals increasingly lost support among small farmers.

CHAPTER V

An analysis of the Co-operative Works Scheme and Relief Work.

Economics, Ideology and Politics.

5-1) Introduction

The primary aim of Part Two has been to analyse of the job creation schemes used in the Liberal Era. Chapter 2 established that such an analysis must, by definition, take place within an understanding of the wider socio-political context. Behind this lies the assumption that job creation schemes, and the state in general, are specific historical phenomena. Such phenomena are not to be explained in terms of a single determination, such as the tendency of the rate of profit to fall, but rather in terms of the interaction of a variety of determinations. In other words, the existence and function of a specific concrete policy is not to be rationalised in terms of a single abstract theoretical principle, but in the terms of the interaction of concrete forces.

To understand the particular uses of job creation schemes in the Liberal Era therefore requires an appreciation of the

location of the Liberal state in its broader context. To this end the last chapter was dedicated to a brief analysis of that state. In what follows the task is to understand the Co-operative Works Scheme and relief work in terms of this analysis. This can be divided up into three sections. Firstly, it is relevant to consider the relationship between the nature of state interventions in the Liberal Era, and the Co-operative Works Scheme and relief work. The main questions are, how do these schemes compare with the dominant form of state intervention?, and how do they interact with capital? This last issue requires an assessment of the way in which the schemes benefitted the various units of capital. At this stage it is worth reiterating that an assessment of who benefits from a particular state intervention in no way constitutes an explanation of that intervention. The economic analysis merely provides one way of investigating how a scheme operates. In this chapter no attempt will be made to provide a comprehensive economic analysis. Instead the concern is simply to demonstrate the most general aspects of the Co-operative Works Scheme and relief work in relation to capitalist production.

The second dimension of the analysis of the Co-operative Works Scheme and relief work is the political. Political relations are closely linked to the ideological constitution of groups as political forces. At this point however, it is useful to examine the political aspect as separate so that two questions can be asked. Firstly, section 5-3 will ask, what effect did the

unemployed have upon the introduction of this relief system? The second question is, what effect did this relief system have on the unemployed?

The final aspect of the Co-operative Works Scheme and relief work to be considered is the ideological. Here the focus will be on how these schemes can be understood as part of the political and ideological context discussed in Chapter 4.

5-2) The Economic: Substantive Facilitation.

In Chapter 4 it was suggested that the Liberal state's main interventions came within the category of 'substantive facilitation': that is, they reproduced the more general conditions necessary for capitalist production, (in particular, labour power and infrastructure). It was argued that over time the provision of infrastructure became the highest priority. The shift in state interventions corresponded to the increasingly overt domination of the state by the interests of farmers. The major infrastructural provisions were, therefore, the roads and railways that opened up the country for farming.

The Co-operative Works Scheme and relief work fit within this categorisation of state interventions. Both schemes provided relief for unemployed men, thereby contributing to their survival. Such policies can be included under the heading of reproducing labour power. But the functioning of both schemes, in this respect, was limited. Relief work, despite its central concern to ensure the survival of workers, was of such limited scope and imposed such conditions on recipients, that its effectiveness was undermined. While it might be argued that such relief made some contribution to the survival of recipients, it cannot be automatically assumed that it contributed significantly to the reporduction of labour power as a whole.

In the case of the Co-operative Works Scheme, some of the limitations of relief work were offset by higher rates of pay, for example. However, the work provided to the unemployed under such a scheme was almost entirely navvying, and furthermore it was located in rural districts. Thus, not all labourers would have been capable of doing such work, or of moving to areas where the work was offered.

The general trend away from labour legislation during the Liberal Era is reflected in the Co-operative Works Scheme and relief work. By 1897 a concerted effort was being made to reduce dependency on outdoor relief. The extent of unemployment had decreased, but the central thrust of policy was to remove the sources of relief available to those who were poor. This was

tied up with a change in attitude towards the poor and the unemployed.

In the Co-operative Works Scheme the move away from labour legislation and the reproduction of labour power as a general category of state intervention was expressed in an increased emphasis on public works. Within the scheme there had always been an antagonism between the 'relief of unemployment' and the 'construction of public works' components. The major expansions of the scheme, particularly after the turn of the century, corresponded with the logic of construction and political factors. The decision to complete the North Island main trunk railway line represented a major expansion of the Co-operative Works Scheme.

The Co-operative Works Scheme might be understood as functioning to reproduce labour power in a second, more sophisticated sense. Within the context of the labour market, it was to expand in times of unemployment and contract in times of high demand for labour. It was, therefore, to reproduce labour power by maintaining a reserve army of labour. The actual history of the scheme suggests however, that it was not in any serious way linked to unemployment. The entire unemployment-relief component of the Co-operative Works Scheme occupied a secondary and often ambivalent role. Thus Seddon, the Minister for Public Works, denied allegations that the co-operative works projects were carried on to prevent agitation

amongst the unemployed; they were designed to benefit the 'nation' (Gibbons,1977:55-6).

In the Liberal Era the 'nation' was largely associated with the interests of farmers. The Co-operative Works Scheme corresponded to this concept of nation to the extent that it operated as a modified form of public works. It can thus be examined in terms of the second major theme in Liberal state interventions - the provision of the infrastructural requirements of the capital accumulation of small farmers.

Through the Co-operative Works Scheme, the government got major infrastructural projects completed efficiently and cheaply. The major innovation of the scheme was not so much its action as an employment buffer, as its success in bypassing the system of contractors and subcontractors which had caused major problems in the past.

The difficulties with private contracting for public works stemmed from the shortage of skilled contractors in New Zealand. This problem was exacerbated by the government's willingness to accept the lowest tender, regardless of the contractors ability to conduct the work (Noonan,1975:71). The results were incompleted contracts and substandard work. Other problems, such as sweating and strikes, arose out of the employment practices of the private contractors (Blow,1894:234-5). The Public Works Engineer was given the task of checking that workers were paid

correctly and not subject to undue danger (Noonan,1975:72) (Thus, he served an important role in preserving public works labour power).

The Co-operative Works Scheme avoided all these problems and more. It prevented contractors from making inordinate profits, thereby ensuring that the government got the work done for its 'value' (Blow,1894:235). Under the scheme contract rates could be adjusted if it was considered that the workers were earning too much or too little, with the proviso that the work should never cost more than if it were let "by contract at ordinary fair prices" (ibid). Under the co-operative method the work completed was also found to be of a superior quality, since it cost the workers no extra to use the good quality materials that the government supplied (ibid:237).

The decision to use the co-operative method on projects was at least partly based on economics. For example, it was decided to use co-operative workers to construct the Makohine viaduct, a technically difficult piece of work, because private tenders were several thousand pounds higher than the Engineer-in-Chief had estimated (Noonan,1975:79). An assessment of the comparative cost of private contracting and the Co-operative Works Scheme is contained in a Public Works statement in 1903. It was claimed that up to March 31, 1891, the mileage cost of all government railways opened for traffic was 6,808 pounds. Between April 1, 1891 and March 31, 1903, the comparative cost had been 6,672

pounds. Appending this was a note:

> While the cost of construction under the co-operative system is thus shown to be less than under contract, honourable members are aware that we are also now using heavier rails and more sleepers per mile; that our bridges are in most cases now built of steel instead of perishable timber, thus minimizing the cost of future renewals; that the cost of all materials and labour has increased; and that more extensive station accommodation is now provided than during the period first mentioned.(AJHR,Vol II,D-1:viii)

The co-operative system also gave the government greater control over public works. Projects could be terminated with only a week's notice, which was of benefit to the government in cases of "sudden depression or other unlooked-for shrinking of the revenue" (Blow,1894:236). They could also be speeded up or slowed down by adjusting the number of men on the gangs. Similarly, under the scheme the government maintained control over the workforce. Men could be taken on, dismissed, or transferred out of a gang at the Engineer in Charge's discretion.

While the importance of the Co-operative Works Scheme as a means of reproducing labour power declined as the Liberal Era progressed, its significance as a channel for the construction of infrastructure increased. One suggested reason for the decreasing use of the co-operative method after 1912 was the increasing complexity of public works, and new developments in technology (Noonan,1975:75). The co-operative method was fundamentally labour intensive in accordance with its role as 'unemployment relief' but also partly accountable in terms of the

comparative cheapness of labour during the Liberal Era.

The most important aspect of the Co-operative Works Schemes intervention in the relations of production, it can be concluded, was its provision of roads and railways. In particular, small farmers benefitted from the opening up of the country which enabled dairying and intensive pastoralisation, and both small farmers and manufacturers benefitted from the network of roads and railways which provided access to markets for their products.

5-3) The Political: Unemployment and Political Struggle.

In Chapter 4 it was argued that the years preceding the Liberal Era were marked by depression, disillusionment and despair. In ideological terms this was reflected in the emergence of a number of interest groups. The 1890 election became a battle between a particular interest group - capital, privilege, etc, and the 'people'. The victory of the Liberals and their subsequent hegemony was based upon hegemonic projects which at once constituted and satisfied the interests of a number of important groups. Most significantly among these groups were labour and small farmers. Ultimately, however, these interest groups outgrew the confines of the Liberal's hegemonic projects.

The demise of the Liberal hegemony arose from the government's inability to unify the increasingly sectional and antagonistic interests of the emerging political forces.

This section attempts to understand the Co-operative Works Scheme and relief work in terms of the political aspects of the developments outlined above. The division between politics and ideology is arbitrary: in this section discussion will be confined to the relationship between the Co-operative Works Scheme and relief work, and political forces. Two important considerations warrant the treatment of the political as a separate sphere. Firstly, there is a need to examine the possibility that the Co-operative Works Scheme (in particular) arose out of working class pressure or the agitation of the unemployed. This perspective is not consistent with the analysis propounded in Chapters 2 and 4. However, it does constitute a mainstream approach to the analysis of the development of welfare provisions. Secondly, treating the political as a discrete entity allows an examination of the impact that the Co-operative Works Scheme and relief work had on the political forces and the balance of political forces. The next section of this chapter will discuss the relationship between the schemes in question and the ideological sphere.

To suggest that the Co-operative Works Scheme and relief work were the product of working class pressure or the agitations of the unemployed is to assume that the working class and/or the

unemployed were constituted as significant political forces during the Liberal Era, and that they participated successfully in the process of policy formation. Prima facie support for this proposition can be found in the reasonably frequent occurrence of agitation by the unemployed in New Zealand. Such agitation was a common phenomenon even before the depression of the 1880's. For example, in 1861 there were meetings and marches of the unemployed in Dunedin. However, the boom associated with Vogel's borrowing for national development resulted in little unemployment until 1879. During the depression years that followed there were frequent marches and demonstrations by the unemployed, and news of these agitations often filled the newspapers (Campbell,1976:52). Further evidence for this thesis is available in the form of a correspondence between the common demands made by the unemployed in the 1880's - usually that the government provide extra employment on public works - and the nature of policy initiatives in the 1890's. It is quite erroneous, however, to assume on the basis of this support that such policy initiatives were the result of the agitations. Their effectiveness, especially at the national level, was extremely limited.

The ability of the unemployed to organise themselves was undermined by the nature of unemployment and ideological constraints. Throughout the depression unemployment remained an unevenly spread, localised phenomenon (Campbell,1976:37). The difficulties this presented for any attempt to organise the

unemployed were compounded by the generally short duration of unemployment; it was typically confined to the winter months. These two considerations formed an extra-discursive limit on the possibility of an active movement among the unemployed.

Ideological factors also limited the unemployed. The government, for example, was convinced that the relief of unemployment was the responsibility of hospital boards, local authorities and voluntary relief organisations. It was not therefore concerned with locally based agitations. This completed the isolation of the unemployed.

A more important constraint was the dominant moral prescriptions embodied in the existing relief system. The central division between the deserving and undeserving poor enshrined the values of hard work and self reliance. Agitating for relief was akin to demonstrating one's unworthiness: those who asked for relief did not deserve it and those who did not ask for it, did deserve it (Campbell,1976:22). This reflected on the public reception of unemployed agitation by undermining their legitimacy. Thus, Campbell claims that the general public was antagonistic to any demands for relief (ibid). It is also evident that newspapers were extremely critical of unemployed agitators and agitations. They ridiculed protests by suggesting that the leaders and the participants were not genuinely unemployed (ibid:43).

These moral judgements might have had less significance if the unemployed had had an ideology which could sustain agitation. Again, however, this was not the case. Campbell argues that the unemployed generally had a conception of their place in society which severely limited their ability to organise (Campbell,1976:39). For the large part, the unemployed would not agitate, and when they did their actions and demands were marked by moderation and optimism (ibid:40). Thus, for example, in 1880 the unemployed of Christchurch presented a petition that asserted that they wanted work, not charity and soup kitchens (ibid:21). Clearly, government relief of any kind was regarded as a last resort (ibid).

The moderation of the unemployed agitations is also linked by Campbell to the absence of a well developed trade union movement (Campbell,1976:56). Such a movement might have permitted the extension of the influence of the unemployed. It was argued in Chapter 4 that the labour movement in the 1880's was weak and itself lacking in direction.

Chapter 4 provided an analysis of the emergence of labour as a political force. It was argued that this was not a product of labour's self-constitution, but rather a product of broader political and ideological developments. In the absence of the unemployed and working class as principles of explanation for the development of Liberal unemployment policy, it might be suggested that a more adequate explanation would focus on the ideological

constitution of unemployment as a significant social issue. This would suggest that the expression of the demands of the unemployed in Liberal legislation could be discussed in terms of the interpellation of the unemployed into the discourse of some other political force or class. This line of argument will be more fully developed in the section on ideology.

The other issue that this section must discuss is the effect of the Co-operative Works Scheme and relief work on political forces. To an extent this presupposes the ideological section. However, at this stage one important issue can be discussed; namely, the extent to which the Co-operative Works Scheme and relief work provided or removed the organisational base for the unemployed. The scheme, comprising as it did a public works programme organised along co-operative lines, corresponded with the demands being made by the unemployed. In an ideological sense, then, the unemployed were co-opted.

In a more concrete sense it can be argued that the Co-operative Works Scheme both provided an organisational base for the unemployed, and undermined this base. On the one hand it was a national system for the relief of unemployment, and it involved the aggregation of the unemployed into groups organised on a co-operative basis. This, one would have expected, would have encouraged radicalism. On the other hand, the very organisation of the schemes, not to mention their location in isolated rural districts, undermined organisation. The scheme

was self-disciplining to the extent that it encouraged the men to work hard for better pay, rather than agitate for it. The isolation of the camps minimised the possibility of causing trouble, and eliminated the possibility of obtaining publicity. The scheme, therefore, had definite advantages over any sort of urban relief.

A further factor which imposed limits on the radicalism of co-operative workers was the scheme's relationship to land ownership. It was intimated that co-operative workers would be allotted a certain proportion of land opened up by the Co-operative Works Scheme projects. Gibbons suggests that this developed into an unofficial contract:

> Gradually a broad 'understanding' grew. The co-operative workers would endure vile conditions and stick by the government: the government, in return for the completion of the line to a political timetable, would make the desired land available.(Gibbons,1977:69).

Some ill feeling did arise on the Co-operative Works Scheme. A union organiser visiting a work site in 1910 claimed that he found 'seething discontent' (Noonan,1975:77) among the men. On the whole, however, the Co-operative Works Scheme cannot be said to have incited widespread opposition amongst the unemployed. The Co-operative Works Scheme did not, therefore, serve to constitute the unemployed as a political force.

5-4) Ideology: The Value of Hard Work.

A major theme in this chapter has been the impossibility of explaining the unemployment relief policies of the Liberal Era either in terms of the struggle between classes per se, or as the consequence of the natural or inevitable development of the relations of production. Section 5-2 therefore assessed the Co-operative Works Scheme and relief work in terms of their contribution to the process of capital accumulation, but made no suggestion that such arguments could alone comprise an account of the schemes. Section 5-3 investigated the nature of the agitations of the unemployed before 1890 and concluded that they could not be held responsible for the existence of these schemes. At the same time, however, that section also suggested a possible line of development for a more satisfactory explanantion. It focussed on ideological discourses. The object of this section is to develop this theme and the preceding material into an acceptable account of the Co-operative Works Scheme and relief work.

To explain the shape of unemployment policy after 1890 requires an investigation of the relationship of unemployment to ideological discourses before and after 1890. It was argued in Chapter 4 that before 1890 there was a situation of generalised ideological crisis that resulted in the emergence of a number of

discrete interest groups (such as labour, conservative, and liberal). This crisis was induced by the realisation that New Zealand was not an egalitarian, classless, rural utopia. Instead it was marked by privilege and wealth. Graham (1981) argues that this early utopianism had not been based on philosophy, but had rather been the product of the homogeneity of New Zealand settlers and, more importantly, the difficulties of the pioneering experience (Graham,1981;137-8). As New Zealand became more established, social divisions became more apparent. Franchise based on land ownership was acceptable as long as land was available (ibid). Similarly, little more than resentment was directed at those who bought large tracts of land. However, when the economic climate changed and land became unattainable, there developed a hostile attitude to those who owned land, and therefore had economic, social and political privilege (ibid).

Sinclair notes that the antagonism for the land-monopolists gave rise to a large array of radical protest (Sinclair,1963:108). At the same time, these large landowners were organising themselves into conservative political forces to protect their interests from threats such as taxation (ibid,110). In urban areas the antagonism toward landowners was complemented by antagonism toward employers, in particular manufacturers who exploited the cheap labour of the depression years. Poverty and destitution were regarded as the outcomes of this exploitation.

By 1887, says Sinclair, it was widely acknowledged that New Zealand was facing a major depression (Sinclair,1963:110). It was generally accepted that poverty and unemployment of a deserving nature existed (if usually somewhere else). The urban unemployed were frequently blamed for their predicament; in particular great emphasis was placed on their unwillingness to go into the country to look for work. There was, however, considerable concern expressed for the great number of unemployed and destitute who were too proud to apply for charitable aid. In this way, then, unemployment became defined as a social issue worthy of amelioration. At the same time there was a continued insistence on the pertinence of the categories of deserving and undeserving poor.

Ideological elements, discourses and antagonisms became clarified in the 1890 election. They were integrated into one ideological antagonism: Liberal, state intervention, the 'people', against the Aitkinson Ministry, large landowners, and privilege. The unifying theme of the Liberal's ideological discourse was the notion of social justice. The hegemonic projects proposed and then enacted by the Liberals sought to achieve social justice through state intervention. Some note has already been made on Liberal policy in relation to small landowners and labour. In the present context it is important to discuss how the provision of unemployment relief fits this ideological construction.

Under the Liberal Government some commitment was made to establish the condition of equality through state intervention. Unemployment was increasingly viewed as a discrete form of poverty, caused not by personal deficiencies, but by imbalances in the labour market. Traditionally economists had argued that unemployment was logically impossible because of the natural self-righting tendencies of the labour market (see for example, Harris,1972). In New Zealand this was expressed in the belief that relief recipients were malingerers; thus the wisdom of work relief. Incorporated in the Liberal hegemony was a slightly different version of this classical approach to unemployment. It was argued that there would be genuine unemployment when the functioning of the labour market was obstructed. The main obstructions were thought to be the lack of information concerning the existence, type and location of vacancies (Gibbons,1970:23), and the immobility of labour. In particular there was a persistence with the belief that the unemployed congregated in urban areas where there was no work (ibid:32). The Liberal Government's attempts to ameliorate and control unemployment took the form of the provision of employment bureaux through the Department of Labour. These bureaux were to collect information on the labour market and to financially assist workers to move to where there were jobs. The labour bureaux clearly expressed the Liberal's concern for social justice: they were to function so as to facilitate the matching of the supply for labour and the demand for labour, thus providing the conditions under which individuals could achieve a station

commensurate with their talents and efforts.

The Co-operative Works Scheme and relief work fit into this labour market conception of unemployment. Genuine unemployment would exist in the facilitated labour market only to the extent that individuals were temporarily unemployed between jobs. Relief should be given to these workers while they were unemployed. Here the fear of pauperism and the division between deserving and undeserving poor resurfaced. All relief was to be conditional on work if at all possible. The continued use of the Hospitals and Charitable Institutions Act therefore makes sense as relief to the deserving poor. Relief work was one way of establishing the individual's legitimacy and at the same time maintaining their incentive to work.

The Co-operative Works Scheme also relates to the labour market theory, but in a slightly different way. It was acknowledged that at certain times the demand for labour would be reduced by adverse economic circumstances. The state, it was argued, could compensate for this by expanding its employment when the demand for labour was slack and contracting when the demand for labour was high. Thus the Co-operative Works Scheme was to serve as an employment buffer. In fact, however, the government was never committed to the notion of an employment buffer. Public works still played a far too important a role in politics for the government to be willing to peg the level of expenditure on public works to the level of unemployment. Thus

the expansion of the Co-operative Works Scheme after the turn of the century when the demand for labour had been rising steadily. This expansion was based on a decision to complete the main trunk railway line.

Over time the ideology of unemployment underwent some change. Gibbons (1970) notes that the Department of Labour became increasingly coercive in its approach to the unemployed. In the beginning it was assumed that if treated well and provided with the right conditions, every individual would become employed. The persistence of unemployment in times of relative prosperity was taken by the Department to be an indication that the unemployed were recalcitrant paupers. By 1896 Tregear, Head of the Department of Labour, was advocating the use of prison farms for swagmen in particular (ibid:87-90). It is in these terms that the attempted reduction in outdoor relief can be understood.

The changing attitude of the government towards the unemployed was perhaps symptomatic of a more general change in attitude. Williams, for example, argues that the Liberal programme changed from a:

> regulative process based on voluntary compliance, [into] ...a bureaucratic structure, which involved regular inspection and a developing demand for mandatory compliance with rules on the part of the citizen. (Williams,1976:11)

This shift toward coercion also corresponds to the slackening of Liberal reforms and the previously noted hardening of attitude

towards labour.

This account of the development and nature of the Liberal Government's unemployment policy needs to be understood in terms of the interaction of political forces and the state apparatuses. The moderation and optimism of unemployed agitations had positive effects to the extent that it permitted the merging of these agitations with the activities of other groups. Thus for example, in Auckland in 1885, the Mayor chaired a meeting of the unemployed. On the basis of this he made representations to the Minister of Public Works that resulted in an increase in local relief work (Campbell,1976:49). At the same time, however, the general antagonism to any demands for relief comprised a limit on the extent to which the unemployed as an active body could be integrated into other ideological discourses. More important than the agitating unemployed, therefore, was the idea of a large body of genuinely unemployed who would not accept relief. This group, or more precisely, the idea of this groups existence and nature, was interpellated into the popular discourse that emerged with the Liberal's new hegemonic project.

Like the issues of sweating, poverty, and land monopolisation, unemployment became associated with the position of the Aitkinson Ministry in the 1890 election. The injustice of unemployment was incorporated into the general political consolidation and unity of the post-1890 period. Neither the Co-operative Works Scheme nor relief work provided anything like

an effective base for organisation among the unemployed. In fact, in certain crucial respects the Liberal policy had exactly the same implications for the unemployed as previous state interventions. Unemployment of any duration was still regarded as the result of a personal inadequacy.

There are also other respects in which the Co-operative Works Scheme, in particular, contributed towards political stability by neutralising the unemployed. It involved the extension of public works - a traditional state response to political pressure. It also implied the elimination of private contractors, a move which, it has been argued, was of definite advantage to the Public Works Department. This aspect of the scheme was regarded as radical to the extent that it was evidence of the state removing private enterprise. Finally, it might also be noted that the Co-operative Works Scheme was ambivalent in its attitude to the workers. For some time the restrictions of eligibility and participation on the scheme clearly indicated that participants were unemployed. By the turn of the century, however, the government was having to compete with other employers for labour. A stable body of co-operative workers did develop, and the government actually assisted the immigration of workers to supplement the existing labour supply. By this stage the participants had begun to be interpellated as 'workers' rather than as 'unemployed', although this was not evidenced in any improvement in the conditions of the men.

5-5) Conclusion.

The understanding of the Co-operative Works Scheme and relief work discussed in this chapter has not utilised the dynamic of the antagonism between the working-class and the bourgeiosie. It has, however, used the concept of political antagonisms. It has been argued that the Co-operative Works Scheme and relief work comprise one aspect of the Liberal Government's attempts to ameliorate and regulate unemployment. The approach in general rests on the perceived existence of obstacles to the natural, self-righting tendencies of the labour market. At a more general level still, it has been argued that this approach corresponds to the development of a new political and ideological hegemony based on the parliamentarist form of representation. The key to the ideological 'discourse of discourses' was the concept of social justice: it both critiqued the previous government on the grounds that it was class based and a bastion of privilege, and at the same time, served as a point from which diverse interest groups could be unified in non-class terms.

The political and ideological developments of the Liberal Era resulted from the economic, political and ideological crises of former times. Poverty, abuses of labour, land monopolists, and unemployment were all experiences that became successfully

integrated into the Liberal hegemony. The weakness of labour and the moderation of the unemployed permitted these movements, or more realistically, the concept of these interests, to be incorporated with other interests into the Liberal hegemony.

The Liberal hegemony was founded on hegemonic projects that expressed the belief that state interventions should facilitate social justice. They were therefore premised on state interventions. The state had an already developed bureaucratic structure; however, during the Liberal Era this was further refined as the room for political manipulation was reduced and the administration of departments became more formalised. The political conditions of unity were fulfilled by the leadership of the Liberal Government, and the hegemonic projects united the state apparatuses. These projects also necessitated the development of the substantive facilitative form of state intervention. This was consistently applied. In the area of unemployment policy it found expression in the facilitation of the labour market.

Over time the Liberal hegemony became less secure as the interest groups which the state had constituted through its interventions and forms of representation became more developed. They began to establish their own discourses from which they derived their interests. They then attempted to achieve these sectional interests in a fashion that the Liberal Government could not co-opt nor unify. Farmers increasingly dominated the

government and labour became alienated. By 1896 the government had given up on labour reform as a hegemonic project. To an extent this satisfied the farming interests; however, they were also demanding new forms of land ownership.

The increasing conservatism of the government was reflected in an attempt to reduce expenditure on outdoor relief and an increasingly coercive attitude towards the unemployed expressed by the Department of Labour. This conservatism also found vent in a reorientation of state intervention. Although it still intervened in the same way, emphasis was placed upon projects of benefit to farmers. In the Co-operative Works Scheme this became an increasing priority on the public works element of the scheme and the imposition of harsher conditions on the workers.

The Liberal hegemony, it has been suggested, was in certain key respects different from the clientilistic political system of the pre-depression years. In particular, it was based on a consensus between diverse interests, rather than on the assumption of only one interest. However, it must also be stressed that there existed major similarities in the content of the two hegemonies. The depression highlighted the vagaries, hardships, and inequalities of colonial life, challenging the vision of New Zealand as an egalitarian classless, rural utopia, benefitting from industrialisation but suffering none of its costs (Hamer,1963:80). The Liberal Government re-established this utopianism. If it could be conceived in terms of

philosophies, it might be argued that there was a shift from Spencer, who championed individualism and the laissez-faire state, to Toynbee, who advocated positive state intervention. The Liberal hegemony acknowledged the need for state intervention to provide the egalitarian, classless base to New Zealand society. Through its actions the state would provide the conditions of equality that the depression had proved to be otherwise absent.

This small step from the justice of the open market to the justice of a facilitated market finds a precise parallel in the development of policy on unemployment. Before 1890 unemployment was defined in terms of the individual's inadequacies because it was assumed that there were sufficient jobs to go around. After 1890 it was acknowledged that state intervention was necessary to make the labour market function properly. This done, long term unemployment was again defined as the consequence of individual inadequacy. Prior to 1890, therefore, unemployment was relieved with relief work stressing the 'work test' and government works. After 1890 unemployment was removed by the employment bureaux of the Department of Labour and any residuum treated with relief work and public works projects.

PART III

CHAPTER VI:

The No 5 Scheme and the Camp Scheme.

6-1) Introduction.

The Co-operative Works Scheme, it seems, expressed both the prosperity, progressiveness and also limitations of the Liberal era. The No 5 Scheme and the Camp Scheme of the 1930's, with which this chapter is concerned, are similar in that they reflect their times. In this case, however, the times were marked by the misery and poverty of a depression, and the disillusionment and dissension which this generates in the general public. As responses to unemployment these policies belong to a period when the existence of widescale unemployment and the inadequacy of traditional strategies had been acknowledged. The search for new ways of coping, however, involved less innovation than the reassertion and extension of traditional ideas. In some respects these ideas even predated the 1890's.

Before 1930 the government preferred to follow a policy of prevarication on unemployment. It provided a few jobs under the

Public Works Department, offered some subsidies to local bodies, and did what it could through the Labour Department's employment bureaux. In 1930 however, the situation reached near crisis proportions. Registered unemployment was climbing constantly, (at least partly the result of the ailing United Prime Minister, Ward's promise to provide work for all late in 1929), and traditional sources of relief were drying up. After enduring this situation for a number of months, the government officially abandoned its "policy of drift" (Robertson,1978) and established the Unemployment Board to organise unemployment relief on a national basis. This body was responsible for alleviating unemployment from late 1930 until its functions were assumed by the Labour Department in June 1936. It was, in essence, a relief work agency. At the peak of the depression over 80,000 unemployed men were dependent upon it for relief.

Although the Unemployment Board is not itself the subject of this chapter, it is worth discussing it a little more, since the No 5 Scheme and the Camp Scheme were two of its main policies. The Board was based on the recommendations of a committee set up in 1928 to investigate unemployment. This committee reported in late 1929 and early in 1930. It acknowledged the existence of unemployment and it identified the causes as seasonal fluctuations in the demand for labour, technological developments, trade slumps, and an individual's unsuitability for employment (AJHR,1929 H-11b:8). Furthermore, it accepted that the unemployed had some legitimate claim to support. The

continued wellbeing of society depended on employers being uninhibited in their use of labour. It was fair that the whole community - not the government alone - should bear the burden of unemployment relief (AJHR,1930 H-11b:3-5).

To express this principle of "sharing the burden", the Commission recommended that an Unemployment Board be established to coordinate and provide relief at a national level. The Board was to be composed of representatives from the community as well as the government, and to be funded by a special poll tax on all adult males. Although initially instituted, these conditions underwent some change. There was a major restructuring of the Board in August 1931. The revenue base, which had quickly proved inadequate, was extended. The poll tax was lowered from 30 shillings a year to 20 shillings, and an 'Emergency Unemployment Tax' was introduced. This tax was 3 pence in the pound on all incomes, including those of men under twenty years of age and women earning in excess of 250 pounds. In May 1932 this tax was increased to 1 shilling in the pound. Previously expenditure from the Unemployment Fund had been subsidised from Consolidated Revenue. After October this was no longer the case (AJHR,1932 H-35:3-4). The Unemployment Board itself was also reorganised. The number of community representatives was reduced and government control over the Board was tightened. This was partly a reaction against the limitations imposed on the Board's activities by the principle of "sharing the burden" (Robertson,1978:53). However, this move was perhaps

prompted less by the inadequacy of the relief dispensed to the unemployed than it was by the unsatisfactory performance of the old Unemployment Board; it had had difficulty keeping within its budget and had incurred criticism and disfavour because of its policies.

This chapter will discuss both the No 5 Scheme and the Camp Scheme. The No 5 Scheme occupied a prominent place in the Board's strategies to relieve unemployment (AJHR,1935 H-35:10). It was introduced in February 1931, and it was heralded by the Board as the first time in New Zealand's history that an attempt had been made to relieve all adult male unemployment. From the beginning the Board had difficulty with the size and expense of the scheme, and the criticism which it attracted. Under the scheme the Unemployment Board paid the labour costs for men employed on relief work projects created and managed by local bodies. The rates of pay on such works were very low - and got lower as the Board's funds tightened - and the work was rationed. Much of the work was trivial and less than useful. The Maoris evidently nicknamed the scheme 'Mirimiri rori' - to stroke the road as one strokes a cat (Robertson,1978:44).

The Camp Scheme was different from the No 5 Scheme in that it involved co-operation between government departments and the Unemployment Board (although local bodies were also involved). Men were sent to work camps in the country where they worked on "productive projects". Again, the Board paid the labour costs.

The men worked a forty hour week in return for relief rates of pay that sometimes returned slightly more than the rates pertaining on the No 5 Scheme in the urban areas. The Camp Scheme was introduced shortly after the Coalition government came to power in 1931. It was part of an attempt to reorient Board activities and to avoid the criticisms it had hitherto faced. In fact the Unemployment Board also ran into trouble with the Camp Scheme, primarily because of its punitive and coercive nature. The unemployed resisted it constantly and fiercely, and at times it also incited widespread public reaction against the Board.

6-2) The No 5 Scheme; "Mirimiri rori".

The Unemployment Board came into existence in November 1930. The No 5 Scheme however, the Board's first attempt to alleviate unemployment on an extensive basis, was not introduced until February, 1931. The continual increase in the number of registered unemployed combined with the failure of the Board's first three temporary schemes, which operated in late 1930, resulted in a recognition by the Board that:

> it was imperative to make arrangements whereby some measure of relief could be afforded immediately to the great numbers of unemployed workers while waiting their reabsorption into industry. (AJHR,1931 H-35:9)

The Board decided that the best course of action would be to pay the majority of the unemployed a small sustenance. As well as being considerably cheaper, this move would, as Robertson puts it, enable the Board:

> to fulfil the aims of the Unemployment Act and arrange for a programme of productive works on which it could slowly, and in its own time, place the unemployed. (Robertson,1978:38).

This move was thwarted by Prime Minister Forbes in February. His insistence that all relief be based on the principle of "no work, no pay" imposed an extremely important limitation on the Unemployment Board's activities in general, and on its ability to provide widescale relief in particular. This principle necessitated the introduction of a very large "relief work" scheme. In turn this required the Board to abandon any notion of "productive works" and carefully considered policies to expand employment (Robertson,1978:43). It demanded that the scheme maximise the quantity of work. The Board's strictly limited funding placed a further proviso on the scheme - the work had to be cheap. The best work from the Board's point of view was that in which the non-wage costs were minimized. This in turn implied that the works would be less productive.

Out of these considerations arose the No 5 Scheme. It was to take the same form as many of the government's earlier attempts to generate relief. The Unemployment Board offered a

subsidy to local authorities for the creation of relief work. Under the No 5 Scheme the subsidy was the entire cost of wages; however the local body still had to create the work and to pay for supervision, transport, materials, equipment and other costs.

The Board's reason for designing the No 5 Scheme this way was three-fold. Firstly, the Board was firmly committed to the principle of "sharing the burden". This advocated that the relief of unemployment was a community concern, and that all groups should take some responsibility. The No 5 Scheme was therefore structured so that local bodies would have to carry their portion of the responsibility, both in terms of initiative and cost (AJHR,1931 H-35:9).

Secondly, the Unemployment Board believed that only local bodies were capable of providing widescale relief on productive projects (AJHR,1931 H-35:9). Finally, the Board decided to operate the No 5 Scheme through local bodies because their finances indicated that a system of rationing was necessary. Local bodies, the Board believed, could create relief work sufficiently close to the homes of the unemployed to permit this rationing (ibid). Over the first months of its operation work on the scheme was rationed on the following basis:

1) Two days work a week for single men.
2) Three days work a week for a married man, or a married man with one child.

3) Four days work a week for a married man with two or more children.
(AJHR,1931 H-35:10).

Initially the Board intended the No 5 Scheme to operate from 9 February to the end of March 1931, but it was later decided to extend the scheme. The response from local bodies was rapid and the Board reported that by the end of February the majority of the registered unemployed were working (AJHR,1931 H-35:10). The 150,000 pounds allocated to the No 5 Scheme were rapidly expended and further allocations had to be made. By 31 March, total expenditure amounted to 331,560 pounds - a sum which the Board regarded as excessive for a scheme that was regarded as a temporary palliative (AJHR,1931 H-35:10).

The scheme's high rate of expenditure was primarily the result of the continued rise in the number of registered unemployed. When it was introduced, registered unemployment was standing at 17,000. By the end of March this had increased to over 38,000 (AJHR,1931 H-35:10). The Board attributed this increase to three things. Firstly, it recognised that the offer of systematic relief under the No 5 Scheme had given many unemployed men an incentive to register as unemployed where they had not previously done so. Secondly, it accepted that there had been a serious deterioration in the economic situation causing more unemployment. Finally, it noted that the existence of systematic relief had given many employers the opportunity to

dismiss surplus workers (ibid).

The Unemployment Board summarised the problems that it was xperiencing with the No 5 Scheme by the end of March:

> The receipts from the [Unemployment] levy, if distributed over twelve months, represent a weekly income of approximately 12,000 pounds, and this, if wholly expended, is subsidised by a like amount from the Consolidated Fund. There were approximately 25,000 men working under Scheme No. 5 during the last week of March, and the Board's weekly commitments under this scheme were then almost double its maximum income.
>
> Obviously, the position had become impossible of continuance. The funds at the disposal of the Board were inelastic, while, on the contrary, there appeared not only no prospect of diminution of unemployment, but even a continuance of ascending numbers. The only course open to the Board lay in the reduction of its expenditure to a figure in consonance with its income. (AJHR,1931 H-35:10-11).

The Unemployment Board pursued a variety of strategies in its efforts to reduce expenditure on the No 5 Scheme. The scheme was closed down for two weeks after April 11 so that new rules and regulations could be effected to cope with the increased number of unemployed. All the registered unemployed were required to visit the nearest Labour Department and fill in new forms to establish their eligibility for relief. Previously, the unemployed had to have been domiciled in New Zealand for six months and registered as unemployed for two weeks. Under the new regulations the Board excluded from eligibility all men who had not previously worked for wages, all men in possession of money or other resources, and any man who had not paid the unemployment levy of 30 shillings (AJHR,1931 H-35:13-4).

The Board also took other steps to restrict expenditure. Rationing was extended in early April 1931; as well as working only a specified number of days per week, all unemployed men had to "stand-down" for one week in four. During this stand-down week the individual had to rely on alternative sources of relief - for example Hospital Boards and charitable organisations. This system of rationing, combined with the low rates of pay, was a source of considerable irritation to the unemployed, and the hardships it caused were a major factor behind the riots in 1932. In response to the riots, the Unemployment Board removed stand-down weeks (but only in the cities where such rioting had occurred), and substituted an alternative system which required the men to work longer hours for reduced rates of pay.

The effect of this new rationing system on the income of relief workers was dubious. The 'New Zealand Worker' claimed on the 4th of May that whereas single men had previously worked an average of 48 hours a month for 2 pounds and 19 shillings, under the new system they had to work 64 hours for 3 pounds. Married men with three or more children had previously earnt 7 pounds and 10 shillings for 96 hours work a month, but under the new system they received 8 pounds for 128 hours work (Burdon,1965:145n). The new system also made no allowance for wet weather. Where previously days lost due to wet weather had been made up on "off" days, under the new system they resulted in a loss of income (Robertson,1978:57). With less time off, relief workers could not so easily supplement their incomes with casual

earnings. Furthermore, at this stage the government also relieved Hospital Boards of their obligation to provide for the able-bodied unemployed. The Unemployment Board assumed this responsibility; it would dispense additional relief where necessary. However it rapidly became apparent that relief workers would not under normal circumstances have access to such relief (ibid).

Another strategy for reducing expenditure was the reduction in the rates paid to men on relief works. The first reductions were made on 1 April 1931, from 14 shillings a day for all men, to 12 shillings 6 pence for married men, and 9 shillings for single men. A major objective of the severe reduction in single men's rates was to discourage such men from seeking relief under the No 5 Scheme. Instead the Board was keen to place them on its rural relief schemes. This "discouragement" was taken a step further when the scheme was reinstated on April 25. The Board refused to provide single men with work on the No 5 Scheme, expecting local bodies to take on this responsibility. Local bodies, however, met this situation with such indecisiveness and confusion that the Board was forced to back down (Robertson,1978:48).

The Board also restricted the casual earnings of relief workers. In the winter of 1933 the widespread distress induced the Board to relax its regulations. Workers were allowed to earn up to 10 shillings a week. This was especially useful in country

areas where standdown weeks still applied (Robertson,1978:63). The Board conducted a survey at one labour bureaux which showed that nearly one half of relief workers supplemented their incomes with casual earnings (AJHR,1935 H-35:2).

Perhaps the most effective of all the Board's techniques for reducing expenditure was simply to reduce the allocations it made to local bodies. This was particularly effective because it left the local body with the undesirable task of deciding how to make the cuts. It also ensured that much of the frustration and anger which these cuts engendered amongst the unemployed was directed against the local body rather than the Unemployment Board (Robertson,1978:51). Thus, for example, in late June and early July 1931, the Unemployment Board used this technique to reduce the numbers in receipt of relief under the No 5 Scheme by 1,400 in Auckland, 1,000 in Wellington, and 800 in Christchurch (ibid:52).

Despite the continual economies, the expenditure on No 5 Scheme vastly outmatched the Board's revenue. On 9 June the Minister of Finance informed the Board that this existing rate of expenditure could not be continued. The Board was unable to devise adequate reductions in the No 5 Scheme, and suggested instead that the scheme be scrapped on 20 June. The Cabinet endorsed this move; however the public response was such that the decision was reversed. Representations were made from "all parts of the country and by all sections of the communi-

ty"(AJHR,1931 H-35:16). It was also the first time that government initiatives were met by the complete non-co-operation of local bodies who, in this case, were expected to instantly provide work relief when the No 5 Scheme closed down (Roberston,1978:50). The scheme continued to operate and by July it had incurred a debt of over 250,000 pounds (AJHR,1932 H-35:4).

The government funded the No 5 Scheme out of Consolidated Revenue until the Unemployment Ammendment Act of August 1931 placed the Unemployment Board on a more secure footing. However, despite the increased revenue resulting from the Emergency Unemployment Tax, the Board was still plagued by the conflict between revenue and registered unemployment. This situation did not improve until 1934.

Despite assurances that the No 5 Scheme would not be altered, the reconstructed Unemployment Board continued to pursue policies designed to reduce expenditure on the scheme. As well as reducing allocations, the Board also introduced a number of additional schemes which were more oriented to 'productive work'. After 1933 the Board increasingly substituted sustenance payments without work for relief under the No 5 Scheme. To some extent the Board was successful in reducing the scope of the No 5 Scheme. Whereas in September 1931 it accommodated 78.8 per cent of the unemployed, this dropped to 61.2 per cent in September 1932; 56.0 per cent in September 1933; 50.5 percent in

September 1934; and 40.1 per cent in September 1935 (New Zealand Statistics of Unemployment, 1939:22; in Robertson,1978:45).

Local Bodies and The No 5 Scheme.

Although the Unemployment Board designed the No 5 Scheme, and, once it was implemented, supervised its operation through regulations and control of the major purse strings, much of the responsibility for the creation of work under the scheme fell upon local authorities. Not only did the structure of the scheme force them to contribute financially to relief work, it also compelled local body initiative and administration of relief work (Robertson,1978;79).

The response of local bodies to the No 5 Scheme was varied, although, on the whole, it seems they welcomed state initiatives. It is evident, however, that the relationship between the Unemployment Board and local authorities was not good. The Board had little appreciation of the situation of local bodies. It also seems evident that many local bodies used the No 5 Scheme for their own benefit. Tait notes, for example, that both Marton and Rangitikei councils pursued stringent budgetary economies, and thus:

> (r)ather than use the no 5 Scheme to provide local amenities through community projects, the local bodies saw the scheme as a means of cutting labour and administrative cost, thereby providing indirect relief to all ratepayers. It was a policy that was supported by both the ratepayers and the press. (Tait,1978:57).

The Council perceived its first responsibility to be the wellbeing of settlers. This concern determined the Council's use of the Unemployment Board's funds, and the fate of relief workers (Tait,1978:58).

The Unemployment Board specified that works under the No 5 Scheme should be developmental or productive in nature. However, the demands which such works made on the employing body by way of time, organisation and administration, not to mention non-labour costs, meant that most work was on improvements to roads, school and hospital grounds, and public domains. Appendix 1 contains details on the number of men employed on various types of reproductive and non-reproductive work between December 1931 and June 1935.

In the cities there was little scope for productive works and the Unemployment Board's official categorisation of most of the work as 'non-productive' hardly captures its nature. Burdon argues that the work was frequently;

> unimportant or frankly futile. Harassed municipalities were often at their wits' end to provide jobs, and naturally industrious men became demoralised at finding themselves condemned to sweep up dead leaves or hoe weeds from the boarders of a footpath, obviously enough for no other purpose that to give them at least the semblance of an occupation. (Burdon,1965:140)

In rural areas there was often more scope for productive work. In Rangitikei some men were employed on local works arranged between local bodies and settlers, and others on a

programme of afforestation (Tait,1978:63). The extension of the No 5 Scheme to incorporate "reproductive" work on private lands was effected in late September 1931. This aspect of the scheme, commonly called the "over the fence" scheme, was potentially productive and cheap. However it was often criticized because of its obvious benefits to landowners (Robertson,1978:88). The Unemployment Board stipulated that 'over the fence' work be limited to farmers who were financially unable to conduct the work with their own resources. Tait observes that in the Rangitikei area at least, local bodies seldom took such factors into consideration (Tait,1978:55). There were also more overt abuses of the 'over the fence' scheme. In Mornington, Dunedin, for example, it was found that relief workers were being used to clear gorse and scrub from a land agent's property (Robertson,1978:88). In 1933 the Unemployment Board altered the regulations governing 'over the fence' work, restricting it to farmers, and insisting that farmers contribute to the costs of the work - usually 25 per cent of the estimated cost (ibid).

The most persistent criticism of the No 5 Scheme was the unproductive nature of the work done. The Unemployment Board blamed this on local authorities, and the local authorities blamed it on the Board's policies. The No 5 Scheme was said to be more difficult to administer than many of the Board's other schemes, and even where the scheme was abused, local bodies criticised it. In Rangitikei, for example, it was argued that 75 per cent of the work done was unproductive (Tait,1978:53,63-4).

It was certainly true that the Board's policies made the scheme difficult to utilise. In particular one might mention the following policies: the system of rationing, the Board's insistence that work be authorised week by week (Roberston,1978:49), the insistence that all work be such that it could be terminated with a weeks notice (ibid), and the refusal to allow surplus funds from one week to cover the next weeks expenditure (Tait,1978:64).

Part of the problem with the No 5 Scheme was the Unemployment Board's belief that the work should be made unpleasant for the men. This was founded upon three considerations. Firstly, the Board believed that urban relief works were inherently unproductive and should not therefore be encouraged. Thus, instead of increasing funding to a level which would support productive projects, the Board attempted to resolve the problem by reducing expenditure. Secondly, the Board was firmly convinced that urban relief works, unless made harsh and unpleasant, attracted men away from country areas, accentuating problems in the city and depleting the labour force of the country areas (Robertson,1978:63). Furthermore, the Board believed that the unemployed needed to be given incentive to join its rural relief work schemes. Finally, the Board believed that the workers on the No 5 Scheme were not making sufficient efforts to find themselves work. Again, by allowing the conditions on urban relief works to deteriorate, the unemployed were given an incentive to look elsewhere (ibid:53).

Criticism of the scheme supported these beliefs insofar as it often dwelt upon the inefficiency of workers and their unwillingness to take up private employment. Robertson notes the example of the Onehunga relief works:

> The foreman of the Onehunga relief works estimated that it took 600 unemployed men to do the work expected of 270 fulltime men. "Disinclination to work, lack of ability, poor equipment, and intimidation towards those men willing to work on the part of the undesirable element" he claimed, was responsible for the loss of efficiency. (Robertson,1978:85)

In Rangitikei it was often claimed that there was insufficient disincentive in the No 5 Scheme, therefore encouraging idleness. This was, in particular, triggered in December 1932 and in 1936 by the difficulty experienced by some farmers in obtaining seasonal labour (Tait,1978:64-5). Similar allegations were made in other areas. For this reason the No 5 Scheme was suspended in some areas in January 1932. This did not, however, result in a decrease in the number of registered unemployed. The extreme hardship experienced by the unemployed in several areas necessitated the scheme's reintroduction (Noonan,1969:31).

The unemployed also often complained about the No 5 Scheme and often they directed these criticisms at local bodies. In Dunedin, for example, the three most common complaints were that men were given no transport allowance, that there were no shelters on the work sites, and that the work they were required to do was unsatisfactory (Robertson,1978:84). All of these criticisms related back to economic considerations - they all

required the local authority to increase its rate of expenditure (ibid).

Representations to authorities were frequently made by the unemployed, usually in protest of the rates of pay and rationing. These protests were futile. Local bodies were either unwilling or unable to alter pay rates, and the Unemployment Board was not sensitive to the unemployed's complaints. Even the riots of 1932 resulted in little real gain. Rationing was reorganised, and affected areas were exempted from the next round of reductions. In the following November, however, the Unemployment Board was again reducing the allocations to local bodies.

By 1934 the country's economic situation was improving. The number of men dependent on the Unemployment Board peaked at 75,246 in October 1933, and the revenue from the Emergency Unemployment tax began to increase. The Unemployment Board felt that it could afford to increase relief rates under the No 5 Scheme (AJHR,1935 H-35:1-19). At the same time, local bodies were developing a different approach to unemployment. After 1934 they were in many cases willing to accept some responsibility where it was clear that the government would not. By this stage their economic circumstances had also improved, but equally importantly, the increased use of sustenance payments in lieu of work, plus other alternative schemes, was relieving the pressure on the No 5 Scheme, and therefore on local bodies. Local bodies became more willing to supplement the Unemployment Board's relief

rates under the No 5 Scheme, and to undertake more expensive and productive relief works.

The No 5 Scheme operated beyond 1936; however after the passing of the Employment Promotion Act in May 1936 all work was subject to the standard conditions covering the particular type of work (Robertson,1978:201n). The majority of relief workers were transferred into full time work. The remainder, being largely unfit for heavy work, were transferred to sustenance (ibid).

6-3) The Camp Scheme.

The restructuring of the Unemployment Board in August 1931 had major implications for the directions pursued in the attempt to come to terms with unemployment. With the new Board the government had clearly expressed a desire to move away from the principle of "sharing the burden" which had resulted in policies such as the No 5 Scheme. At the same time, the tightening of central government's control over the Board suggested that it would continue to operate firmly within the constraints imposed by its limited revenue.

The new Board was particularly concerned about the unproductivity and waste of the No 5 Scheme. However, rather than expand and modify its operation to remedy this situation, the Board believed the best solution lay in the diversification of its activities. The No 5 Scheme was therefore viewed as an expensive obstacle to the Board, and the previous policy of reductions in the allocations to the No 5 Scheme were continued.

Unlike the earlier Unemployment Board, the new Board compensated for reductions in the No 5 Scheme by introducing a number of alternative schemes. One of these was the Camp Scheme - significant at least because it demonstrated the Board's willingness to co-operate with other government departments in effecting unemployment relief. The United government had taken the precaution of creating a new Ministerial Portfolio of Unemployment in anticipation of an alliance between the Reform and United parties. When the Coalition was formed and became the government in 1931, Coates (the leader of the Reform Party), became the Commissioner of Unemployment. In September 1931 he replaced the Minister of Labour as the Chairman of the Unemployment Board (Burdon,1965:139). Coates was an advocate of public works and was enthusiastic to explore the possibility of co-operation between the Unemployment Board and Public Works Department. At the time, the Public Works Department was suffering the effects of cuts to its expenditure and staffing, and therefore welcomed this idea. It had been exasperated by the wasteful use of workers under the No 5 Scheme, and envisaged a

large programme of relief involving public works projects (Robertson,1978:226).

Initially the Camp Scheme was set up in an experimental fashion. The Main Highways Board provided work on roads and found the costs of establishing camps, and providing them with food and utensils. The Public Works Department provided expertise, organisational skills and equipment. The Unemployment Board paid for the transport of men to the camps and the workers wages. These wages were based on a contract for individual effort, calculated to return ten shillings a week for forty hours work. Camps were quickly established and in October 1931 they accommodated 840 men (AJHR,1932 H35:17).

Having judged the camps a success, the Board offered similar arrangements to other government departments and local bodies. This time the camps were not limited to single men. The scheme was also extended to include land development work. As well as local bodies, the Public Works Department, the State Forest Service, and the Lands and Survey Department made use of the scheme. The numbers employed under the Camp Scheme from September 1931 to July 1935 are presented in Table 6.

The initial response to the scheme was not as great as the Board had desired. Although it was compulsory for men to go to camps when directed the Board did not enforce this clause, largely because it had insufficient camps. After the riots in

Table 6: Workers Employed Under the Camp Scheme.

Month/Year Month/Year	Highways and roads	Land development	Other camps	Total
1931				
Sept	650	10	90	750
Oct.	820	90	110	1,020
Nov.	875	85	20	980
Dec.	780	80	40	900
1932				
Jan.	855	130	50	1,035
Feb.	900	275	50	1,225
Mar.	930	355	60	1,345
Apr.	965	495	40	1,500
May	955	735	50	1,740
June	1,055	870	540	2,465
July	1,255	1,175	850	3,280
Aug.	1,250	1,350	790	3.390
Sept.	1,125	1,590	950	3,665

Source: AJHR,1932 H-35:17.

1932, however, it was decided to use the scheme to relieve the pressure in the cities. As the men were reluctant to enter the camps voluntarily, the Board decided to compel them to go (Robertson,1978:228). Single men were denied any form of relief aside from work camps, and in the cities gangs of single men under the No 5 Scheme were broken up (ibid).

The unemployed were less enthusiastic about the Camp Scheme than was the Unemployment Board. Strikes and bans on camp work were the most common forms used by the unemployed to express their dissatisfaction. In early 1932 it was decided that 500 unemployed Wellington men would be sent to camps immediately. Two hundred eligible men promptly refused to go and at a meeting on April 12, a further 700 relief workers decided to refuse camp

Table 7: Workers Employed Under the Camp Scheme at Four Weekly Intervals,

October 1932 to July 1935.

Date	Highways and back roads	Land development	Afforestation	Total
1932				
29 Oct.	995	1,379	615	2,989
26 Nov.	889	1,401	499	2,789
24 Dec.	859	1,402	469	2,730
1933				
21 Jan.	568	1,488	287	2,343
18 Feb.	862	1,637	291	2,790
18 Mar.	898	1,724	409	3,031
15 April	985	1,736	322	3,043
13 May	966	1,681	344	2,991
10 June	1,011	1,718	781	3,510
8 July	1,088	1,714	1,137	3,939
5 Aug.	1,184	1,680	1,232	4,096
2 Sept.	1,264	1,907	1,199	4,370
30 Sept.	1,205	1,640	1,005	3,853
28 Oct.	1,164	1,472	987	3,623
25 Nov.	1,036	1,413	646	3,085
33 Dec.	923	1,311	612	2,846
1934				
20 Jan.	800	1,187	524	2,511
17 Feb.	825	1,153	542	2,520
17 Mar.	933	1,034	617	2,584
14 April	907	1,320	654	2,881
12 May	991	1,392	679	3,062
9 June	765	1,495	667	3,927
7 July	836	1,613	805	3,254
4 Aug.	769	1,599	843	3,211
1 Sept.	825	1,602	824	3,251
29 Sept.	731	1,536	731	2,998
27 Oct.	678	1,458	661	2,797
24 Nov.	649	1,259	655	2,563
22 Dec.	633	1,285	656	2,574
1935				
19 Jan.	566	1,212	603	2,381
16 Feb.	412	1,186	589	2,187
16 Mar.	310	1,261	678	2,249
13 April	282	1,153	708	2,143
11 May	274	1,235	703	2,212
8 June	216	1,197	797	2,210
6 July	215	1,145	957	2,317

Source: AJHR, H35; 1932-35

work (Noonan;1969:130). Similarly, in Christchurch relief workers struck late in March over a proposed married men's camp under the auspices of the Waimakariri River Trust. The camp was to pay the normal Unemployment Board rates of 37 shillings and 6 pence for a forty hour week. Out of this sum the men had to provide transport, accommodation and food. Although the rate of pay was slightly higher than that prevailing in the city under the No 5 Scheme, the hours were considerably longer and the men were separated from their families. The boycott lasted ten days during which there were several large public meetings. Unlike many other protests by the unemployed, this boycott was successful in that wage rates were increased (Noonan, 1969:146).

Although the number of men employed under the Camp Scheme doubled between April and July 1932, the constant resistance to the Board's attempts to compel single men into camps slowed the scheme's growth. Some officials thought that resistance could best be overcome by sending troublemakers to special penal camps. The Unemployment Board, on the other hand, thought the easiest solution would be to redirect its efforts - this time concentrating on married men whose family responsibilities, the Board believed, would render them more open to reason (Robertson,1978:235). The Public Works Department was therefore instructed to establish no more single men's camps, and to let those in operation run down. Late in 1932 the Board proceeded with its first married men's camps.

The married men in Public Works Department camps were paid on a different scale to both single men in camps and to married men in local body camps. Work was organised according to the co-operative contract system, based on group effort, calculated to return 3 pounds for a 40 hour week. As with local body camps, married men were expected to pay for transport, food and accommodation out of this sum (Robertson,1978:240n).

In the beginning there was little compulsion behind married men's camps, and the response from the unemployed was minimal. Dissatisfied with this state of affairs, in March of 1933 the Board again decided to use force. This time, however, the reaction was more widespread than previously. Every time the Board attempted to force married men into work camps it was met with such widespread public indignation and protest that it was forced to back down. In fact, in May and June 1933, anti-camp councils were formed in several of the major centres (Robertson,1978:238). The Board's first attempt to force married men into camps was made in March 1933 in the small Dunedin borough of St Kilda. In May the Board attempted the same move in Auckland, Wellington and Christchurch. In April and May 1934, Palmerston North and Dunedin were approached, and between 1934 and 1935 a number of smaller towns and boroughs were tackled with an equal lack of success (ibid:236-8).

A major theme in the reaction against the Unemployment Board was the disruption of the family. However, it is interesting to

note that married men's work camps had been run successfully by the Public Works Department for over thirty years without such an uproar. Furthermore, after 1935, the Unemployment Board ran a programme of work camps for married men which had no difficulty in obtaining labour (Robertson,1978:239). These camps paid award wages for fulltime work, and were set up with the needs of the unemployed in mind (ibid). But perhaps the most telling fact was that local authorities encountered little of the resistance and agitation that confronted the Unemployment Board (ibid). Local authorities had been running successful married men's camps long before the Board attempted to compel men into camps.

The unemployed, it seems, were not reacting so much against the notion of work, as against the conditions forced upon the men in the camps, the Unemployment Board's methods of administering the camps, and the notion of compulsion itself. The unemployed were increasingly antagonistic towards the Unemployment Board and suspicious of its motives. Many of them believed they had been sent to camps in the country to prevent them protesting against an unjust social system. Robertson argues that:

> A sense of exploitation caused them to react either militantly against the system or to become lethargic, slowing down the work done in the camps.
> (Robertson,1978:234)

The difference between the experience of the Public Works Department and local bodies with the Camp Scheme can be partly explained by the differing attitudes held by these bodies. Whereas the Public Works Department was primarily concerned with

the work that was being done, the local bodies often paid more attention to the needs of the unemployed. This was particularly the case after the riots of 1932. Local bodies realised that there was more to relief than merely numbers; one also had to be aware of the feelings of the unemployed. The local bodies had, by 1933, a lengthy history of dealing directly with the unemployed. The Unemployment Board, on the other hand, had always concerned itself primarily with questions of administration and expenditure. The Camp Scheme was the first time it dealt directly with the unemployed (Robertson,1978:242). The practical upshot of this was that local bodies were often more attentive to the needs of camp workers and more flexible and conciliatory in their dealings with the unemployed (ibid:240). It was also the case that many of the counties were sufficiently isolated to ensure that agitation was difficult (Tait,1978:75-6). However, this aside, the conditions in local body camps were also superior.

The conditions pertaining in many of the Unemployment Board's camps were harsh in the extreme. The main drive to establish camps was in March and April 1932 - as winter was setting in (Noonan,1969:24). Frequently the camps were poorly organised. Robertson notes, for example, that

> (r)elief workers engaged on the Hilltop Road in Banks Peninsular complained of having to walk six miles to and from their places of work, of a lack of medical supplies, and of chaotic camp conditions. Toilet facilities

> were a quarter of a mile from the camp, and only one tent had a wooden floor, the remainder lay thick in mud. If the men became wet while working, they went to bed wet, for the camp had no drying facilities. (Robertson,1978:231)

Inadequate rations, leaking tents, poorly cooked food, insufficient bedding, and the absence of proper washing and drying facilities were common grounds for complaint (Noonan;1969:24).

Discontent in camps was a frequent occurrence and the Public Works Department received a barrage of complaints. Many of these were settled amicably, though in some cases they ended in an open dispute. The men in a single men's camp near Ashburton, for example, walked out in August 1933 over the conditions of their camp (Robertson,1978:231).

The Public Works Department had difficulty understanding the complaints that it regularly received. During the course of its thirty years experience with work camps it had never encountered such discontent. The Department failed to appreciate the peculiarities of unemployed workers who were often unfit, inexperienced and unwilling. Perhaps most important of these were the problems associated with the "pocket money" pay received by the men. They could not afford to purchase the additional food, clothing and fuel with which camp workers traditionally made their existence more tolerable (Robertson,1978:232). It also meant that irregularities - such as when the paymaster forgot to turn up - took on larger significance. Such

irregularities often produced an undercurrent of resentment and anger in the camps (ibid:233).

There was also an element of intention in the conditions in the camps: the Unemployment Board was reported as having argued that if conditions were made too pleasant the men would have no incentive to leave. This was hardly fair, however, as the Board made no attempt to help the men overcome the barriers to employment that the camps created (Robertson;1978:233). Furthermore it was clear that the pay received by the men while in camp was so inadequate that the men could not leave. An M.P. who visited a camp complained that:

> The men were practically prisoners, for they had not the money to bring them into town thirty miles away. (Hansard,vol.236:468 - Mr Atmore, in Burdon;1965:139n).

It was also a condition of the scheme that if a man left camp or was dismissed within one month of arriving, he had to refund his transport costs to the Board or forfeit all right to further relief. This further confirmed the prisoner status of the unemployed.

Dissatisfaction with the Camp Scheme was not one sided. The Public Works Department did not find it totally acceptable either. The Assistant Engineer in Palmerston North, for example, complained about the unfitness of the labour sent to him by the Wellington Labour Bureau. Their ailments included:

> A badly ulcerated stomach; bad varicose veins; a septic hand; a paralysed arm; bad body sores; a man just discharged from hospital with a compound fracture of the leg. (Noonan;1969:25)

This was the fault of the Hospital Board, as men unfit for work became their responsibility. This provided them with a natural willingness to certify men as fit (ibid:26). However, the Unemployment Board's policy of recruiting labour for the camps only from urban areas also ensured that most men would be either unfit for, or inexperienced at heavy manual work. This policy also raised the issue of the efficiency of relief works. While it could not be denied that Camp Scheme work was more productive than work under the No 5 Scheme, such work did not efficiently utilise the resources of the unemployed. The Unemployment Board set to work with picks and shovels all men irrespective of their skills or training. In addition to the inefficient use of labour the Camp Scheme workers were also inefficient and slow at their work. The district engineer in Otago, for example, noted that the single men's camp working on the Taeiri Mouth to Milton road was only operating at 55 per cent of the efficiency of normal labour (Robertson,1978:230).

Much work of value was done under the Camp Scheme; however much of it would likely have been done even in the absence of Unemployment Board funds. Local bodies and farmers in particular used the scheme to their advantage. Local bodies, such as the Rangitikei County Council, utilised the Board's funds to increase the capital value of their roads with little sacrifice of their own funds (Tait,1978:72).

The Camp Scheme operated extensively during 1933. By 1934 the economic situation had improved and the Board was moving ahead on its attempts to expand fulltime employment. Work on road improvements for the Main Highways Board was allowed to run out and camps closed down. Where the Main Highways Board wished to retain camps, it was arranged for the men to be employed at award wages (AJHR,1935 H-35:14). After the Labour Government's Employment Promotion Act, most of the remaining camps were either closed down or transferred to the Public Works Department where they became fulltime camps paid at award rates. The Public Works Department was, however, still subsidised from the Emergency Unemployment tax (Tait,1978:75).

6-4)Conclusion.

In the Liberal Era, the Co-operative Works Scheme and relief work combined with the Department of Labour's employment bureaux, to present a unified and effective front on the issue of unemployment. Between 1930 and 1935, by contrast, the Unemployment Board's operation suggest that the government did not have an adequate strategy. This was clearly reflected in the No 5 Scheme and the Camp Scheme. The No 5 Scheme was the attempt to reconcile the concept of 'no work no pay', with a strictly

limited budget and escalating unemployment. The size and cost of the scheme rapidly got out of hand, and throughout the depression attempts were made to reduce it. The scheme also attempted to impose a variety of ideas about the locus of responsibility for unemployment relief that were incompatible with the extent of the country's economic crisis. At the grass roots level, the scheme's inadequacies took the form of relief rates of pay that were below subsistance level, rationing and stand down weeks, and futile and wasteful work that achieved little. The Camp Scheme partly arose out of the failings of the No 5 Scheme. It was an attempt by a revitalised Unemployment Board to provide productive relief works. It involved a reorientation of policy - work was provided with the co-operation of government departments. Although this may have succeeded in raising the productivity of relief works, it was unsuccessful in terms of its involvement with the unemployed. Both the unemployed and the general public found this scheme unacceptable. Their resistance was perhaps the major factor limiting the scheme's development.

The impression that is gained is that the Coalition Government did not develop an adequate policy response to unemployment. Rather, the economic situation improved and unemployment peaked, relieving the pressure on existing policies. To an extent, this impression is the result of the exclusive focus on the Camp Scheme and the No 5 Scheme. If, for example, it had been decided to investigate the No. 10 Building Scheme, a different conclusion about the Coalition Government's response to

unemployment may have resulted. But despite the existence of more innovative policies, the No 5 Scheme and the Camp Scheme remained the main lines of response to unemployment.

Chapter Seven

The Crisis of the State.

Coping with the Great Depression.

7-1) Introduction

The strikes, riots and revolts against the Unemployment Board mentioned in Chapter 6 suggest that public reception of the No 5 Scheme and the Camp Scheme was much different to that accorded the Co-operative Works Scheme in the Liberal Era. The reasons for the differing nature of these receptions is to be found in the political and ideological climates of the times. In Chapters 4 and 5 it was argued that the Liberal Era was marked by a solid political unity founded on the concept of social justice. This principle was embodied in a series of hegemonic projects, and also found expression in the form of unemployment relief. The purpose of this chapter is to investigate the political and ideological context of the depression years. Chapter 8 will

present an analysis of the No 5 Scheme and the Camp Scheme which locates them within this wider context.

During the Great Depression two important developments were taking place in political relations; firstly, the hegemony of farmers, established at the end of the Liberal Era and stable up until the mid-1920's, began to fragment under the onslaught of deteriorating economic circumstances and other pressures. Increasingly, farmers came to dominate the government in an overt fashion. This domination was secure in the House, but disruptive in its effects on the balance of political forces. The second trend was the ascendency of the Labour Party. Labour began as a small, avowedly socialist party, but in 1928 it shed its revolutionary rhetoric in favour of policies designed for popular support. Between 1930 and 1935 this support was increasingly provided, and in 1935 Labour won the election. The rise of Labour was more than just an electoral victory; it was founded on the Party's skill in integrating into its (now non-revolutionary) discourse, the diverse and fragmentary groups that were produced by the depression and the government's policies.

This chapter is concerned with these processes of ideological disintegration and ideological unification, particularly as they relate to the state. Again, it must be emphasised that political relations do not occur independently of the state. The state is a structurally limiting institutional

ensemble which mediates political relations. Political relations and the state are thus inseparably intertwined. This also explains why specific state interventions must be explained in terms of the articulation of state structures and political relations. This chapter will be structured by the three elements of state apparatuses that were discussed in Chapter 2; the forms of representation, state organisation and state intervention.

7-2) The Form of Representation.

The form of representation is a state structure that regulates the relations between classes, and between classes and the state. It is a structure which mediates political demands and supports. Although it does not determine which political forces are to be constituted as such, or which force is to be dominant in a social formation, the form of representation does have significant effects in these respects. In particular, the form of representation can be understood to have implications for the access which various political forces have to the state apparatuses.

In Chapter 5 it was suggested that the parliamentarist form of representation became dominant during the Liberal Era. In New

Zealand this form of representation took the form of a democratically elected government, universal franchise, formal equality between citizens, and popular-based political parties. Parliamentarism offered the potential for a system of political domination which is non-class based. In the Liberal Era this was realised; the Liberal hegemony was based on non-class notions such as social justice.

There were no significant modifications to the parliamentarist system in New Zealand until after 1935. The political instability and turmoil associated with the depression therefore occurred within this system.

The Liberal hegemony became fragmented by the end of the first decade of the twentieth century, and was replaced in 1912 by a hegemony founded squarely on the interests of farmers. Its central ideological principle might commonly be understood as the notion that farming was the backbone of the country. An important aspect of this hegemony was that it explicitly excluded the trade union movement (Gibbons,1981:321). In 1912-13 the government crushed the unions. The working class were then interpellated as citizens, and were therefore not recognised to have interests that were different from the national interest. Despite the attempt to eliminate the trade union movement, there continued to exist an expression of working class interests in the small political Labour Party.

Until the mid-1920's the hegemony of farmers was largely unchallenged. In Parliament the position, especially during the 1920's, was a little less stable. There existed three political parties. Two of these (Reform and Liberal) were implicitly conservative insofar as they subscribed to the orthodox view of New Zealand society. The third, the Labour Party, as has already been mentioned, explicitly represented the interests of the working class. At that time Labour was an avowedly socialist party.

The initial origin of political instability was not the existence of the Labour Party so much as the Reform Government's inability to obtain a clear majority in the House. This forced it to continually rely on opposition support for its policies (Martin,1981b:30). As long as Labour was weak in the House this was less of a problem. Reform and Liberal both subscribed to the political and ideological orthodoxy (Richardson, 1981:216). This ensured the political instability always occurred within the bonds of this orthodoxy.

The middle to late 1920's were difficult years marked by economic slumps and mounting unemployment. The Labour Party continually expanded its support. This was problematic for the government, firstly because it made Parliament more precarious, and secondly because it indicated that the orthodoxy was beginning to lose its supremacy. Labour claimed to represent the workers - a group which both Reform and Liberal's argued were

represented by them. The emergence of Labour as a strong political party threatened to polarise politics between Labour and 'conservative'.

By the 1928 election the Labour Party had decided to change its line of approach. In order to obtain power it toned down its revolutionary rhetoric and began tailoring its policies to gain mass appeal. In particular Labour was keen to catch the votes of small farmers who were increasingly dissatisfied with the government. This did not however, signal the end of Labour as a politically disruptive force. Labour continued to develop the polarity between themselves and the two conservative parties. However, where previously this antagonism had been disseminated as class based (that is, workers versus capital), it was now broadened out. Labour attempted to interpellate groups, such as disillusioned small farmers, into a discourse of antagonism with the conservative government. This discourse interpellated individuals, not as members of the working class, but as the 'people'.

These changes were not effective in the 1928 election. What did prove effective was a revitalised Liberal Party running under the label of United. This party was led by the ailing Sir Joseph Ward, a leader who the people of New Zealand remembered fondly. As well as Ward, the United Party had to offer a spirit of optimism, a policy of borrowing to get New Zealand out of the slump, and a committment to increasing unemployment relief.

United was a minority government, relying on opposition support to stay in power. This support was forthcoming from the Labour Party who were keen to keep Reform out. The Reform Party was advocating retrenchment and cuts in civil servant's salaries. United was not just a minority; it was a weak government. Its politics and its optimism were based on its poor comprehension of the situation New Zealand was facing. In May 1930 Ward retired and was replaced by the less able Forbes. Shortly after Ward's retirement, Forbes released a gloomy financial statement.

The United Government was not really an alternative to Reform. Its election represented a retreat from the problems facing the nation. As far as ideological strategies go, the United Party's policies simply asserted that the problems did not exist, and that New Zealand was alright. When it proved impossible to prevaricate any longer, the United Government embarked upon the conventional strategy of retrenching the state and reducing wages. This approach was directly in line with the orthodox analysis of the economy.

The United Government's change of policy was unacceptable to Labour who then withheld their support. By contrast, Reform had been advocating such an approach for some time. This was the beginning of an alliance between the two parties that was developed more fully in the Coalition Government of 1931-35. Coates, leader of Reform, had misgivings about the merging of Reform and United. He thought that it would signal the

degeneration of politics to the level of 'class politics', with employer matched against employee (Fraser,1961:15).

Coates still believed that the Reform Party could represent New Zealand as a 'people'. In this he was misguided. However, he was right in fearing that the alliance of Reform and United would result in a polarisation of politics. Ultimately the Coalition proved incapable of reuniting the people of New Zealand.

The demise of the hegemony of farmers was not simply a product of worsening economic circumstances. Perhaps more important were the government's strategies to cope with the depression. The state was faced with a declining revenue base and increasing demands for assistance. The government was less able to grant the concessions that were increasingly necessary to hold the social formation together. The response was to attempt to rationalise and reassert the hegemonic principle of articulation - that farmers were the backbone of the country. Between 1931 and 1935 this principle was converted into various hegemonic projects. These projects involved retrenchment and belt tightening. Perhaps the dominant theme throughout was 'sharing the burden'.

The orthodox view of New Zealand ascribed the difficulties of the depression to the mismatch between the prices received by farmers for their products on overseas markets, and the

inflexibility of internal costs. Thus the remedy was to reduce internal costs. This became the concept of 'sharing the burden' and was expressed in hegemonic projects of reduced state expenditure and reduced wages and salaries.

The notion of sharing the burden and the hegemonic projects to which it gave rise was sufficient to give the Coalition a decisive victory in the 1931 election. However, Labour also significantly increased its support. The Coalition's comfortable majority kept it in power, despite a rising revolt against the government.

The Coalition's hegemonic projects proved to be inadequate in the long term. When translated into policy, sharing the burden seriously affected wage and salary earners, beneficiaries, the unemployed and many sections of capital. In fact, perhaps the only group to benefit from the government's policies were the farmers. But even here there was mounting dissatisfaction with the Coalition. It always intervened too late and too ineffectually. A contrary criticism levelled at the government by this group was that it too socialistic in its legislation.

The government's hegemonic projects caused damage to many interest groups who had previously been interpellated within the dominant ideological discourse. This damage provided a base for the organisation of political forces by highlighting the conflicts of interest between these various groups and the

interests of farmers. Even within the government's stronghold of support, divisions became apparent. Particularly significant was the split between urban and rural interests. The government was dominated by rural interests; out of ten Coalition Cabinet Ministers, only the Minister of Finance, Stewart, represented urban capital. The government's decision to devalue in 1933 prompted his resignation (Noonan,1969:9). Devaluation was a move designed to increase the revenue of farmers, but it was opposed by manufacturers and importers, who regarded it as inimical to their interests, and by the banks who had previously been responsible for such matters. The effect of such government policies therefore was to fracture the power bloc rather than to unite it.

In the country as a whole the government's policies were reflected in mounting disillusionment and despair. The government's handling of unemployment was a point for the rallying of resistance, but what upset the populace even more were the reductions in the benefits paid to widows, soldiers and the aged (Noonan,1969:70). Some of the despair spilled over into social unrest. The unemployed in particular were active. During 1931 there were frequent marches, demonstrations and pickets, and it was regularly reported that the police used batons against unruly demonstrators (ibid). In 1932 there were major disturbances in all the cities, and in each case rioting was associated with the No 5 Scheme (ibid:179).

The government's response to these agitations was repressive. They were not regarded as legitimate expressions of dissatisfaction. Rather, they were seen as the work of a "lawless minority" and "communist agitators" (Richardson, 1981:233). For the general public, however,they seemed to play a different role. They made people aware of the existence and plight of the unemployed - especially as the composition of the unemployed began to feature middle-aged, middle-class, married men with family responsibilities. Noonan notes that the riots had another affect on the public:

> By threatening the property of those already adversely effected (sic) by the depression, the riots made these people aware, perhaps for the first time, of the development of a deep social cleavage which was beginning to destroy the traditional homogeneity of New Zealand life. (Noonan,1969:173)

The disintegration of the hegemony of farmers occurred very much within the parliamentarist form of representation. It was complemented, and even encouraged by the ascendancy of the Labour Party. Labour offered an alternative ideological discourse which provided a critique of the existing regime and the basis for a new political orthodoxy. Labour did not support the riots of 1932, though it had predicted for some time that violence would result from the government's policies. It attempted to interpellate individuals into the Labour movement as citizens, and as the 'people'. In so doing it established an antagonistic relation between the 'people' and the government. The Coalition was seen to represent 'class'; Labour by contrast, was seen to be founded on the ideological principle of humanitarianism

through state intervention. With this it also managed to integrate the vocal element of the religious community.

The radicalism of the 1930's was, as Gibbons points out, an inchoate radicalism without either ideology or coherence, contained within the narrow bounds of colonial experience (Gibbons,1982:322). Clearly the Labour Party played an important role in containing this radicalism, and giving it the coherent ideology that it lacked. The effectiveness of the Labour Party in achieving this ideological discourse was largely due to the strong leadership of the party, its ideology, and its proposed hegemonic projects. It was also partly due to the organisation of the party. The Reform and United parties campaigned separately in both the 1931 and 1935 elections. Neither party had effective national organisation. Labour, by contrast, had an extremely efficient system of organisation. Richardson summarises Labour's strengths:

> labour was well organised, with numerous and active branches, electorate representation committees which included the trade unions, a programme of financial and welfare measures, and a strong leadership. (Richardson,1981:225)

The elections of 1931 and 1935 were not fought between capital and labour as Coates feared. They were were fought between 'capital' and the 'people'. In the face of an economic depression and political collapse, Labour managed to reconstruct a stable hegemony which still operated within the parliamentarist form of representation.

7-3) The State Organisation: Retrenchment.

The second structural aspect of the state that is important in examining the relations between the state and political forces is the system of organisation of state apparatuses. The state, it was argued in Chapter 2, is an institutional ensemble which is not inherently united and functional; the unity of the state must be constituted politically. But such unity is also dependent on the existence of extra-discursive factors. One of these is the system of organisation. Tyically unity is contingent on the existence of the bureaucratic form of organisation, although under certain circumstances it may be supplemented by other forms. In this section it will be argued that between 1930 and 1935 the formal organisation of the state was undermined by the inadequacy of its revenue base and the pursuit of a policy of retrenchment by the government. The role of quangos in the organisation of the state will also be discussed.

The bureaucratic mode of organisation was well established in New Zealand even before the Liberal Era. Despite this, the state faced periodic difficulties because of its revenue base.

In 1890 the taxation system was reorganised to provide a more adequate source of revenue to support the extension of state intervention. By the late 1920's, however, this revenue base was again restricting the state.

In 1932 the government estimated that its revenue from taxation, customs and other sources would drop from the 22.6 million pounds of the year before to a mere 17.9 million pounds in the forthcoming year. Furthermore, expenditure was expected to increase to 25.12 million pounds because of necessary payments, giving rise to an estimated budget deficit of 8.3 million pounds - or 27 per cent (Wigglesworth,1954:28). In fact, revenue did not decrease to this extent, due largely to increases in taxation. It did however reach an all-time low of 22,578,000 pounds in 1933 - 6 million pounds below the level for 1925 (Prichard,1970:429). The problems arising from this reduction in revenue were exacerbated by the size of the national debt resulting largely from war-time spending. By 1933 this absorbed 40 per cent of state expenditure (Martin,1981b:37).

The fiscal crisis of the state could perhaps have been alleviated by the extension of the revenue base. In fact, however, the government pursued the orthodox policy of retrenchment. In 1931 and 1932 the wages and salaries of civil servants were reduced, and considerable savings were made through cuts social services, education and public works. Education was particularly hard hit by the 1932 Finance Bill. The school

leaving age was lowered from 15 to 14, and it became necessary for pupils to obtain authorisation to stay at school beyond this age. Expenditure on new buildings, additions, sites, and teachers residences was cut from 501,344 pounds in 1931 to 259,149 in 1932 (Wigglesworth,1954:63), and training colleges in Dunedin and Wellington were closed down (ibid).

The Public Works Department was also heavily affected by expenditure cuts. In effect this department ceased to perform as a construction enterprise, becoming instead a relief work agency (Wigglesworth,1954:90). The projects selected for prosecution were labour intensive and often merely time killers (ibid:90-91). Work on expensive operations such as railroad construction was stopped and the men transferred to relief-work status on less capital intensive projects such as road metalling. The Department was subsidised in many of its projects by the Unemployment Board.

Three exceptions to the general retrenchment might be noted. Firstly, assistance to farmers was expanded under the Coalition Government. This will be dealt with more fully in the next chapter. Secondly, the expenditure of the Unemployment Board continued to rise, although after the Unemployment Ammendment Act of 1931, the Board was completely self contained. Its funding came from the Emergency Unemployment tax and was not subsidised by Consolidated Revenue as had been the case before this Act. Finally, one might mention the less significant case of the

police force who did not receive the second civil service pay cut as a result of the riots of 1932. This is perhaps most relevant in that it represents an increased emphasis on the more coercive elements of the state apparatuses.

The absence of a revenue base sufficient to support normal state operations in a time of economic recession was clearly a severe limiting factor on its operations. Through the policy of retrenchment this inadequacy was turned into an attack on the organisation of the state apparatuses themselves. Retrenchment therefore made more difficult the task of uniting the state institutional ensemble. The government attempted to overcome resistance from the public service by introducing legislation that compelled co-operation. Thus, under the 1932 Finance Act, any civil servant who criticised the government was liable to be dismissed.

The formal base for the unity of the state was undermined in another way. Jessop argues that the bureaucratic form of organisation is not well suited to discretionary state interventions (Jessop,1982:231-2). Such interventions may require the supplementation of the bureaucratic system with other forms, in particular, semi-autonomous non-governmental bodies. These bodies, or groups, are charged with support, facilitation or direction of specific economic or social activities. These bodies may well disrupt the bureaucratic system. On the one hand the creation, structure and mode of operation of quangos is

completely different to that of bureaucratically organised apparatuses. Unifying quangos and conventional state apparatuses may therefore present problems. On the other hand, quangos offer the potential for a clientilist degeneration of the state to the pursuit of specific 'economic-corporate' interests (Jessop ,1982:232). This is problematic to the extent that it involves a disruption of the parliamentarist form of representation, thus complicating the establishment of a stable system of public domination.

Leaving aside for the moment the question of how the state intervened in the 1930-35 period (to be investigated in the next section), it can be noted that these years were marked by a large number of "commissions, committees and brains trusts" (Wigglesworth,1954:32). Examples of these were the Economic Commission, the "brains trust", and the National Expenditure Commission. These bodies were generally (though not always) composed of "experts" and served in an advisory capacity. The use of quangos between 1930 and 1935 can partly be understood as an attempt to co-opt certain interest groups. Thus, for example, the 'National Expenditure Commission' was largely comprised of businessmen. It was convened by the government to:

> review and report on the public expenditure in all its aspects, [and] to indicate the economies that might be effected. (quoted in Burdon,1965:142)

The Commission investigated departmental expenditure in a most assiduous manner. Its recommendations were often petty and trifling and it was responsible for many of the attacks on the state apparatuses discussed above. It recommended, for example, reductions in wages and salaries, in benefits of all kinds, and in expenditure on education (Burdon,1965:142). Thus, in addition to any manner in which this body might, as a quango, have altered the formal possibility of unity within the state, it directly affected this possibility by disrupting the state bureaucracy through its role in directing retrenchment.

Quangos were also used by the government to perform economic functions that were not thought possible within the existing state structure. This can be understood as part of an increasingly interventionist attempt by the government to alleviate the economic depression.

7-4) State Intervention

It was noted in the last section that the most important area of state expenditure exempt from retrenchment was assistance to farmers. The section which discussed forms of representation explained that the rationale for this exemption was the belief that farming was the central economic activity of New Zealand. Similarly, the depression was understood as the result of a conflict between declining prices for farm products on overseas markets, and more inflexible internal costs. The necessary responses to this situation were threefold. Firstly, the government should ensure that its revenue and expenditure matched so as not to obstruct the economic revival. Secondly, the government should reduce its costs, thus minimising the costs of New Zealand's farm products, and thirdly, the government should intervene to reduce farmer's costs.

Despite the weakening of the hegemony of farmers, this ideology remained dominant up until 1935. The manner of state intervention, however, underwent some change. As time progressed the government became more active in its attempts to alleviate the depression. This, in itself, can be understood as a result of the changing balance of political forces. The conservative response to the attack upon the dominant ideology was to reassert the ideology, but with innovative variations.

State intervention between 1930 and 1935 was structured by the traditional conception of the depression. There were two main lines of intervention: policies to secure markets and increase prices for New Zealand agricultural products, and interventions to improve the incomes of farmers within New Zealand. The government raised the prices received for agricultural products by devaluing in 1933. This resulted in an immediate increase in the income of farmers, in particular of meat and wool producers. Dairy prices were still declining and devaluation therefore had a less observable result. In the short-term the consequences of devaluation for the rest of the economy were increases in the costs of imported goods and in the cost of living. In the long-term, however, it increased general demand via the increase in farm revenues.

The government also took steps to ensure that markets for New Zealand primary products would not be reduced. Britain, New Zealand's primary market, was being flooded with agricultural produce as countries such as New Zealand attempted to compensate for reduced prices by increasing production. There was considerable concern that Great Britain would introduce a quota system or import tariffs on dairy produce in particular. This eventuality was to some extent averted at the Ottawa Conference in 1932. New Zealand obtained unlimited access to Great Britain's markets for its dairy produce for five years. In exchange New Zealand agreed to reduce tariffs on certain British produced goods. This arrangement, therefore, involved some

sacrifice of secondary industry (Wigglesworth,1965:111).

The Ottawa agreement only made access to Great Britain's markets secure; it did not resolve the problem of oversupply and poor prices. In 1934 the Diary Industry Commission was set up by the government to investigate the problems facing the dairy industry. The Commission recommended the establishment of a public mortgage corporation to provide cheap finance, the improvement of the quality of New Zealand produce through the modernisation of industry and the eradication of animal diseases, and the establishment of an executive council of agriculture to advise the government on farming matters and to coordinate the work of existing bodies (Wigglesworth,1954:77). These recommendations involved increased state intervention in diary production. Such intervention was also more extensive. In 1935, for example, the Executive Commission of Agriculture was established. It had wide ranging powers, and its object was to co-ordinate the dairy producer boards of New Zealand.

The government's second strategy for alleviating the disparity between farmer's incomes and their internal costs, involved the reduction of costs. This objective was pursued through deflationary policies: state expenditure was reduced, the wages and salaries of civil servants were decreased, and the Arbitration Court was empowered to reduce award wages in the private sector. In a more direct fashion, the government subsidised farming. In particular it was feared that because of

the economic situation, farmers might not keep up their use of fertilizers and the like, thus allowing agricultural efficiency to slip. To eliminate this possibility fertilizer and lime, and their transport, were subsidised. By 1934 these subsidies were costing the government 400,000 pounds per annum (Wigglesworth,1954:76).

The state also intervened directly in the economy to alleviate the position of rural mortgagors. Many farmers had bought land at inflated prices during the 1920's and were, by the 1930's, faced with impossibly high mortgage and interest payments. A number of Acts, largely unsuccessful, were passed to alter the terms of mortgages in the light of the economic situation, and to limit the mortgagors ability to foreclose. In 1933 the government took the unprecedented step of forcing mortgage companies and banks to reduce their interest rates. The government also applied this move to its own and local body creditors where debts were domiciled in New Zealand.

In 1935 the Coalition Government acted to circumvent the system of private mortgage finance altogether. Acting on the recommendation of the Dairy Industry Commission, the Mortgage Finance Corporation of New Zealand was established to provide borrowing facilities for the whole community, and for farmers in particular (Wigglesworth,1954:70). It was to take over as many existing mortgages as possible, at lower rates of interest and at easier terms (Burdon,1965:155).

The government also took other measures to alter New Zealand's monetary system. Shortly after the devaluation of 1933, the Reserve Bank was established. According to Wigglesworth, the purpose of the Reserve Bank was to;

> help control the country's currency policy, strengthening and co-ordinating the existing banking system and providing cheaper credit for the community. (Wigglesworth,1954:123)

The main object was to take control of New Zealand's monetary system, hitherto in the hands of the six commercial banks operating in New Zealand. These banks, and therefore New Zealand's monetary system, often suffered from the vagaries of the banking policies of the countries in which the banks were based; four were primarily Australian concerns and only one had its head office in Wellington (Burdon,1965:163). The Reserve Bank was to regulate the exchange rate. There has also been some suggestion that the Reserve Bank might have been intended to operate as a source of cheap credit for the government (Sutch,1969:228), but it seems that it did not serve this function until well after 1935 (Hawke,1972-3:83). Administration of the Reserve Bank, like that of the Mortgage Corporation, was a compromise between the autonomy of a corporation and Ministerial control.

Facilitation or Support?

In the policies of the Coalition government can be found all four types of state intervention recognised by Jessop. At the most basic level, the state provided the general external conditions of capitalist production (formal facilitation). The Reserve Bank is a good example; its purpose was to remove the cause of irregularities in the monetary system that obstructed the normal processes of capital accumulation. This move also expressed elements of 'formal support' and 'direction', to the extent that the government intended to use the Reserve Bank to manipulate the economy through monetary policies.

The Coalition Government also intervened to 'reproduce the general conditions of production within capitalism' (substantive facilitation). Here it is evident that the state did not substantively facilitate captial accumulation in a general sense. The retrenchment of expenditure on education, for example, represented a move away from the reproduction of future labour power. Expenditure on unemployment relief, by contrast, involved some sort of committment to relieving labour power in general. Similarly the re-orientation of the Public Works Department from a construction agency to a relief work agency indicates lessening attention to the provision of economic infrastructure. But the attempt to concentrate relief expenditure on 'productive rural works' suggests that the state continued to provide the infrastructure necessary for rural capital. Between 1930 and

1935 the state was designed to facilitate the accumulation of this rural capital.

Some policies served to 'alter the general external conditions of production in a particularistic manner' (formal support). There are numerous examples of this sort of policy. For example; the subsidisation of production and transport of fertilizer, the 1933 devaluation which raised the prices received by farmers, the policies to deflate the internal economy to the same end, and the series of acts designed to relieve the pressure that mortgages were placing on farmers. Again, it is clear that this intervention was designed to favour farmers. A number of these interventions involved a direct sacrifice of other elements of capital.

Finally, many state interventions also contained an element of 'direction' - policies designed to over-ride the formal freedom of economic agents by directing them to act or not to act in a specified manner. Particularly important in this respect was the restructuring of the dairy industry which gave the state the role of co-ordinating the production and marketing of dairy produce. Under Labour this was extended one step further; the state guaranteed a price to dairy producers. The Reserve Bank is another example of direction by the state. It sought to limit the sphere of free enterprise so as to stabilise the country's monetary system. The mortgage acts and the alterations to the dairy industry also circumscribed private enterprise and in

various respects took a 'directive' role.

The conclusion to be drawn from the preceding discussion of state intervention is that it is completely inaccurate to suggest that the state did not intervene in the economy before 1935. During the Great Depression it intervened in the economy in an active fashion. It did not merely provide the external conditions necessary for capitalism (as a laissez-faire government presumably would), it reproduced labour power (to an extent) and provided infrastructure for farmers, it altered profit margins through subsidies and other acts, and it limited and, even replaced, 'free' economic agents and their activities in a number of areas. However, state intervention explicitly favoured farmers and, because the interests of farmers were <u>not</u> synonomous with the interests of other economic groups, state interventions during the 1930's often hindered the interests of these other groups.

7-5) Conclusion.

The parliamentarist form of representation offers the potential for a stable political system devoid of notions of class and class antagonism. However, such stability is dependent of the existence of a stable and cohesive political executive which is capable of putting forward 'hegemonic projects' of sufficient appeal to obtain mass support, and to unite the diverse elements of the state apparatuses. This potential was realised in the 1890's and perhaps in the post-1935 Labour era. To a less marked extent the 1920's can also be understood in these terms. The period 1930 to 1935, on the other hand, is notable for the disintegration of the unified coherent society associated with such politics.

New Zealand was traditionally dominated both politically and ideologically by the interests of farmers. During the 1930's this strong hegemony was undermined. By 1934 or 1935 the Coalition was no longer seen to represent the 'people'; there was a perceived distinction, even conflict, between the interests of farmers, represented by the government, and the interests of the 'people'.

The collapse of the hegemony of farmers was intimately linked with the depression. In the first instance the United

Government attempted to deny the seriousness of the situation with an air of confidence and a policy of borrowing and spending. In 1931 the government faced the depression and the state's fiscal crisis - a contradiction between its inadequate revenue base and increased demands for assistance. It attempted to resolve its problems by pursuing the orthodox strategy of retrenchment. Areas particularly hard hit were civil service wages and salaries, social services such as education and health, and public works. Areas exempt from these cuts included assistance to farmers and unemployment relief. The assistance to farmers was extensive and active and called for the creation of a number of quasi official bodies. These may well have contributed to the problems unifying of the state apparatuses generated by the policy of retrenchment.

By responding to the situation the way it did, the Coalition Government was at once ignoring the pleas for assistance from many groups that had previously identified with the government, and at the same time clearly aligning itself with farmers. Although Coalition's response was consistent with the previously dominant ideology, it actively undermined this hegemony by neglecting legitimation requirements. Perhaps more importantly, by damaging the interests of a variety of other groups, the government effectively provided grievances around which these groups could organise. Their organisation was, in this sense, founded on an antagonism with the existing regime.

Perhaps given sufficiently strong leadership, the government's policies could have been adequately rationalised and legitimated. It was effectively trying to set up as a hegemonic project a policy which hurt everyone but farmers. Neither the United Party nor the Coalition Party had the requisite strength, and although this project worked at the polls in 1931, over the long-term it proved impossible to maintain.

The government regarded the petitions, demonstrations, and riots of the unemployed as the work of troublemakers and communists. It failed to respond to the disillusionment and despair of the people in any adequate sense. The worse the situation got, the more it fell back upon its orthodox attitudes and policies. In this fashion it exacerbated the situation. It was essentially unable to integrate the emergent political forces into a power bloc.

In the meantime the Labour Party had been capitalising on the dissatisfaction of the people. It tailored its policies to the depression, it pursued and ultimately obtained the votes of important groups in society, and it built up its system of organisation to maximise the effect of its support. Ultimately it united the various emergent political forces into an ideological discourse founded on an antagonism with the existing government. Central to this discourse was the concept of humanitarianism which provided an ideological principle that could interpellate individuals as citizens rather than as class

subjects. Thus, Labour came to represent the 'people'. It capitalised on the disintegration of the ideological and political hegemony of farmers, but it ensured that this disintegration did not reach dangerous levels by providing another ideological discourse. This alternative was, in fact, a reaffirmation of traditional values and attitudes.

Chapter Eight

An Anlysis of the No 5 Scheme and the Camp Scheme:

Economics, Ideology and Politics.

8-1) Introduction to the Analysis.

A major theme in this thesis has been that government policies for the relief of unemployment cannot be understood in terms of the nature and extent of unemployment. Instead, an adequate explanation must be couched in terms of political relations. The state, it has been argued, does not stand outside of these relations, but is intimately involved with their form and their content at any particular point in time. In Chapter 2 it was argued that three structures are important in understanding the state and its interaction with political relations: the forms of representation, state organisation and state interventions. However, it is equally inappropriate to view political relations as determined by these state structures.

These structures are in fact articulated with political relations in unique and changing combinations.

Part 3 of this thesis is concerned with two particular expressions of the unique articulation of state structures and political relations: the No 5 Scheme and the Camp Scheme. Chapter 6 described in some detail the operation of these schemes. However, it is obvious that no explanation could take place without some comprehension of the nature of the articulation of state structures and political relations. Chapter 7, therefore provided a brief analysis of the dominant state structures and the particular balance of political forces that characterised the 1930-35 period. This final chapter intends to provide the actual analysis by investigating the No 5 Scheme and the Camp Scheme in terms of the political context of the 1930-35 period.

The structure of this chapter will be the same as that of Chapter 5. The specific job creation schemes will be discussed under the headings of economic, political and ideological dimensions. In the economic section the aim is simply to investigate how the schemes intervened in the process of capital accumulation, and how this mode of intervention relates to the general nature of state intervention during this period. No attempt will be made to explain the schemes in terms of their intervention in the economic sphere of social relations. If, indeed, a particular state intervention can be understood as

resulting from a specific economic mechanism (for example, unemployment), then it can only be undestood as having its effect by virtue of political mediations.

In Chapter 5 it was suggested that the legitimacy of separating the political and ideological aspects of the social formation is dubious. The conception of political relations outlined in Chapter 2 ascribed a fundamental role in political relations to the constitution of political forces and the relations between them at the ideological level. However, in practical terms, the division is useful because it allows the direct investigation of two issues: the effect that agitation by the unemployed and their advocates had on the development of the job creation scheme in question, and the effect that the scheme had on political relations. Particularly important with regard to the latter, is the possibility that the scheme might have provided an organisational base for the unemployed. In other words, did a particular scheme serve to constitute the unemployed as a distinct interest group and/or political force?

The section which addresses ideology will discuss the role of political and ideological relations in the formation of the No 5 Scheme and the Camp Scheme. It will also consider the important issue of the effects that these schemes had on ideological relations.

8-2) The Economic Dimension.

The defining feature of state intervention in the period 1930-35 was perhaps less the form of intervention than the main beneficiaries of state intervention. Both the United and Coalition governments pursued policies of retrenchment designed to prune down all areas of expenditure bar assistance to farmers. At the same time interventions to improve the interests of farmers were varied and innovative, and ranged from formal facilitation to direction.

Within this array of state interventions, the No 5 Scheme and the Camp Scheme can firstly be investigated as substantive facilitation to the extent that they functioned to reproduce labour power. It is certainly true that this was a stated aim of the Unemployment Board: the No 5 Scheme was seen as a way of relieving te "great numbers of unemployed while awaiting their re-absorption into industry" (AJHR,1931 H-35:9). Furthermore, during its first months of operation, and even as late as 1935, the No 5 Scheme was still relieving 40 percent of the registered unemployed. However, there were some extremely important limitations to the No 5 Schemes functioning in this respect. These limitations involved both eligibility for the scheme and the nature of the relief dispensed under the scheme.

If it can be understood as an attempt to reproduce labour power at all, the No 5 Scheme can only be understood as reproducing one element of the labour force: pakeha male wage and salary earners. Although women and men under twenty years of age were obliged to pay the Emergency Unemployment tax (but not the Unemployment Levy), they were denied access to the Unemployment Board's schemes. Maori men were not covered by the Unemployment Board unless they chose to pay the Unemployment Levy. The Board preferred to relieve Maoris in rural districts and therefore did its best to keep them off the No 5 Scheme (Robertson,1978:315). The No 5 Scheme thus excluded three elements of the labour force that are traditionaly over-represented amongst the unemployed: women, young people and Maoris.

The Unemployment Board also attempted to exclude single men from the scheme by reducing their pay rates or by denying them work altogether. Men who had not previously worked for wages, those with other resources, and men who had failed to pay the Unemployment Levy were also excluded by the Board. Seasonal workers were not allowed on the No 5 Scheme until September 1932. Then they had to undergo a means test based on their yearly earnings. Waterside workers were only allowed work under the scheme when they had been unemployed continuously for four months. In October 1933 the Board permitted waterside workers to receive relief on the basis of an assessment of their income over the previous four months; however, single men remained

ineligible for relief (Robertson,1978:62).

The Unemployment Board attempted to exclude from the No 5 Scheme all but those men who were married and had children. It might be suggested that the main economic effect of the scheme was not the reproduction of unemployed labour power; it was the reproduction of future labour power. However, even in this respect it is doubtful whether the Board succeeded in fulfilling its objective. Sutch points out that relief rates of pay under the No 5 Scheme did not reach the conservative British Medical Association's standard of what was necessary to maintain health and working capacity (Sutch,1966:131).

The pay rates on the Unemployment Board schemes varied according to recognised need; the individual's conjugal status and the number of children. But in actual fact, the rates of pay under the scheme were determined in the first instance by the funds available to the Unemployment Board. In the face of financial crises, the Board would cut its expenditure by reducing relief rates or by increasing rationing. When their was opposition to a particular reduction, the Board would merely make cuts in other areas. Thus, for example, when opposition forced the Board to abandon the standdown week, it compensated by reducing rates of pay. The men then had to work longer hours to obtain similar monthly relief payments. At the same time, however, this move had other consequences for the level of relief that the men received. Relief workers no longer had access to

supplementary income. They could not take up casual employment (because of the increase in the hours they worked under the No 5 Scheme), and hospital board's were no longer obliged to dispense relief provisions to unemployed men (the Unemployment Board assumed this function).

That the Unemployment Board provided relief according to its means rather than the needs of the unemployed, is evidenced by the category of 'receiving no relief because of dubious eligibility'. This category appeared a number of times in figures on the number of men relieved by the Unemployment Board. In 1932 the Board stated that this category included:

> those who would perhaps have been granted some assistance from the fund if sufficient finance had been available, but whose relative degree of necessity was hardly sufficient to warrant their participation in relief under prevailing conditions. (AJHR,1932 H-35:10)

It is also worth noting that men employed on the No 5 Scheme in rural areas and secondary centres were paid less than those in the cities. Maori pay rates were below the usual rate when they were calculated on the basis of the No 5 Scheme rates.

Over time the No 5 Scheme functioned, if anything, less effectively as a reproducer of unemployed labour. The reconstructed Unemployment Board pursued the earlier policy of reducing the expenditure and scope of the scheme at every opportunity, and a number of new schemes were introduced in an effort to replace the No 5 Scheme. The Board was particularly keen to get single men (and later married men) into the country.

This was less a concern for the conditions suffered by the men under the No 5 Scheme than with the productivity of relief works. The Board commented in 1932 that the men on the Camp Scheme were in a better situation than men in urban areas relying on the No 5 Scheme. At least those in camps were assured of meals and a roof over their heads (AJHR,1932 H-35:17). The complaints of the unemployed, on the other hand, suggest that the Board had an overly-optimistic impression of the conditions pertaining in the camps.

Other Benefits to Capital

The Unemployment Board divided the work done under the No 5 Scheme into the categories of reproductive and non-reproductive work. The non-reproductive work included development of school and hospital grounds. Such work might be regarded as serving primarily to reproduce labour power since it was of little economic benefit to capital; it was unproductive, labour intensive and typically created to fulfill a need for work. Reproductive work, by contrast, was of economic benefit to capital. It either contributed to the economic infrastructure (for example, road works), or involved developmental work on both private and crown lands. The No 5 Scheme's capacity for reproductive works was limited, but the Camp Scheme offered considerable scope. The latter was utilised by government departments and local bodies, and by private land owners in conjunction with public bodies. It enable works to be completed

more cheaply than would normally have been the case, since the men were paid relief rates.

In 1935 the Unemployment Board summarised the work done by the Public Works Department and rural local bodies using relief labour between January 1932 and June 1934:

> Formation, widening, or metalling of backblock roads (dray width), 3,478 miles; land drainage (excavation of drains), 1,978 miles; river-improvement work, 330 miles; fencing, 617 miles; irrigation (race construction and widening), 252 miles; track construction and repair (gold-mining areas), 172 miles; scrub-cutting, 153,445 acres; stumping and logging, 16,022 acres; eradication of noxious weeds, 43,117 acres; bushfelling, 4,709 acres; marram-grass planting, 13,984 acres; construction of water-races, fluming, etc., for gold-mining, 8,000 chains. (AJHR,1935:25)

Other schemes, such as the No.4 farm subsidy , had an even more direct benefit to farmers. In 1935 the Board asserted that as the result of the Number 4 Scheme, New Zealand's stock carrying capacity had been increased by 668,366 sheep, 97,060 cattle, and 490 pigs (AJHR,1935 H-35:13).

Of course not all the Unemployment Board's schemes were as productive as the Camp Scheme or the No 4 Scheme. However, in 1934 Board argued that in spite of all the criticism that its relief works were unproductive, it estimated that at least 50 per cent of expenditure on relief had been returned to the Dominion by way of fixed assets (AJHR,1934:1).

These schemes also benefitted capital in another way. They offered opportunities for employers to substitute Unemployment Board funds for their own funds. Thus, men were taken on under the No 5 Scheme or Camp Scheme who would have been employed any way. This was especially the case given the desire of public authorities to retrench in times of depression. A crude indicator of the significance of retrenchment and the use of subsidised labour can be obtained from Ruth's figures on employment on public works (including local body workers). In September 1928, 31,353 men were employed on such work. By September 1933 this had dropped to 8,680; however, an additional 53,026 men were employed with subsidies from the Unemployment Board (including workers under the No 5 Scheme and the Camp Scheme), bringing the total to 61,712 (it will be noted that there is a discrepancy of 6 between the figures and the total) (Ruth,1949:20). (These figures cannot be taken to imply that relief workers were employed on the same types of projects as full time workers had been previously.)

Farmers and other land owners benefitted from any substitution of funds through reductions in rates and taxes. However, they also had opportunities to use the schemes in the same manner. The 'over the fence' provisions of the No 5 Scheme were particularly open to this sort of abuse. The Camp Scheme was also available to farmers. Although the local body was supposed to check that the farmer was unable to employ workers at his own expense, this seldom happened. Farmers often thought of

such government assistance as their right (AJHR,1932 H-35:12).

The Unemployment Board was aware that its funds might be misappropriated in this fashion. Sustenance payments were introduced largely so that the Board would have an alternative form of relief in areas where local bodies were unable to suggest projects suitable for the No 5 Scheme. The 'over the fence' scheme was tightened up in December 1933 so that only farmers were eligible for assistance. Under both the No 5 Scheme and the Camp Scheme private landowners were obliged to contribute towards the estimated cost of the work (50 per cent and 25 per cent respectively). Ultimately however, what must have been the major limitation on the extent to which local bodies and farmers could exploit these schemes, was the Board's administrative policies which made any form of productive work, under the No 5 Scheme especially, nearly impossible. It is also worth reiterating that the men employed under both the No 5 Scheme and the Camp Scheme were an inefficient labour force.

The discussion of the effects of the No 5 Scheme and the Camp Scheme on capital accumulation is easily sidetracked into a catalogue of the Unemployment Board's objectives. The Board desired its schemes to reproduce the unemployed and future labour power, and at the same time, to provide reproductive work that would increase New Zealand's productivity and thus counter the depression. However, the Board was operating within constraints defined by its political and ideological stance. The Board's

intention of reproducing labour for example, as well as being itself constituted ideologically, was limited by notions of who constituted the 'labour' that was to be reproduced, and of how this reproduction was to be achieved. Furthermore, the Board's objectives were frequently contradictory. The economic dimension of a scheme is therefore very much determined by political and ideological considerations.

8-3) The Political; The Unemployed as a Political Force in the 1930's.

In Chapter 7 it was argued that the years of the Great Depression were marked by the fragmentation of the relatively stable system of political domination that had existed since 1912. This fragmentation occurred through the emergence of a number of discrete interest groups. This was politically disruptive because these groups came to perceive an antagonism between their interests and the interests represented by the government. This antagonism was partly the result of the economic conditions of the depression. More importantly, it was the result of the government's inability to cope with these circumstances in a fashion that did not fragment the nation. In fact, the government responded to its financial difficulties and

the country's deteriorating economic situation with a hegemonic project designed to unite the country around the notion of mutual sacrifice and belt tightening. However, the government was unable to provide sufficiently strong leadership to overcome the disruptive effects that this had on the organisation of the state. Furthermore, it was unable to adequately integrate the various discrete interest groups that this project provided the base for.

It is extremely difficult to separate out the political and ideological aspects from their historical context. This section will not, in fact, do so. Instead, it addresses itself to two issues: what effect the unemployed had on the introduction of the No 5 Scheme and the Camp Scheme, and what effects these schemes had on the unemployed. The next section will discuss the relationship between these schemes and the wider political and ideological context.

The No 5 Scheme and the Camp Scheme cannot be understood in terms of the agitations of the unemployed. Although the first organisations of the unemployed arose in the late 1920's, these were small sectarian affairs which had neither widespread support nor influence (Robertson,1979:149). Co-operation between organisations was precluded by ideological disputes, and national organisation was hindered by the diversity of local relief arrangements prior to the Unemployment Board (ibid:152). Another factor restricting the organisation of the unemployed was the

comparatively short duration of unemployment and the preponderance of young, single males among the unemployed. Furthermore, what organisations existed were frequently obstructed by the opposition of trade unions and the Labour Party.

Although the organisations of the unemployed cannot be held responsible for the introduction of the No 5 Scheme and the Camp Scheme, these schemes can be held partly responsible for the development of a stronger, more broadly-based unemployed worker's movement after 1930. With policies such as the No 5 Scheme, the Unemployment Board effectively overcame many of the barriers to the organisation of the unemployed. Robertson, in discussing the efforts of the small, Communist Party of New Zealand suggests that:

> Through its schemes the Unemployment Board created the basis for organisation that the CPNZ [Communist Party of New Zealand] had previously lacked. And by stopping relief work, reducing relief pay, cutting relief allocations to local authorities, and excluding single men the Government created powerful grievances which the Party could exploit. (Robertson;1979:153)

Mounting unemployment, the shortage of relief work, and the changing composition of the registered unemployed provided a major impetus for organisation amongst the unemployed. Despite this, organisations of the unemployed did not at any stage throughout the depression achieve a position of real strength and influence. These organisations did not become 'legitimate' at a national level, and for the large part, they occurred outside

even the Labour Party.

The failure of the organisations of the unemployed to become significant political forces can be understood in mainly ideological terms. These organisations were, for much of the period, dominated by the Communist Party. The Party provided the ideology for the movement, if it was unable to provide sufficient organisation, and to control the movement. This ideology was radical, and as Robertson points out, advocated a 'united front' policy while at the same time vehemently refusing to co-operate with either trade unions, the Labour Party or with public opinion (Robertson,1979:163).

Political and ideological squabbling were not merely confined to the trade unions, Labour Party and organisations of the unemployed. They also occurred at the local level between various factions and groups providing relief to the unemployed. This infighting served to fragment the various groups who together might have had some effect on the government's policies.

Apparently the radical ideology of the communist-supported Unemployed Workers' Movement was not the only factor preventing an alliance between organisations such as the Labour Party and trade unions and the unemployed. The more reformist, pro-Labour, National Union of the Unemployed was formed in 1934 (Harris,1976:132). However, its weakness was that it did not have an ideology adapted to the situation of the unemployed.

The major point of inadequacy was that this union advocated change through parliamentary channels (Robertson,1979:159). The communist-backed National Unemployed Workers' Movement won considerable support purely because of its willingness to support direct action by the unemployed against the Unemployment Board (ibid:158).

Whereas the No 5 Scheme provided a base for the organisation of the unemployed, the Camp Scheme had the reverse effect of undermining this organisation. Thus, the National Unemployed Workers' Movement increasingly lost support after 1933 as the Unemployment Board shifted its focus towards rural relief schemes. This shift caught the National Unemployed Workers' Movement on the hop: it was divided on the issue of whether it ought to oppose the camps altogether, or whether it was better to fight from within the camps (Robertson,1979:159). Although this was largely a problem resulting from the movement's inflexibility, it was also associated with the general re-orientation of the Unemployment Board's approach to the relief of unemployment. Changes in relief policies resulted in changes in the concerns of the unemployed. The need to oppose camp work was replaced by an emphasis on the increased use of sustenance-in-lieu of work, the increase in full-time relief work with local authorities, and the level of sustenance paid to men who refused to go to work camps (ibid:160). Also, by 1934, the government began to back down when it encountered extreme opposition to its policies (ibid).

The existence and dominance of the communist National Unemployed Workers' Movement, and the comparative weakness of the pro-Labour National Union of the Unemployed, suggests that the unemployed were not a group that could easily be integrated into the Labour Party's ideological discourse. Yet, this is exactly what happened after 1935. The National Unemployed Workers' Movement refused to support the Labour Party at the 1935 election (in accordance with Comintern policy). After Labour's victory, however, it lost the support of the majority of the unemployed. The Labour Government abolished the Unemployment Board and improved both relief rates and sustenance payments, thus removing many of the issues around which the unemployed had organised. Equally as important was the Labour Government's refusal to allow the National Unemployed Workers' Movement to represent relief workers within the government. Instead, the New Zealand Workers' Union was encouraged to fill this role (Harris,1976:138).

Throughout the depression years the policies of the Unemployment Board provided the unemployed with a base upon which an organisation could be built. However, both the depression governments and the Labour Government denied that the unemployed were a legitimate political force. Thus, neither the Unemployment Board nor any of its regional unemployment committees had unemployed representatives, and none had a ready system of access for the representations of the unemployed. The Unemployment Board was, in fact, not concerned with the unemployed so much as with the efficient administration of its

policies. Strikes, protests, representations and riots were regarded as the work of 'the lawless' and communist agitators. The authorities, both local and central, could afford to take a hard line. In the case of relief strikes, for example, it was largely a matter of waiting for hunger to force the men to accept the Unemployment Board 's terms (Noonan,1969:80).

Compounding these obstacles to political effectiveness was the divisive and sectarian nature of politics within the unemployed as a general group. The Communist Party established a dominant position from which it structured the ideology of the Unemployed Workers' Movement in such a way that it satisfied the need for action amongst the unemployed, but isolated trade unions, the Labour Party and the general public.

8-4) Ideology.

The conclusion that the No 5 Scheme and the Camp Scheme cannot be understood as the outcome of the agitations of the umeployed is consistent with the theoretical model described in Chapter 2. According to this model, these schemes can only be understood in terms of the specific political relations that characterised the social formation, and their articulation with

the structures of the state. The preceding discussion has clearly demonstrated that before the introduction of the No 5 Scheme, the unemployed were not an organised force, and that even once the scheme had provided them with an organisational base, they still did not become a political force capable of extracting policy from the government. In fact, the government's response to the agitations by the unemployed, whether they were organised or not, was basically repressive.

An alternative explanation of the No 5 Scheme and the Camp Scheme must be sought in the broader political relations that characterised this period. Chapter 7 has argued that the late 1920's to 1935 was dominated by the demise of the hegemony of farmers. Although this hegemony remained dominant within the government, it was increasingly at odds with the ideological discourses of other groups in the social formation. The government attempted to respond to this fragmentation by modifying its stance and creating new hegemonic projects. This response served only to exacerbate the process of fragmentation.

This general account is an adequate framework within which the No 5 Scheme and the Camp Scheme can be understood. The No 5 Scheme corresponds with the earliest phase of the crisis of hegemony. The original stimulus for the introduction of the No 5 Scheme was a crisis within the existing relief system. Basically the relief provisions were unable to cope with the mounting demand for relief. This was transformed into political

agitation; the Labour Party applied considerable pressure within the House, local bodies agitated for reform, and the general public began to take notice of the agitations of the unemployed. The crisis was also ideological to the extent that the conflict between unemployment relief and demand for relief was a conflict between the government's comprehension and ideology of unemployment, and the ideologies expressed in the demands of groups such as the Labour Party.

In setting up the Unemployment Board, the government made an attempt to incorporate some interest groups (for example, employers and trade unions who were represented on the Board). The Unemployment Board and the No 5 Scheme ultimately, however, represented no significant ideological reorientation to the problem of unemployment relief. It is important to gain some understanding of the ideology which underpinned the government's response to unemployment before and after the introduction of the No 5 Scheme.

Up until 1935, the relief of unemployment closely paralleled the relief of other forms of poverty. The system was founded on an acknowledgement that a christian society had some obligation to care for its less fortunate members, combined with an equally strong conviction that the granting of relief to individuals encouraged laziness and pauperism (and thus reproduced poverty). This resulted in a fundamental division between the deserving and the undeserving poor. In the case of unemployment, the basis for

defining these categories lay in the labour market. The deserving poor were those individuals or groups of workers who had been made unemployed through no fault of their own, and who would become re-employed again as soon as another job became available. Such unemployment might result from technological developments in industry, cyclical fluctuations in employment, and general slumps in trade.

The labour market was thought to naturally return to a state of full employment. The Department of Labour fulfilled an important role in facilitating this process. Thus, the deserving unemployed would remain out of work for short periods only. The undeserving unemployed, by contrast, were workers who were unemployed because they were inefficient workers or unemployable in some other sense. This category, by definition, did not deserve relief.

This ideology was structured into the relief of unemployment before 1930. Relief was provided through four main channels; charitable aid from hospital boards, relief work provided by local bodies and subsidised by central government after 1928, a small amount of relief work created reluctantly within government departments, and relief provided by other voluntary or private sources. All of these sources of relief were strictly limited. In times of unemployment, such as the late 1920's, they came under intense pressure.

The relief offered to the unemployed was short-term, ad hoc and based upon the notion of relief work. It therefore clearly expressed the notions of the labour market and the associated divisions between deserving and undeserving poor. It also incorporated the fear of pauperism. By emphasising relief work, as opposed to sustenance, it was hoped that the moral integrity of the unemployed would be maintained. The unemployment of the late 1920's challenged these assumptions, particularly the implicit assumption that long-term and large-scale unemployment was the result of the individual's inadequacy. However, this ideology was only part of the ideological discourse resisting change. Perhaps of more importance were the ideas that the government had about the existence of unemployment in New Zealand.

Robertson (1978:2-10) argues that four attitudes limited the ability of the United Government to respond to unemployment in a more coherent fashion. Firstly, the government believed that economic slumps were of only short duration, and that they were self righting if the government took steps to ensure no budgetary deficit was incurred. This was based on experience of slumps in 1922, 1926, 1928 and 1929. The electoral victory of the United Party was to an extent the result of its 'sublime faith' in the ability of the New Zealand economy to right itself.

Secondly, unemployment was often not seen as a national phenomenon, but rather the isolated result of changes in a few

North Island industries. Labour displacement was in particular seen to be the product of technological development and higher labour productivity. The flax and kauri gum industries were identified as a major source of unemployment. It was also believed that much unemployment was of a seasonal nature. Neither seasonal or technological unemployment were cause for concern. The former was natural and compensated for by higher on-season wages, while the latter was necessary for continued economic development and increases in standards of living. By focussing on these sorts of unemployment, a more accurate understanding of unemployment was prevented.

Thirdly, unemployment, it was believed, was of only insignificant proportions. This was not only the consequence of the notion that unemployment was limited to a few small North Island industries, but also stemmed from the inaccuracy of the government's measures of unemployment. The normal source of statistics on unemployment, registrations with the Department of Labour's employment bureaux, considerably understated the problem. The bureaux were poorly organised, and, in the absence of systematic relief provisions, there was little incentive for the unemployed to register. Thus, for example, the Labour Department recorded a total of 571 unemployed males on the 19th of April, 1926. The census taken a day later claimed a total of 10,694 unemployed males (ibid:7).

Finally, Robertson argues that it was widely believed that unemployment was an individual problem.

> Unemployment could be solved only by individual effort, by self reliance and hard work. There existed a danger in giving too much aid to the unemployed. It might result in perpetuating the conditions of unemployment and at the same time permanently impair individual character. It was not the Government's job to keep the unemployed but to make the road open for the unemployed to help themselves through thrift, perseverence and intelligence. (Robertson,1978:10).

The United Government's adherence to these ideas can perhaps be related back to more general political developments. United won the 1928 election by virtue of Ward's leadership, faith in New Zealand's ability to borrow, and faith in the New Zealand economy. None of these things lasted very long. Ward retired in late 1929 and was replaced by Forbes who soon re-oriented the government towards a depression economy. This shift from an attempt to deny the situation to a grudging acceptance of it, is expressed clearly in unemployment relief. United had no real policy on unemployment other than an expansion of existing relief provisions. By mid-1930 the situation had become so unbearable that the government was forced to abandon its policy of drift.

When United finally faced up to the economic crisis confronting it, it turned back upon the traditional ideology for solutions. The solution was retrenchment. Similarly, when forced to face the problem of unemployment the government did not radically alter its stance. Rather, it looked within this ideology for new approaches. The result was the Unemployment

Board and the No 5 Scheme.

The No 5 Scheme ameliorated some of the problems facing the government on the issue of unemployment. It expanded relief provisions and organised them on a national basis without the government having to take either financial or administrative responsibility. The No 5 Scheme, in other words, continued with the notion that relief of unemployment was a community concern. In this respect the principle of shared responsibility, expressed in the representative nature of the Unemployment Board, and the mode of operation of the No 5 Scheme, closely paralleled the policy of 'shared responsibility' that the government was pursuing as a whole.

The relief organised under the No 5 Scheme also involved no modification to the principle of relief work. In fact, this scheme was founded on this principle to the extent that its institution was the immediate consequence of the decision that the Board should provide no relief without work. Again this illustrates that the government was attempting to develop responses on the basis of its central ideological discourses, rather than by modifying these discourses.

As a response to a desperate political situation, the No 5 Scheme must be judged almost a complete failure. After a brief period when it was received well, dissatisfaction mounted rapidly. One of the most immediate problems was that the

introduction of the scheme resulted in a considerable jump in the number of registered unemployed. This caught the Unemployment Board off guard. It also increased the pressure on local authorities who were expected to provide the relief work, and other charitable institutions who also attempted to relieve the unemployed. The Unemployment Board itself was subject to considerable conflicts of interest. On the one hand it desired to relieve unemployment, while on the other, it was committed to operating within its budget. To complicate the matter further, the Board had been forbidden to pay sustenance in lieu of work.

The No 5 Scheme, then, did not serve to ameliorate the pressure on the government over the issue of unemployment. If anything, it exacerbated it by aggregating the unemployed in urban areas and on relief works where they were visible and could agitate. As a response to unemployment the No 5 Scheme, and indeed the Unemployment Board, had been based on an inadequate conception of the nature and extent of unemployment. The Unemployment Board was also proving to be problematic because of its inability to keep within its budget. Futhermore, the relief that it was creating was largely futile and wasteful. This resulted in major criticisms of the government.

The situation of relief work again reached crisis stage in late 1931. This corresponded with another election. This time the public elected a government committed to the hegemonic projects of retrenchment and assistance to farmers. The attempt

to reformulate the power bloc began by stripping the dominant ideological discourse to its core element: that farming was the backbone of the economy. The hegemonic projects were built upon this ideological base.

In the area of unemployment relief, this further ideological modification, (designed to adapt the power bloc to the changing circumstances, and in particular to stem the process of fragmentation) took the form of a reorganisation of the Unemployment Board. This reorganisation resulted in renewed efforts to reduce the operation of the No 5 Scheme, and the introduction of other measures, most importantly, the Camp Scheme. The advantages of the Camp Scheme were many. Perhaps most significantly, it removed the unemployed from the cities where they could cause trouble, and it went some way to realigning unemployment relief with the government's ideological stance. In particular it made a significant contribution to the farming sector.

Again, however, the reception of these policy changes was the opposite to that intended. The unemployed struck and protested over the Camp Scheme, and they were joined on a number of occasions by a significant proportion of the population at large. In tailoring the scheme to the ideology of the centrality of farmers, the Unemployment Board violated other widely held values, such as the value of family life.

The Camp Scheme also had an effect on the Unemployment Board, however, for it involved a direct confrontation with the unemployed. Previously the Board had always managed to have some intermediary organisation, such as local bodies, who actually dealt with the workers and received the brunt of the criticism. Although it had no immediate effects on the Board's policies, the conflict with the unemployed ultimately led the Board to a more conciliatory approach.

The history of the No 5 Scheme and the Camp Scheme, then, parallels closely the series of ideological manipulations that the government was going though in order to maintain the cohesion of the power bloc. As with its hegemonic project of retrenchment, the No 5 Scheme and the Camp Scheme did not have the desired effects. Rather than co-opt and unite diverse political forces into an ideological discourse, the government and the Unemployment Board managed to create diverse political forces founded on an antagonism with the traditional ideological discourse.

The No 5 Scheme and the Camp Scheme were founded on the notions of pauperism and the deserving poor. They subjected the individual to harsh circumstances in order to establish the authenticity of the individual's need, and to prevent them from becoming dependent on relief. Relief work effectively served to cast doubt on the moral integrity of the poor. This position was ideologically tenable only as long as the unemployed were small

in number. As the number of unemployed increased, this position became untenable. The unemployed used it as the basis for political organisation. While this organisation was not always successful in terms of its stated objectives, it did serve to advertise the problem of unemployment.

As the extent of unemployment increased, its composition changed. The number of middle-aged and middle-class males increased, and single and young men became correspondingly less dominant. This development altered the public's attitude to the unemployed. Over time it became less acceptable to think of the unemployed as wasters and workshy. This was also related to other events in the social formation. The government's policies with regard to wage and salary earners and trade unions, for example, tended to suggest that they were outcast groups as well. This broke down some of the barriers between the unemployed and the employed.

Running as a central theme through this period was the ascendancy of the Labour Party. This can be seen in the re-interpretation of the Board's policies. Whereas the Board believed it essential to subject the unemployed to harsh conditions, the Labour discourse identified this as cruel and inhumane. This critique of existing policies extended to the concept of more adequate unemployment provisions based on state intervention to guarantee full employment. More immediately, this reinterpretation of relief policies effectively permitted

the interpellation of the unemployed into the power bloc forming under Labour as maligned and victimised citizens, rather than as a discrete interest group. In this way the antagonism between the unemployed (as a discrete interest group) and the government was integrated into the antagonism between the 'people' (as represented by Labour), and the government.

8-5) Conclusion.

In the Liberal Era the Co-operative Works Scheme and relief work epitomised the balance of political forces. They expressed the dominant ideological discourse, and as political relations changed, they also changed. A similar relationship exists between the political developments of the 1930-35 period and the No 5 Scheme and the Camp Scheme. The depression was translated into political and ideological pressures that the government was ultimately incapable of resolving. In a very concrete sense this was reflected in the simple inadequacy of the Unemployment Board and its funding when compared to the extent of unemployment. Ideologically, it was expressed in the government's inability to find an approach to unemployment that was ideologically consistent with its unifying principle of the centrality of farming.

The problem was, however, not simply that there were too many unemployed, and that the government's policies were not consistent with the nature of unemployment. Rather, it was that relief measures served to create interest groups, while at the same failing to integrate them into the ideological discourse. Thus, the unemployed were constituted as the unemployed under the No 5 Scheme: inability to obtain work, and registration at the Department of Labour were criteria to be fulfilled by each individual before they received relief. But the government then attempted to interpellate these individuals as morally suspect. They were therefore largely isolated outside the ideological discourse of farmers, and subjected to inhumane conditions. As long as there were few unemployed this was acceptable. The expansion in the numbers of registered unemployed and the agitations of the unemployed served to undermine this discourse. The antagonism between the unemployed and the government remained, but unemployment began to be interpellated into the discourse of other groups. The Coalition's policies provided a large number of interest groups and possible antagonisms which ultimately became united and interpellated (as individual citizens) under Labour.

The explanation of the No 5 Scheme and the Camp Scheme has also focused on the government's attempts to modify its ideological position to maintain its ideological hegemony. It was argued that in nearly every case the hegemonic projects that the Coalition operated served to exacerbate the problem. The

search for adequate responses took the form of a retrenchment - a move back to the ideological core. In unemployment relief this was reflected in attempts to eliminate the No 5 Scheme and the introduction of other programmes such as the Camp Scheme. The Camp Scheme, for example, re-oriented relief work away from the relief of unemployment, towards the relief of the plight of farmers. In doing so, however, the government served only to illustrate a contradiction between the dominant ideological discourse and other values and attitudes, for example, the value placed on the family.

Finally, the role of the Labour Party needs to be re-iterated. The process of fragmentation of the dominant ideological discourse was paralleled by the rise of the Labour discourse. Where the government failed to interpellate interest groups into non-antagonistic relations, Labour succeeded. The unemployed, for example, were interpellated into Labour's discourse as victims, rather than as morally suspect, potential paupers: in other words, these individuals were seen as citizens, members of the 'people', rather than as the unemployed.

Conclusion

The central concern of this thesis has been to come to an understanding of job creation schemes from a Marxist perspective. The preliminary research and literature review suggested that a comparative study of job creation schemes would be difficult. A study of the realist-Marxist method went further, arguing that such an endeavour would be based on an inadequate perception of reality and of knowledge. The central tenets of this realist-Marxist approach are that reality exists over and above knowledge of it, and that knowledge is a socially produced fabrication that cannot be conflated with reality. This contradicts the mainstream approach to job creation schemes which seeks to understand such policies in terms of the nature of unemployment. This incorporates two errors; firstly it confuses theories of unemployment with objective unemployment by treating them as synonymous, and secondly, it identifies a causative link between unemployment and state intervention.

By adopting the realist-Marxist methodology an alternative approach to job creation schemes was created. Theories about unemployment are deemed to belong to the realm of social

relations. The state and its interventions then become understandable only in terms of social relations. Job creation schemes, therefore, must be understood in terms of a theory of the state which focusses on its interaction with social relations, rather than with objective reality. This completely reorients the study of job creation schemes. It becomes illegitimate to attempt to understand them as a general, abstract form of state intervention, the use of which depends on objective economic circumstances. Instead they must be studied as specific, concrete policies which are the outcome of social relations. Rather than attempting to conduct a cross-national study, this thesis has therefore attempted to understand four specific job creation schemes.

The theoretical structure for the analysis of these four schemes has been taken from Jessop (1982). The model provides an overall theoretical system consistent with the realist-Marxist method. It identifies significant principles of determination and their effects. This thesis has been concerned with political and ideological relations as principles of explanation.

The conceptualisation of political and ideological relations has also been structured according to the realist-Marxist method. The work of Laclau and Mouffe has been relied on heavily. They argue that classes exist at the abstract level of the mode of production, and that political relations occur at the level of the social formation. Classes and class antagonisms may or may

not appear in political relations, and political relations cannot be reduced to classes.

The central core of political relations in this model is the notion of the interpellation of individuals as subjects. The political relations of a social formation involve the integration of interpellations into discourses. Political conflict and struggles take place as various political forces attempt to integrate the discourses of other groups into their own structure. A state of hegemony is said to exist when one fraction actually succeeds in integrating all the discourses of a social formation within its own. Hegemony in this sense requires not homogeneity of world views, but the elimination of contradictions between the subordinate discourses and the dominant discourse.

This model of political relations was found to be inadequate by virtue of its exclusive attention to discursive factors. This also meant that it was largely irrelevant to a study of the state. Modifications suggested by Jessop, however, improved it. Jessop argues that extra-discursive factors, such as the state, play an important role in structuring political relations. He argues that political relations do not occur outside of the state, and that the state, through its forms of representation, organisation, and intervention, has definite effects on the form and balance of political relations. To explain job creation schemes therefore, required a discussion of how political

relations were articulated with these state structures in the particular social formations.

The theoretical structure contained in Jessop's book, The Capitalist State (1982), has not proved easy to understand or to use. Certain aspects of it, in particular the three state structures, are clearly set out and offer a solid base to work with. For the most part, however, the model is much more imprecise. This can be explained in two ways. Firstly, the size of the task upon which Jessop has embarked, when combined with the nature of Marxist theory of the state, effectively precludes the possibility of a uniformly well developed model. The second reason for the lack of precision is that the realist-Marxist method places considerable emphasis on the articulation of a number of principles of explanation when explaining a particular, concrete situation. Thus, Jessop's work is necessarily imprecise, to the extent that a theory can only be determinate when the nature of the articulation of these principles of explanation is known.

Given these comments, it is perhaps ironic that the major point of criticism of Jessop's model concerns the status of the three structural dimensions of the state. Jessop does not at any stage suggest on what grounds he distinguishes between different types of forms of representation, state organisation and state intervention. It might be assumed that because he accepts that the state is a form-determined system of political domination,

that these variations in state structure are derived from the capitalist relations of production. If this were so, however, it would mean that any variation in the combination of these structures could only be accounted for in terms of changes in the relations of production. Furthermore, this approach is invalidated by Jessop's apparent acceptance that the social formation is discursively formed: thus, structures become extra-discursive factors, and are distinguished from conjunctures by virtue of the fact that they cannot be altered by specified agents at a specified point in time.

This discursive view of structure suggests that the forms of representation, state organisation and state intervention are the outcome of the articulation of extra-discursive factors and political relations. This makes their status problematic; they either become more indeterminate as principles of explanation, or else they become concrete descriptive categories. Their performance in either role is again marred by the manner of their presentation. If they are theoretical concepts, then they need to be presented in a more abstract fashion, with their lines of determination specified. If, on the other hand, they are concrete descriptive concepts, then they need to be related to specific instances rather than presented as general categories.

Ultimately, the problem with these structures is that Jessop fails to specify their exact theoretical status and/or their origin. This makes their use in research problematic. In this

thesis the structures have been regarded as extra-discursive factors. Thus, in the 1890's the rise of parliamentarism (as a structure) was linked with the rise of the Liberal Party (political relations). In the late 1880's, therefore, parliamentarism was a discursively created system which later became extra-discursive. This use of state structures has minimised the problem of their status because it has been wholly concrete: these structures have only been discussed in terms of their articulation with political relations.

The Research.

The study of the job creation schemes conducted in this thesis emphasised the manner in which these schemes arose out of the political relations of the time. Both of the periods chosen were periods of great political change. The 1890's were a time of political unity, the 1930's of hegemonic fragmentation. These political processes were understood largely in terms of ideological struggles. The 1890's, therefore, were marked by the success of the Liberal Government in interpellating a wide variety of diverse interests into one ideological discourse. This discourse was founded on the notion of social justice. By contrast, in the 1930-35 period, the central ideological

principle (that farming was the centre of the economy) proved incapable of integrating the diverse discourses of various interest groups. Ultimately these discourses set up, and became united through, a central antagonism between the government and the 'people'.

These political and ideological processes were shown to be clearly expressed in the respective job creation schemes. Relief work and the Co-operative Works Scheme corresponded to the state's newly assumed role of providing the conditions under which individuals could compete equally. This ideology did not negate the relevance of the categories of deserving and undeserving in the relief of poverty; it was still believed that people would become pauperised if they received relief that they did earn.

The shape of the No 5 Scheme and the Camp Scheme was shown to correspond closely with the dominant ideological discourse of unemployment in the 1930's. The problem of unemployment was held to be short term, and not principally the government's responsibility. There was a continued belief that relief had a pauperising effect on the recipient, which, under the Unemployment Board, became an implicit assumption that relief recipients were workshy malingerers. The No 5 Scheme and the Camp Scheme, it was argued, had to be understood in terms of the ongoing political relations. Thus, these schemes represented not simply the dominant ideology, but also the fragmentation of this

ideology and the attempts made to reverse this process. Attempts to re-integrate the social formation consisted of stripping down the ideological discourse to its base element (the interests of farmers), and then attempting to rebuild the hegemonic discourse around it. The No 5 Scheme expressed this through its insistence that unemployment relief was not the government's responsibility, and that all relief needed to be contingent on work. The Camp Scheme corresponded even more closely to the interests of farmers, to the extent that it reoriented relief work to the performance of tasks and the construction of infrastructure of value to farmers.

Ideological shifts and adjustments are not confined to the 1930-35 period. It has been noted that during the Liberal Era the hegemonic discourse underwent some change. In particular, the discourse was increasingly oriented around the interests of farmers. Concomitantly, labour was excluded. As with the 1930's, however, these ideological adjustments were not sufficient to stem the fragmentation of the power bloc. Again the disintegration of the power bloc was reflected in the job creation scheme studied. It primarily took the form of a cut down in relief work and a reorientation of the Co-operative Works Scheme - the already marginal 'unemployment relief' component was diminished even further.

The explanations contained in this thesis have not confined themselves to interpreting job creation schemes as the outcome of

political and ideological processes. They have also dwelt on the effect of these schemes on political relations. In the Liberal Era it was argued that this effect was hegemonic to the extent that it primarily served to undermine organisation and radicalism amongst the unemployed. In the 1930-35 period, the effect of the schemes was markedly different. They provided an organisational base for the unemployed, and perhaps more importantly, they structured 'unemployment' in such a way that it could be interpellated into Labour's ideological discourse. This discourse was fundamentally based on an antagonism between the government and the 'people': the unifying principle was humanitarianism. The Coalition Government's unemployment policies were rewritten as inhumane and cruel.

Implications for the Study of Contemporary Job Creation Schemes.

The framework used to analyse job creation schemes in the 1890-1912 and 1930-1935 periods, can also be applied to contemporary programmes. Other types of state intervention can, of course, also be approached in the same way. An interesting topic for investigation might well be the evident shift away from the use of job creation schemes in New Zealand in the early-to-middle 1980's. Unemployment policy increasingly favours

training and work experience programmes. In terms of their labour market definitions, training programmes and job creation schemes are diametrically opposed: job creation schemes assume that the demand for labour must be expanded, while training schemes assume that the unemployed are not competitive on the labour market, or that the supply of labour is in some way not congruent with the demand. A mainstream approach might emphasise the changing nature of unemployment. The approach laid out in this thesis would look to the nature of contemporary political and ideological relations. This would offer the possibilty of understanding both unemployment policies <u>and</u> mainstream approaches to the analysis of such policies. Mainstream theories would be understood as playing a significant role in the determination of state policy to the extent that they are a component of political relations, and are concerned directly with such state interventions.

There is, in fact, a definite need to conduct systematic Marxist analyses and critiques of both state interventions and mainstream theories. These theories play a significant role in mediating the gap between objective reality to state intervention. They are, therefore, not merely epistemologically and theoretically incorrect; they have extremely important political effects, in particular through their impact on the nature of state interventions. The tendency for Marxists to allow the mainstream approaches to go entirely unchallenged (at a theoretical level) in areas such as unemployment policy is

therefore most unwise. Marxism should be engaged in a constant critique of the output of groups such as the OECD. Although this is certainly not a strategy that will bring on the revolution promptly, it easily falls within the category of a 'war of attrition'.

APPENDIX I.

TABLE 8: Numbers of Men Employed on Various Classes of Work Under No Five Scheme at Four Monthly Intervals, Dec.1931 to Sept.1932.

TABLE 9: Numbers of Men Employed on Various Classes of Work Under No Five Scheme at Four Weekly Intervals, Oct.1932 to Sept.1933.

TABLE 10: Numbers of Men Employed on Various Classes of Work Under No Five Scheme at Four Weekly Intervals, Oct.1933 to Jul.1934.

TABLE 11: Numbers of Men Employed on Various Classes of Work Under No Five Scheme at Four Weekly Intervals, Aug.1934 to Jan.1935.

Table. 8: Numbers of Men Employed on Various Classes of Work Under No Five Scheme at Fourly Monthly Intervals, Dec.1931 to Sept.1932

Classes of Work.	December, 1931.		March, 1932.		June, 1932.		September, 1932.	
	Number of Men.	Percentage of Total.	Number of Men.	Percentage of Total.	Number of Men.	Percentage of Total.	Number of Men.	Percentage of Total
Reproductive work—								
Land-drainage	2,700	6·7	3,250	8·5	3,760	8·0	3,150	6·3
General land-development (including vegetable-growing)	1,390	3·5	3,650	9·5	6,460	13·8	7,360	14·7
Protection against river and sea erosion ..	985	2·4	1,160	3·0	1,700	3·6	1,920	3·8
Improvement of backblock roads	1,900	4·7	1,760	4·6	2,180	4·7	1,860	3·7
Afforestation	800	2·0	285	0·7	675	1·4	985	2·0
Reclamation (including prevention of sand-drift)	555	1·4	335	0·9	950	2·0	1,130	2·3
Other reproductive work (including gold prospecting)	1,470	3·6	1,760	4·6	2,475	5·3	2,395	4·8
Totals (reproductive)	9,800	24·3	12,200	31·8	18,200	38·8	18,800	37·6
Non-reproductive work—								
Formation and improvement of streets, roads, &c.	19,300	47·9	16,885	44·0	18,385	39·3	19,620	39·2
Improvement of domains, parks, and reserves ..	5,630	14·0	4,015	10·4	4,870	10·4	4,890	9·8
Improvement of school and hospital grounds ..	3,270	8·1	2,990	7·8	2,940	6·3	3,495	7·0
Other classes of work	2,300	5·7	2,310	6·0	2,455	5·2	3,245	6·4
Totals (non-reproductive)	30,500	75·7	26,200	68·2	28,650	61·2	31,250	62·4
Grand totals	40,300	100·0	38,400	100·0	46,850	100·0	50,050	100·0

Source: AJHR, 1932 H-35:14

Table. 9: Numbers Unemployed on Various Classes of Work Under the No Five Scheme at Four Weekly Intervals, Oct.1932 to Sept.1933

asses of Work.	29th Oct., 1932.		26th Nov., 1932.		24th Dec., 1932.		21st Jan., 1933.		18th Feb., 1933.		18th March, 1933.		15th April, 1933.		13th May, 1933.		10th June, 1933.		8th July, 1933.		5th Aug., 1933.		2nd Sept., 1933.		30th Sept., 1933.	
	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.	Number of Men.	Per-centage of Total.
roductive Work.																										
velopment (including vege-	7,000	14·8	6,820	14·8	6,800	14·7	5,455	12·1	5,745	13·2	5,215	12·0	5,290	11·9	5,030	10·9	5,845	11·7	5,750	11·8	5,670	11·5	5,830	11·8	5,460	11·2
.. .. ..	2,940	6·2	2,865	6·2	2,745	6·0	2,615	5·8	2,810	6·5	2,830	6·5	3,065	6·9	3,075	6·7	3,450	7·3	3,345	6·9	3,460	7·0	3,350	6·8	3,205	6·6
backblock roads ..	2,360	5·0	2,420	5·3	2,585	5·6	2,280	5·1	2,735	6·3	2,980	6·9	3,105	7·0	3,595	7·8	3,735	7·9	4,125	8·5	4,310	8·8	3,845	7·8	3,935	8·1
et river and sea erosion ..	1,960	4·2	1,785	3·9	1,480	3·2	1,545	3·4	1,400	3·2	1,320	3·0	1,430	3·2	1,570	3·4	1,640	3·5	1,935	4·0	2,295	4·7	2,300	4·7	2,330	5·2
.. .. ..	920	2·0	790	1·7	970	2·1	820	1·8	690	1·6	730	1·7	790	1·8	635	1·4	865	1·8	945	1·9	1,070	2·2	1,040	2·1	860	1·8
luding prevention of sand-	1,050	2·2	960	2·1	985	2·1	740	1·6	735	1·7	785	1·8	760	1·7	675	1·4	730	1·5	810	1·7	835	1·7	790	1·6	805	1·6
ive work	980	2·1	900	2·0	1,025	2·2	1,515	3·4	185	0·4	250	0·6	210	0·5	310	0·7	365	0·8	310	0·6	410	0·8	315	0·6	275	0·5
on reproductive work ..	17,210	36·5	16,540	36·0	16,590	35·9	14,970	33·2	14,300	32·9	14,110	32·5	14,650	33·0	14,890	32·3	16,230	34·5	17,220	35·4	18,050	36·7	17,470	35·4	17,070	35·0
Other Work.																										
improvement of streets,	18,100	38·4	18,000	39·2	18,240	39·5	18,370	40·7	17,330	39·8	17,310	39·9	18,000	40·5	18,550	40·3	18,420	38·9	18,195	37·4	17,580	35·7	18,000	36·5	17,670	36·3
f domains, parks, and	5,255	11·1	5,100	11·1	5,295	11·5	5,315	11·8	5,605	12·9	5,440	12·6	5,760	13·0	5,950	12·9	5,660	12·0	5,645	11·6	5,875	11·9	6,060	12·3	6,170	12·7
school and hospital grounds	3,280	6·9	2,995	6·5	3,000	6·5	2,630	5·8	2,710	6·2	2,980	6·9	2,920	6·6	3,120	6·8	3,070	6·5	3,225	6·6	3,280	6·7	3,255	6·6	3,070	6·3
ter-supply	835	1·8	890	2·0	910	2·0	965	2·1	985	2·3	925	2·1	820	1·8	980	2·1	1,060	2·2	1,385	2·8	1,185	2·4	1,065	2·2	1,285	2·6
.. .. ..	2,500	5·3	2,385	5·2	2,135	4·6	2,860	6·4	2,560	5·9	2,605	6·0	2,270	5·1	2,600	5·6	2,800	5·9	3,030	6·2	3,240	6·6	3,460	7·0	3,475	7·1
n other classes of work ..	29,970	63·5	29,370	64·0	29,580	64·1	30,140	66·8	29,190	67·1	29,260	67·5	29,770	67·0	31,200	67·7	31,010	65·5	31,480	64·6	31,170	63·3	31,830	64·6	31,670	65·0
(excluding gold-prospectors)	47,180	100·0	45,910	100·0	46,170	100·0	45,110	100·0	43,490	100·0	43,370	100·0	44,420	100·0	46,090	100·0	47,340	100·0	48,700	100·0	49,220	100·0	49,300	100·0	48,740	100·0

Source: AJHR, 1933 H-35:17

Table. 10: Numbers of Men Employed on Various Classes of Work Under the No Five Scheme at Four Weekly Intervals, Oct.1933 to Jul.1934.

TABLE V. NUMBERS OF MEN REMAINING ON REGISTERS AT END OF SUCCESSIVE FOUR-WEEKLY PERIODS AND EMPLOYED ON VARIOUS CLASSES OF WORK UNDER SCHEME NO. 5, SHOWING SEPARATELY THOSE ON PART-TIME AND FULL-TIME WORK.

(NOTE.—This table excludes those receiving sustenance without work.)

Classes of Work.	28th Oct., 1933. Number of Men.			25th Nov., 1933. Number of Men.			23rd Dec., 1933. Number of Men.			20th Jan., 1934. Number of Men.			17th Feb., 1934. Number of Men.			17th March, 1934. Number of Men.			14th April, 1934. Number of Men.			12th May, 1934. Number of Men.			9th June, 1934. Number of Men.			7th July, 1934. Number of Men.		
	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total	Part Time.	Full Time.	Total	Part Time.	Full Time.	Total.
Reproductive Work.																														
General land-development (including vegetable-growing)	4,675	1,260	5,935	3,903	977	4,880	3,450	950	4,400	2,506	816	3,322	2,193	779	2,972	2,190	756	2,946	1,985	743	2,728	1,605	625	2,230	1,933	732	2,665	1,917	838	2,755
Land-drainage	1,541	408	1,949	1,609	363	1,972	1,540	378	1,918	1,513	249	1,762	1,267	337	1,604	1,221	354	1,575	1,277	219	1,496	1,400	271	1,731	1,302	444	1,747	1,512	331	1,843
Improvement of backblock roads	3,503	956	4,459	3,400	1,097	4,497	2,818	1,158	3,976	2,003	1,254	3,257	2,681	1,050	3,731	2,870	967	3,837	3,467	1,010	4,477	3,439	1,078	4,517	3,392	1,086	4,478	3,389	1,179	4,568
Protection against river and sea erosion	2,305	9	2,314	2,250	..	2,250	2,121	..	2,121	1,904	..	1,904	1,842	11	1,853	1,668	132	1,800	1,685	177	1,862	1,959	195	2,154	1,831	190	2,021	1,847	222	2,069
Afforestation	872	3	875	593	7	600	466	5	471	423	5	428	728	..	728	490	1	491	468	1	469	535	6	541	1,075	5	1,080	1,037	64	1,101
Reclamation (including prevention of sand-drifts)	880	..	880	790	..	790	870	..	870	814	2	816	559	..	559	657	..	657	661	..	661	779	..	779	795	..	795	904	32	936
Gold-prospecting under Scheme No. 5—																														
On ordinary subsidy ..	..	2,999	2,999	..	2,928	2,928	..	3,066	3,066	..	2,984	2,984	..	2,889	2,889	..	3,000	3,000	..	3,030	3,030	..	3,027	3,027	..	3,044	3,044	..	3,037	3,037
Special preparatory or other work	..	164	164	..	196	196	..	271	271	..	319	319	..	356	356	..	335	335	..	310	310	..	306	306	..	315	315	..	338	338
Supervisors and engineers ..	..	70	70	..	66	66	..	70	70	..	70	70	..	78	78	..	73	73	..	81	81	..	77	77	..	80	80	..	80	80
Other reproductive work ..	183	17	200	331	58	389	84	53	137	5	2	7	10	14	24	28	10	38	37	6	43	59	12	71	22	1	23	26	5	31
Total men on reproductive work	13,959	5,886	19,845	12,876	5,692	18,568	11,349	5,951	17,300	9,168	5,701	14,869	9,280	5,514	14,794	9,124	5,634	14,758	9,580	5,577	15,157	9,836	5,597	15,433	10,331	5,897	16,248	10,632	6,126	16,758
Other Work.																														
Formation and improvement of streets, roads, &c.	15,606	1,027	16,633	13,793	999	14,792	13,809	826	14,635	15,696	725	16,421	13,367	706	14,073	12,862	585	13,447	12,437	585	13,022	12,148	432	12,580	12,316	469	12,785	12,372	542	12,914
Improvement of domains, parks, and reserves	5,677	56	5,733	4,998	54	5,052	4,141	47	4,188	4,968	38	5,006	4,671	35	4,706	4,484	27	4,511	4,593	23	4,616	4,679	26	4,705	4,856	25	4,881	4,979	38	5,017
Improvement of school and hospital grounds	3,337	..	3,337	3,188	..	3,188	3,356	11	3,367	2,986	11	2,997	2,680	14	2,694	2,669	11	2,680	2,382	22	2,404	2,867	19	2,886	2,334	18	2,352	2,335	17	2,352
Sewerage and water-supply ..	1,165	83	1,248	1,011	135	1,146	881	157	1,038	821	65	886	694	194	888	697	193	890	607	201	808	691	238	929	715	283	998	651	370	1,021
Miscellaneous	2,973	605	3,578	3,159	667	3,826	3,370	719	4,089	2,294	651	2,945	2,524	739	3,263	2,719	750	3,469	2,574	744	3,318	2,392	766	3,158	2,554	736	3,290	2,554	734	3,288
Total men on other classes of work	28,758	1,771	30,529	26,149	1,855	28,004	25,557	1,760	27,317	26,765	1,490	28,255	23,936	1,708	25,644	23,431	1,566	24,997	22,593	1,575	24,168	22,777	1,481	24,258	22,775	1,531	24,306	22,891	1,701	24,592
Grand totals	42,717	7,657	50,374	39,025	7,547	46,572	36,906	7,711	44,617	35,933	7,191	43,124	33,216	7,222	40,438	32,555	7,200	39,755	32,173	7,152	39,325	32,613	7,078	39,691	33,126	7,428	40,554	33,523	7,827	41,350

Classes of Work.	4th August, 1934. Number of Men.			1st September, 1934. Number of Men.			29th September, 1934. Number of Men.			27th October, 1934. Number of Men.			24th November, 1934. Number of Men.			22nd December, 1934. Number of Men.			10th January, 1935. Number of Men.		
	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.	Part Time.	Full Time.	Total.
Reproductive Work.																					
General land-development (including vegetable-growing)	2,147	922	3,069	1,976	940	2,916	2,215	1,006	3,221	1,902	978	2,880	1,962	997	2,959	2,016	998	3,014	1,571	1,265	2,836
Land-drainage	1,171	288	1,459	1,358	246	1,604	1,135	233	1,368	1,132	292	1,424	1,026	221	1,247	956	213	1,169	955	165	1,120
Improvement of backblock roads..	3,660	1,294	4,954	3,831	1,221	5,052	3,628	1,259	4,887	3,451	1,221	4,672	3,090	1,151	4,241	3,061	1,153	4,214	2,874	1,008	3,882
Protection against river and sea erosion	1,782	210	1,992	1,894	273	2,167	1,923	270	2,193	1,948	216	2,164	1,747	181	1,928	1,634	215	1,849	1,427	345	1,772
Afforestation	1,029	73	1,102	971	54	1,025	863	62	925	973	5	978	890	9	899	769	34	803	703	8	711
Reclamation (including prevention of sand-drifts)	748	59	807	755	57	812	779	70	849	795	25	820	716	44	760	655	31	686	620	16	636
Gold-prospecting under Scheme No. 5—																					
On ordinary subsidy ..	..	3,141	3,141	..	3,081	3,081	..	3,091	3,091	..	3,010	3,010	..	2,891	2,891	..	2,750	2,750	..	2,727	2,727
Special preparatory or other work	..	352	352	..	367	367	..	362	362	..	360	360	..	413	413	..	382	382	..	406	406
Supervisors and engineers ..	..	82	82	..	85	85	..	85	85	..	86	86	..	81	81	..	81	81	..	80	80
Youths at reduced rate of subsidy	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	38	38	..	64	64
Other reproductive work ..	26	55	81	31	72	103	10	18	28	6	18	24	17	18	35	51	63	114	44	60	104
Total men on reproductive work	10,563	6,476	17,039	10,816	6,396	17,212	10,553	6,456	17,009	10,207	6,211	16,418	9,448	6,006	15,454	9,142	5,958	15,100	8,194	6,144	14,338
Other Work.																					
Formation and improvement of streets, roads, &c.	12,074	470	12,544	11,587	526	12,113	11,201	489	11,690	9,963	626	10,589	9,654	514	10,168	9,745	628	10,373	9,482	722	10,204
Improvement of domains, parks, and reserves	5,333	35	5,368	5,462	50	5,512	5,663	162	5,825	5,223	96	5,319	5,312	74	5,386	5,098	49	5,147	4,981	132	5,113
Improvement of school and hospital grounds	2,371	26	2,397	2,224	30	2,254	2,338	39	2,377	2,242	87	2,329	2,006	70	2,076	2,115	38	2,153	1,895	24	1,919
Sewerage and water-supply ..	572	425	997	578	398	976	633	424	1,057	591	435	1,026	471	476	947	354	428	782	354	399	753
Miscellaneous	2,407	724	3,131	2,500	892	3,392	2,343	884	3,227	2,346	901	3,247	2,085	874	2,959	1,849	865	2,714	1,869	808	2,677
Total men on other classes of work	22,757	1,680	24,437	22,351	1,896	24,247	22,178	1,998	24,176	20,365	2,145	22,510	19,528	2,008	21,536	19,161	2,008	21,169	18,581	2,085	20,666
Grand totals	33,320	8,156	41,476	33,167	8,292	41,459	32,731	8,454	41,185	30,572	8,356	38,928	28,976	8,014	36,990	28,303	7,966	36,269	26,775	8,229	35,004

Table.11: Numbers of Men Employed on Various Classes of Work Under the No Five Scheme at Four Weekly Intervals, Aug.1934 to Jan.1935.

Source: AJHR,1935 H-35:31

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