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FROM JOB CREATION TO TRAINING, 1840-1990: A DESCRIPTIVE ANALYSIS OF THE DEVELOPMENT AND DEMISE OF JOB CREATION POLICY AS THE MAINSTAY OF STATE RESPONSES TO UNEMPLOYMENT IN NEW ZEALAND

A thesis presented in partial fulfilment of the requirements for the degree of Doctor of Philosophy in Social Policy at Massey University, Palmerston North, New Zealand

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ABSTRACT

New Zealand, for much of the present century has been regarded by other English speaking nations as boldly experimenting in the development of social policy; but is currently taking the dismantling of the welfare state further than most western countries. This thesis provides a historical analysis of job creation for the unemployed, which was provided by the state on a relatively large scale (relative to the size of the New Zealand population), from the earliest days of colonisation in the 1840s until it was virtually phased out inthe mid-1980s.

The thesis examines the competing ideas and interests which conditioned the adoption, growth, fluctuations in the eventual demise of job creation as the mainstay of the New Zealand state's responses to unemployment. In particular, it examines the impact of the various sets of ideas about work and human nature which were brought to New Zealand in the course of colonisation by the British; and the extent to which the colonisers were able to recreate patterns of work and dependency from Britain.

The study of job creation in New Zealand is a history of conflict based on class interests. One task of the thesis is to show how the state has responded in different periods to demands from working men for the 'right to work'. However, it is also a history of the reinforcing of ancient divisions of labour along lines of gender and ethnicity, and of the relative privileging of 'pakeha' (white, European) men in terms of their access to paid work provided by the state.

Job creation for the unemployed has been a site of both conflict and compromise between (mainly male) labour and capital throughout the post-colonisation period in New Zealand. This thesis provides an in-depth study of the ways in which such conflict and compromise contributed to the development, form and eventual demise of job creation in New Zealand.

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This thesis is dedicated to my late wife and best friend, Agness Mubitelela.

GLOSSARY OF MAORI AND NEW ZEALAND TERMS

Aotearoa:	The Land of the Long White Cloud (New Zealand)
Mana:	Influence, authority, social standing
Iwi:	Tribe
Maori:	The inhabitants of New Zealand prior to British colonisation in 1840.
Pakeha:	White person, European
Tapu:	Sacred, prohibited

New Zealand English Terms

Backblocks:	Remote rural districts.
'Criminally lazy poor':	Workers who were regularly unemployed, many of them causal workers.
'Helpful poor':	The unemployed whose unemployment was considered as not of their own making. These were workers who rarely sought state assistance and were prepared to accept whatever work was on offer.
'Red Fed':	Member of the New Zealand Federation of Labour.
Non-reproductive work:	Public works involving improvement of streets, roads, &c., improvement of domains, parks and reserves, improvement of schools and hospitals.
Reproductive work:	Public works involving land-drainage, general land development, erosion protection, improvement of backblocks roads, afforestation, reclamation, &c.
Section:	Portion of land.
'Swaggies':	Mobile landless labourers who met the seasonal labour requirements of the large pastoral landholdings in the nineteenth-century.

ABBREVIATIONS

AJHR	Appendices to the Journals of the House of Representatives
Census	New Zealand Population Census
CSE	Conference of Socialist Economists
EPC	Employment Promotion Conference
ESC	Economic Summit Conference
JALC	Journal and Appendix of the Legislative Council
JDL	Journal of the Department of Labour
MSC	Manpower Service Commission (UK)
MMP	Mixed Member Proportional Representation
NZC	New Zealand Company
NZDL	New Zealand Department of Labour
NZIIA	New Zealand Institute of International Affairs
NZLP	New Zealand Labour Party
NZOYB	New Zealand Official Year Book
NZPD	New Zealand Parliamentary Debates
NZS	New Zealand Statutes
OECD	Organisation of Economic Co-operation and Development
PEP	Project Employment Programme
PSA	Public Service Association
REACs	Regional Employment and ACCESS Councils
RCSP	Royal Commission on Social Policy
SNZ	Statistics of New Zealand

INTRODUCTION

In 1990 I left Zambia to take up a Commonwealth Scholarship in New Zealand. I left a country in which subsistence farming had long predominated. Zambia is often described by agencies such as the World Bank, as one of the destitute states of Sub-Saharan Africa. Its destitute status is reflected in the low income per head of population; in the limited industrial nature of the Zambian economy; in the apparently weak and inefficient form of governmental administration; in the acute scarcity of skilled personnel; and in exceptionally high rates of unemployment.

New Zealand, by contrast, impressed me as 'a specially favoured place' (Oliver, 1978), which is often referred to in the literature as 'a social laboratory for the world'. As far back as the 1890s, New Zealand was singled out by overseas scholars for its innovative labour legislation and in the wake of the 1930s depression, it established a social security system which became the prototype for 'welfare states' of the industrialised world. Of particular interest to me as a Zambian was New Zealand's spectacular success in the pursuit of full employment. After the second world war, for a period of almost 30 years, New Zealand achieved an unemployment rate of less than 0.2 percent of its workforce, a record which is unsurpassed to this day. While this record has been tarnished in more recent years, the romantic image of the 'social laboratory' endures.

I became interested in the ideas which had shaped New Zealand's employment policy over time. How were these ideas produced; how did they become influential; in what way did they shape social policy? These questions seemed to me to be fundamental in any critical examination of the relationship between science and human development. And thus I saw my primary task as providing that 'critical' explanation.

In approaching this task I was influenced by the critical social policy tradition which developed in the 1970s with the writings of British scholars such as Ian Gough, Stuart Hall, Tony Novak, and Norman Ginsburg and by Ian Shirley and Pat Shannon in New Zealand. The attraction of this tradition stems from its dynamic view of economic and social development. 'Critical' theorists assert that it is epistemologically impossible to distinguish between fact and value in analysing and describing human development. In contrast to the

traditionalists who hold that technical language is devoid of value imputations, critical theorists argue that all language is socially constructed. This means that the very categories by which we describe and interpret human behaviour arise out of specific social and political situations and even where we use a technical language we are fabricating categories which are rooted in values and beliefs. To understand these beliefs means understanding the conflict of interests and ideas as these have emerged at particular stages of historical time. In essence, it is a tradition which argues that ideas cannot be separated from interests. And while interests are frequently identified in economic terms, they may also be motivated by social, cultural and political constructs. As recent writers from the discipline of critical social policy have pointed out, interests are not solely those based on class (Williams, 1989; Dominelli, 1991; Bryson, 1992). In this thesis, I have been aware that conflicts of interest based on race and gender also play a significant role in the formation of social policy. I was particularly interested in these conflicts and in the way in which they were resolved. As Hall, Land, Parker and Webb suggest:

> social policy is partly a history of conflict between interests; interests which have often been concentrated in different social classes. But it is also and even more clearly a history of conflicts being resolved, of accommodation, compromise and of agreements which cut across class boundaries (Hall et al., 1978: 150).

I was interested in how these interests and ideas had shaped employment policies in New Zealand during the century and a half following the signing of the Treaty of Waitangi.

THE SCOPE OF THE THESIS

Employment policy provides an entré into the distinctive patterns of policy making which condition and shape each nation's course of development. By focusing on work, we are able to observe fundamental characteristics of particular societies, including the way in which competing forces and interests come together in some form of political accommodation. As Weir observes:

> Public debates about employment can....be read as struggles to define the proper relationship between states and markets, to extend or contract the meaning of citizenship, and to determine the public role in the ostensibly private sphere of family life (Weir, 1992: 6).

In this thesis I wanted to examine the public debates surrounding employment and unemployment in order to understand the role of the New

Zealand state in ensuring the welfare of its citizens. Definitions of work, beliefs about who should work, and the provision of compensation for those out of work, were of particular interest. By probing relationships between societal values and government action, I sought to explain how employment policies had evolved over time.

Rather than examine employment policy in general, I decided to focus specifically on government responses to unemployment from the period of European settlement in New Zealand through to the present day. There are a number of advantages in adopting this approach. By focusing on unemployment we are able to explore the ambiguities in societal and cultural values within a society in which work is regarded as 'the fulcrum of social welfare' (Rosenberg, 1977: 45). We can also observe the way in which the State mediates these ambiguities by examining the policy initiatives of different New Zealand Governments as they reacted to unemployment at different periods of historical time.

Although these policy initiatives are interesting in themselves, this thesis is concerned with the various patterns of policy which emerged over time. We are interested therefore in identifying policy changes as well as continuities. By reconstructing the various definitions of unemployment it should be possible to identify the underlying assumptions as well as the boundaries of governmental responsibility. Such boundaries establish why some questions are asked whereas others are left unspoken. They also influence the nature and form of governmental intervention. In other words, we might reasonably ask why some issues are defined as legitimate forums for state intervention and public action, whereas others are regarded as natural phenomena beyond the 'jurisdiction' of the state? By exploring the boundaries of employment policy in general and job creation[1] policies in particular, we can better appreciate the issues which these questions raise.

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[1] The term 'job creation' is used here to refer to specific programmes initiated by central and local government to create new employment opportunities which would otherwise not have been created. Such employment may involve direct employment of eligible unemployed in the public sector or an expansion of direct works or wage subsidies in the private sector on a temporary basis.

METHODOLOGY

Although this thesis is located within the 'critical tradition' of social and public policy, it adopts an historical methodology. In that sense it reaffirms the approach adopted by the founding fathers of sociology, such as Marx, Durkheim and Weber. It was Marx who argued that history does not sweep on independent of what we do, collectively or individually. And whilst he perhaps overemphasised the determination of structural constraints, he concentrated on the historical role of the working class within the context of industrial capitalism.

Durkheim was also concerned with the social transformation which accompanied societies in the process of industrialisation. He wrote about societies such as the Australian aborigines by making use of historical documents. He published this work without moving from his Paris apartment. Similarly, Weber studied environments as remote as India and China and yet all his theories were carefully constructed from documentary records (Pitt, 1972). As these scholars observed, history not only provides us with knowledge about certain events, but it also suggests interpretations as to how and why these events took place.

The significance of history is exemplified within the New Zealand context by the culturally different interpretations provided by Maori and Pakeha societies (Shirley, 1982). Pakeha society, as a general rule, assumes that human beings stand in the present, facing the future with their backs to the past. For the Pakeha, what lies behind is dead and gone and thus behaviour in the present is based primarily upon what lies ahead. Maori society, on the other hand, describes the past as nga ra o mua (the days in front) and the future as kei muri (behind). Maoridom moves into the future with its eyes on the past. In deciding how to act in the present it examines the panorama of history spread before its eyes and in this way makes the connection between past, present and future - between 'what is', and 'what ought to be'.

This thesis is not concerned with 'what ought to be'. In the spirit of critical science it sets out to provide an accurate account of government responses to unemployment since the period of European settlement in the 1840s, through to the policies of the economic rationalists in the 1980s and 90s. In that sense, it is clearly breaking new ground. Although there are a number of social histories which record New Zealand's economic and social development

since the settlement period, the history of government responses to frictional and structural unemployment is piecemeal. Moreover, those dissertations which have focused on 'unemployment' have tended to concentrate on certain periods, such as Robertson's account of unemployment in the wake of the 1930s depression and Hunter's analysis of regional unemployment within the past decade.

The aim of this thesis is to trace the various patterns of government policy over the past 150 years in order to identify the conflicting interests, values and beliefs which have shaped public responses to unemployment. The major source of empirical evidence for such a study lies in documentary material such as archives, public and official reports, manuscripts and newspapers. The state's position at different points in time was gauged through examining Crown documents, especially Parliamentary Debates between 1840 and 1992. These documents were examined at Massey University Library and the Turnbull Library in Wellington. In the course of this archival search a series of policy documents were identified, and apart from one notable exception[2] all were located and examined. In some cases these documents and reports were held in public and university libraries. In other instances, follow-up letters were sent to relevant institutions seeking copies of both published and unpublished reports.

Newspaper reports also provided a rich source of data. Many hours were spent perusing major metropolitan newspapers, especially during those periods in which unemployment was clearly a public issue. A systematic recording procedure was followed so as to ensure both accuracy and authenticity.

Archival research is an unobtrusive method which has several advantages. First, it enables a researcher to study social behaviour without affecting either process or outcome. It also avoids the ethical dilemmas inherent in phenomenological studies. Second, it allows the researcher to trace policy developments over time, thereby establishing a basis for identifying policy changes and continuities, which are at the centre of this dissertation. And third, it accentuates the accuracy of data by corroborating evidence from alternative sources.

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2 The 1885 Royal Commission on the Unemployed of Canterbury was reported in the newspapers of the time but no copy exists in the National Library or National Archives.

At the same time there are obvious limitations in drawing evidence from records which span a period of more than 150 years. Historical documents are often summaries recorded after the event. They are not detailed records of events as they occur. Furthermore, the reliability of evidence tends to decline as the gap widens between policy initiatives and the recording of such events. Then of course there is the issue of scientific objectivity.

In the nineteenth and early twentieth centuries, the purpose of historical analysis centred around providing an accurate summary of past events as if empirical facts existed independent of those undertaking the research. An alternative school in the early twentieth century, argued that the nature of 'facts' depended on the interpretation of the researcher and they went so far as to say that the writing of history was entirely subjective with the same events being rewritten and reinterpreted by each generation. Today, a more balanced view prevails. Although social scientists acknowledge that there is always a subjective component which stems from the values and beliefs of the researcher concerned, the interpretation of 'data' rests ultimately on the complex relationship between 'the facts', the context in which they are immersed, and the historical observer. As an outsider, I was very conscious of this relationship in accurately recording and verifying the records which were examined.

The key methodological process adopted was the identification and location of relevant data covered in chapters two to eight. The first step was to select those periods during which unemployment was known to have been high. This strategy allowed a close and detailed exploration of the conflict between the working class and policy makers and how the state responded to working class demands for work. Documentary and archival data provided a potential and valuable source for examining job creation policy fluctuations and continuities under various governments in New Zealand.

The main source of data for the study was based on public records and policy documents, Parliamentary debates, press statements, legislation, books, articles, election manifestos and theses which are held in various public institutions. Documentary evidence to establish previous policy decisions of various governments was limited to those which dealt with employment and/or unemployment. This data provided vital information on various policy positions of first, the New Zealand Company as an embryonic state, later the

Provincial Governments and finally a New Zealand state modelled on British structures from 1876 following the abolition of Provincial Councils.

Newspaper reports provided a vital source of data and showed how various unemployed workers' committees managed to get an immediate response from the state in the form of job creation policies. These newspaper reports were examined at the Turnbull Library in Wellington and some of them were interloaned from various institutions in the South Island. The newspaper articles covered in this thesis were largely drawn from the major metropolitan newspapers. (For an interesting debate of the role the media in society's perceptions of unemployment and unemployed, see D'Avigdor, 1981).

The data from the newspapers was extended by direct analysis and investigation of relevant files at the National Archives in Wellington. A number of recordings are held at the Archives which includes correspondence between the directors of the New Zealand Company and its resident agents and from 1853 Ministers of the Crown and senior public service workers who had to respond to working class demands for work. Sources such as these provide an untapped wealth of material. From the documents examined it was possible to identify what arguments were articulated, who was expressing those arguments, what interests were involved, and how those arguments were related to the measures taken. Such an inquisition has the potential for widening an understanding of both the process of policy making as well as outcome. No particular piece of social policy develops in a vacuum; knowledge of the context is an important part of policy research. Documentary sources such as those used in this thesis, exhibit clearly identified areas of conflict between the interests of various groups. These conflicts found expression within the structure of the state and as such they provide a rich source of data for students of social policy.

Although job creation policy occupied a central position in employment policy in New Zealand between 1840 and 1987, it has received relatively little attention. A number of studies on state responses to unemployment have been undertaken by historians and have focused on specific episodes creating the impression that responses were unique to a particular period with no relation to the past. There is still no other study which looks directly at social policy continuities and change in the area of state responses to unemployment.

THESIS OUTLINE

The starting point of this thesis is an historical overview of competing perspectives on work. The chapter offers a theoretical context for the study and provides a framework for analysis. This chapter forms the basis on which some assessment of attitudes to work and the unemployed could be judged.

Chapter Two focuses on the 'settlement' period. Although settlers were brought to New Zealand following a promise of regular work at 'fair' wages, unemployment was a problem from the beginnings of colonisation. The chapter describes how the New Zealand Company and the colonial government responded to demands for work from immigrant working class males.

Chapter Three examines how the Conservative-Liberal dominated governments responded to unemployment between 1870 and 1890. It is argued that the formalisation of unemployment policy took place during this period following the passage of the Immigration and Public Works Act 1870. Although unemployment relief was not the primary object of the Act, public works nonetheless came to play a significant role in the implementation of unemployment policy well into the 1940s.

Chapter Four examines the measures taken by the Liberal Government in response to unemployment between 1890 and 1912. The Liberal Party won the 1890 General Election with the popular support of the newly enfranchised (male) working class. The working class were also able to have some of its members enter Parliament. The chapter focuses on two institutions established by the Liberal Government to facilitate the alleviation of unemployment and to carry out necessary works: the Department of Labour and the co-operative works system.

Chapter Five examines responses to unemployment between 1926 and 1935 under the Reform (Conservative) Government (1926-1928), the United (Liberal) Government (1928-1931), and the Coalition Government (Conservative) (1931-1935). Reform's response to unemployment were dominated by what had become traditional methods, that is, absorbing unemployed pakeha men into the State Forest Service, the public works programme administered by the Government and through the provision of

subsidies to Local Authorities for unemployment relief. The United Party won the 1928 General Election on the platform that it was going to fight unemployment through expanded use of public works. The continued rise in unemployment despite efforts to place as many men as possible on public works, eventually led to the passage of the Unemployment Act 1930. The Act was significant in that it represented the first official unemployment policy. It is demonstrated in this chapter that the full potential of the Act was not reached as a result of negative attitudes to the unemployed. Even after workers had paid for their relief through a compulsory levy and later a special unemployment tax, the Coalition Government failed to create enough work for all those who were eligible. It was not until the riot of 1932 that some change in the handling of unemployment began to emerge.

Chapter Six examines the measures taken by the first Labour Government in response to unemployment. The 1935 General Election was a major turning point in state job creation policy. The Labour Government left the economic sphere basically unchanged but for regulations and controls under which capital came to operate (Chapman, 1981). However, the Labour Government disregarded the entrenched economic belief that it was necessary to reduce government expenditure during an economic downturn. Instead, it introduced a new era of expansionism and credit shortly before John Maynard Keynes published his *General Theory of Employment, Interest, and Money* in 1936 and its rise to prominence in advanced capitalist societies in the postwar era as an integral part of employment policy until the late 1970s.

Chapter Seven examines state responses to unemployment after nearly thirty years of full employment. The National Government's initial responses to unemployment showed significant continuity of policies introduced by the first Labour Government. Workers given employment under job creation schemes were paid award wages. From 1981, until its defeat in 1984, the National Government began to put less emphasis on job creation schemes as a means of tackling unemployment, believing that it was better for the government to restrict public expenditure and at the same time hoping that economic recovery would reduce unemployment.

Chapter Eight examines the shift in policy emphasis from job creation to training/retraining and unemployment benefits as the mainstay of state responses to unemployment. The fourth Labour Government's economic policies constituted a complete reversal of policies ushered in by the first

Labour Government. Unlike the first Labour Government which responded to the economic crisis of the 1930s by taking measures which promoted additional job creation, the fourth Labour Government opted for training as the mainstay of state responses to unemployment. The abandonment of job creation represented a significant departure not only in the Labour Party's own traditional policy toward unemployment but it also represented a break with a tradition going back to 1840.

The concluding chapter brings these various themes together in order to identify the various patterns of work provided by the New Zealand state over a period of 150 years. It focuses on policy changes and continuities and it examines the competing ideas and assumptions which have conditioned state responses to unemployment in New Zealand.

CHAPTER ONE

COMPETING PERSPECTIVES ON WORK AND THE CAPITALIST STATE

INTRODUCTION

This thesis is about the changes and continuities in patterns of work provided by the New Zealand state for unemployed pakeha males. It examines the justifications given by policy makers for such provision. It also examines the sets of ideas about work which were used by working class males to challenge the views and interests of dominant class pakeha male politicians. The purpose of this chapter is to provide historical analysis of these competing ideas about work which resurfaced in nineteenth and twentieth century New Zealand. These sets of ideas will be examined from a neo-Marxist perspective which also takes account of race and gender.

In addition the chapter examines the role of the state as the principle vehicle for codifying sets of ideas into labour market policies. It is commonly accepted that employment policies have been strongly influenced by the interests of capital. However, this chapter shows that the state is an arena in which pre-capitalist ideas and structural inequalities, such as those of gender and ethnicity, are both contested and reproduced. In this respect the role of the state is a contradictory one, informed both by the logic of capital accumulation and by demands born of structural inequality more generally.

This chapter thus provides an overview of the various competing ideas about work which have influenced debates in New Zealand about the significance of work and the role of the state. It is divided into four sections. The first section presents an overview of attitudes to work from ancient Greek society to the Protestant Reformation. The second examines attitudes to work advanced by the liberals under industrial capitalism in Britain. The third section looks at Maori ideas about work and the fourth section examines utopian socialist ideas about work. The fifth and final section examines the role of state employment policy in a capitalist society.

FROM ANCIENT GREECE TO THE PROTESTANT REFORMATION

Contemporary social policy is informed by many ideas which predate modern industrial capitalism. Despite some changes and modifications, influential ideas from ancient Greece and Rome about work have continued to influence elite groups. These ideas have been fostered by educational institutions such as the British public school system which have catered for future politicians and top civil servants. They have included ideas about proper gender roles and the respective value attached to work in the public and private spheres (Okin, 1979) and the notion that work is an unpleasant and controlling activity, fit only for subordinates who will avoid work if possible.

The literature about work in ancient times reveals a number of attitudes still familiar today shows. Firstly, it has long been believed by those considered important enough for their ideas to be preserved that there has been an underlying notion of tedium in work. 'Labour' derives from a Latin word indicating trouble, distress and difficulty. In ancient Greek society work implied an experience of toil and trouble. In Biblical Hebrew, terms for work and slavery are identical (Grint, 1992). Secondly, the allocation of work has been used as a basis and justification for structured inequality in society. As Lerner points out: "Slavery is the first institutionalised form of hierarchical dominance in human history ..." (1986: 76).

In addition, groups performing menial work were regarded as inferior. To the ancient Greeks, in whose society menial labour was done by slaves, "work brutalised the mind, made man unfit for the practice of virtue. It was a necessary material evil, which the visionary *elite* should avoid. Leadership in the Greek commonwealth rested upon the work one did not have to do" (Braude, 1983: 5, emphasis in original). This did not mean that all kinds of manual labour were regarded as distasteful but it did mean, firstly, that anyone who had to work at an occupation all the time was regarded as degraded, and secondly, that citizenship status was derived from the area of politics, an area based on the invisible labour of other human beings. (Grint, 1992: 15).

A citizen in ancient Greek society was someone who was not obliged to work to acquire the basics of life (Heckscher, 1983). Aristotle declared that, "slaves there will have to be ... until the day work is abolished" (Meakin, 1976: 2). To justify slavery, Aristotle advanced the theory that slavery was a condition

for which some were destined by nature. The Aristotelian theory of naturalism was based on the belief that some portion of the human race was doomed by natural 'inferiority' to slavery (Southern, 1953).

Free artisans who had to work at their crafts as a source of livelihood were described by Plato as having souls "maimed and disfigured by their meanness, as their bodies are by their trades and crafts" (Jowett, 1924: 194). Because of artisans' dependency on income earned from their trade, they were scorned as hardly better than slaves (Parker, 1971). Agriculture was grudgingly accepted as not unworthy of a citizen, because it brought independence from the daily need to search for food (Arendt, 1962). Ancient Greek elites were consistent throughout in viewing manual work as slavish (Held, 1987).

The Romans by contrast considered agriculture and commerce worthy of gentlemen; "especially if it leads to an honourable retirement into rural peace as a country gentleman" (Tilgher, 1962: 12). Many other pursuits were however considered vulgar and dishonouring. Thus for the Greeks who ruled, and the Roman elites who imitated many of their attitudes, work fitted rather straightforwardly into a clear schema of ideas (Rose, 1985). Warfare was honourable and some distinction could be achieved through success in the arts, especially architecture and sculpture (Rose, 1985). However, subordination to economic need or to being ordered to perform tasks not of one's choice was considered intrinsically degrading, a curse (Braude, 1983).

Thirdly, work has been used as a means by which one solid group controls another. The control element in work was significant under slavery: people who were subjected to slave labour were usually those defeated in war and put to work.

The control function of work was expressed by the Spartan Lycurgus who decreed that to prevent idleness labourers should "be kept down with continual toil and work" (Plutarch, 1967: 191). It was well understood that work provided a form of control over subordinates. The Emperor Vespasian, who ruled Rome from A.D. 69 to 79, refused to make use of a mechanical device for moving heavy stone columns on the ground that it would "take from the poor commons the work that fed them..." (Brunt, 1971: 106).

Fourthly, structural inequality based upon a division of labour leads to expressions of conflict of interest. The expression of dissatisfaction of slaves over conditions of their work as agricultural labourers was summed up by Marx when he stated:

> The slave takes care to let both beast and implement feel that he is none of them, but is man. He convinces himself with immense satisfaction, that he is a different being, by treating the one unmercifully and damaging the other con amore (1954: 191).

Fifthly, unequal divisions of work lead to fears that the dominated group(s) will try to avoid work if at all possible. Although work was held in low regard in Ancient Greece and Rome, idleness was not condoned on the part of the labouring classes. The popular attitude toward beggars and indeed toward idle people generally was very harsh. In the Greek city-states, civic pride was felt to be compromised by the existence of beggars (Brunt, 1971). The problem during the classical period was not so much of the unemployed poor but of beggars who had come to depend on alms for his livelihood. To the classical mind, a beggar was responsible for their position; to give someone charity, as the Roman playwright Plautus put it, was "to do him an ill service" (Plutarch, 1967: 107). A Spartan's rejoinder to a beggar's request was typical: "If I gave (to) you, you would proceed to beg all the more; it was the man who gave (to) you in the first place who made you idle" (Plutarch, 1967: 110).

Hebrew ideas about work contained both similarities and differences from those of the Greeks and Romans. For the Hebrews work was a curse, justified as such by reference to the original sin of the first family (Richardson, 1963). Adam, begetter of the human race, is the angel fallen from the heaven of indolence to the hell of work (Berneri, 1983). We are told in the book of Genesis that man's first disobedience and ingratitude resulted in the curse of work: 'In sorrow thou shalt bring children, in the sweat of thy face thou shalt eat bread'. However, to work was also seen as a step to securing redemption; it was part of God's inscrutable design of the world. Work properly done was considered as an honour to God and thus as a virtue. (Tilgher, 1962). This belief gave work moral justification, but the Hebrews affirmed that the kingdom to come would be one of blessed idleness. Thus the unpleasantness of work was considered as temporary but a necessary means to a reward in Heaven (Meakin, 1976).

The Hebrew themes of thought on work were woven into early Christian conceptions of work, which dominated the European world of the Middle

Ages. To the Christian of the Middle Ages, work was an atonement for sin (Braude, 1983). St. Benedict in his rules for the behaviour of monks, declared that both manual and mental work were a religious duty. Rule XLVIII of the Benedictine Order stated that: "Idleness is the enemy of the soul and therefore, at fixed times, the brothers ought to be occupied in manual labor and again at fixed times, in sacred reading" (Bettenson, 1947: 210). However, this rule remained contradictory to the central belief of the Church which was that work was appreciated not as something good in its own right but as a discipline. Work, being of this world, was of no worth in itself (Mills, 1973). However, its very endless nature and tedium was considered spiritually valuable (Anthony, 1977).

Ideas about work from ancient times still have a familiar ring, an immediacy. Subsequent ideas have served to modify but not transform such ideas, arguably because we still live in a society divided on the basis of work.

THE PROTESTANT REFORMATION AND WORK

Among Western European Christian religions, Protestantism was "the first systematic body of religious teaching which could be said to recognise and applaud the economic virtue (of work)" (Tawney, 1961: 114).

The rise of the Protestant Reformation in the sixteenth century began to modify Christian ideas about work. Increasingly, people were encouraged to amass material rewards on earth by steady work, (although not expected to consume them) and not simply to wait for their reward in heaven (Rose, 1985). In Luther's teaching work was still a means to an end. However, all who could work were expected to do so. To maintain oneself by work was seen as a way of serving God (Tilgher, 1962). There was a move away from words about work denoting pain and degradation to words denoting dignity and duty (Joyce, 1987).

Calvin developed Luther's ideas about work further with his doctrine of predestination. According to the Calvinist doctrine of predestination, no one knew whether they were a member of the 'elect', destined for heaven after death, or a member of the damned (Weber, 1969). Under such conditions, it is not surprising that individuals should seek some indications in this worldly life that they were in fact destined to be members of the 'elect' in the next

paradise. Economic success in this worldly life came to be interpreted as such a sign. However, in keeping with the ethics of Calvinism, it would necessarily be economic success attained through hard work and sober dedication to a 'calling' or vocation (Weber, 1930). The Calvinist idea was that most human beings were damned to burn in Hell through eternity and that the 'elect' minority fated to escape this grim future should rule on the earth. This provided industrial capitalism with a religious justification for disciplining both workers and the unemployed (Hill, 1952).

Work in a calling was measured against the criterion of wealth one was able to accumulate (Weber, 1930). Making money was a concrete indication of success in one's calling. Thus making money became both a religious and business ethic (Parker, 1971). It laid the foundations for the accumulation of capital by the emerging capitalist class.

Calvinism projected on to work, values, meanings, and goals far beyond those of making a living for oneself. "To work diligently and soberly in one's calling became a central requirement of the Protestant way of life" (Kumar, 1984: 7). Idleness was classified among the greatest sins that a Protestant believer could commit. Work, whatever its nature, if performed to the best of one's ability gained religious favour and assured one of being among the elect. Any form of work was considered better than not working at all.

The main legacy of Calvinism was the command to deny the world, but live in the world; to work hard to accumulate wealth but not spend it on oneself. In his teaching Calvin promoted a personal and social morality that was compatible with a strategic approach to the appropriation of wealth: "abstinence from worldly pleasures, preservation of wealth through savings, careful use of time, and the obligation to demonstrate God's favour by sustained meritorious accumulation" (Rose, 1985: 30).

The Calvinist doctrine of predestination provided further momentum for the rhythm of modern work. It encouraged and justified the social development of a type of person capable of continuous, systematic labour based on the principle that work "must not be casual, intermittent or occasional. It must be methodical, disciplined, rational and uniform" (Tilgher, 1962: 14). It was the foundation of the labour market morality which largely applied to men[1].

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[1] For the wage-earning section of the population work came to mean primarily paid employment in this period. This meant that the unpaid work which was still performed under

Success in work meant that the individual had not lost grace and favour in the sight of God.

Among its believers, Calvinism produced individuals who worked hard in their 'calling' in a single-minded manner. Habits of thrift and accumulation of wealth were reinforced (Weber, 1969). The task of every person was to discipline oneself through commitment to one's calling. Calvinism attacked time wasting, laziness, idleness and more sleep than was necessary. In fact anything which might divert or distract people from work was condemned (Weber, 1969).

While Protestant business entrepreneurs and workers, particularly from pietistic sects, did not invent the institutions of capitalism or good craftsmanship, they went about their jobs with a new spirit. The Calvinist doctrine of predestination had forced believers to rationalise every aspect of their lives and to strive hard for excellence in their work to which they believed they had been assigned by God. Luther, for example, stressed the "priesthood of all believers" and translated the Bible so that every person could have direct access to God and religious thought. Calvin emphasised a rationalised excellence in this life for everyone. Both Luther and Calvin put emphasis on self-reliance; and certainly, the Protestant Reformation seems to have set the stage, historically, and encouraged its believers to strive for self-reliance and achievement, the two virtues which have remained central to all capitalist societies. The Protestant work ethic which Weber analysed has been important as a philosophy of work in Western capitalist societies. It continues to affect and influence the more secular attitudes to work held by some politicians, trade union leaders, employers and many workers.

In fact ideas about work under Protestantism were modified to the extent that those who had wealth and citizenship were not presumed to have worked to attain their position; and that work was seen as a virtue. However, ideas about work were still being used as a means to justify inequality.

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slave relations of production, and now performed primarily by women, came to be not even regarded as work.

FROM THE PROTESTANT WORK ETHIC TO CAPITALIST WORK ETHIC

The rise of capitalism and liberalism in Britain is also significant, because Britain was not only the birthplace of the 'industrial revolution' but also the nation which colonised New Zealand, bringing its ideas and practices with it. In the course of this gradual process of secularisation, work became a means to acquire money, respectability, and success: a virtue in its own right (Rosenberg and Birdzell, 1986). While the focus of work was increasingly shifting from meeting religious imperatives to worldly material acquisition, the gospel of work was derived from both religious and economic life. In the emerging middle classes, where the Puritan tradition was strong, the Calvinist doctrine of work was already accepted (Tawney, 1961). Leading thinkers exalted work to a position far above any it had held in religion. Caryle's message was that "the latest Gospel in this world is, know thy work and do it" (cited in Clayre, 1974: 243). All of Dr Arnold's (a leading English educationist) pupils were brought up on the principle, "'Work'. Not, work at this or that but, Work" (Arnold, 1900: vi). Other children heard a biblical command that was continuously repeated: "Work while it is called Today, for the night cometh when no man (sic) can work" (Braddon, 1974: 164). By the same token idleness was impermissible.

In pre-industrial England the social customs of local communities gave rise to voluntary under-employment and a proliferation of saints' days (holidays), the instability of labour, and irregular work patterns. In times of high wages the tendency to work short-time was common (Eldridge, 1973). These were regarded as an 'impediment to progress'. (Bailey, 1978: 2). It was from such a tradition that the capitalists had to create a regular, disciplined, and industrious work force. As Marx stressed, in England, the creation of a working class had been achieved, from the seventeenth-century by forcing workers from the land, leaving them with no other alternative but to sell their labour power for a wage (Marx, 1954). However, what the new capitalist class also wanted was a worker who internalised the bourgeois values of hard work and sobriety while remaining submissive to employers' control and accepting the employers' interpretation of the circumstances so far as the expected output and wages were concerned (Thompson, 1967).

Probably the best-known nineteenth-century exponent of the capitalist work ethic was Dr. Samuel Smiles. Smiles' most influential contribution to the advance of the capitalist work ethic is found in his axiom: "Heaven helps

those who help themselves" (1859: 9) which as one of the most influential doctrines of work and individualism continues to be emphasised to the present day. It was a doctrine that was not only readily accepted by the capitalist class in England and large sections of the working class, but found world wide appeal especially in countries of Western Europe and North America and then British colonies such as New Zealand and Australia. The consequence, according to Mathias, was that:

> The virtues of hard work - the gospel of work preached by Samuel Smiles - savings, thrift, sobriety became the new social imperatives dinned into the heads of the new working classes by their social betters by every known means of communication (1969: 208).

The capitalists saw themselves as 'public benefactors' in providing work, and workers were expected to be thankful to them, not just for the economic opportunities granted them, but for the opportunity to do God's will, to work (Berneri, 1983).

The capitalist work ethic was outlined by Smiles in a sequence of books published between 1859 and 1887 and evocatively named *Self-Help, Character, Thrift, Duty, and Life and Labour* (Hill, 1981). In these works the poor are seen as victims not of circumstances but of their own idle and irregular courses. The truest charity according to Smiles was not to enervate them by relief but to reform their characters that relief may be unnecessary (Smiles, 1859). Smiles proclaimed:

> Help from without is often enfeebling in its effects, but help from within invariably invigorates. Whatever is done for men or classes, to a certain extent takes away the stimulus and necessity of doing for themselves (Smiles, 1859: 19).

The root of this belief can be traced back to the Greek city-states, the Roman era, and early Christian attitude to idleness. Poverty came to be seen as the result of some individual failure which could be corrected by individual adaptation. This belief was reinforced by classical economists who saw unemployment as a personal rather than a societal problem, and believed that if people were left to their own devices hunger would compel everyone to work (Eden, 1928).

Opposition to state assistance for the unemployed in the nineteenth-century was reinforced by classical economists who believed that all forms of social insurance were counter productive as they were considered to cause unemployment and serve as a disincentive for hard work (Lebergott, 1964). It

was largely on the basis of this belief that many nineteenth policy makers abhorred any form of assistance to the poor, choosing to ignore the growing problem of structural unemployment. From the point of classical economists there was no place for discretionary interventionist policies designed to alleviate unemployment. This was despite the fact that there was no evidence that a free market economy could achieve full employment.

The notion that hard work is a means to success was advanced as if all those who possessed wealth and power in industry had justly earned their positions by virtue of their hard work and thrift (Hill, 1981). The ideology of individualism presumed that anyone, from any background could succeed through hard work, proficiency and thrift.

In some ways, ideas about work appeared to have changed between the sixteenth and nineteenth centuries. For Calvin, writing in the sixteenth century, work was a discipline that enabled one to enter the kingdom of God, beginning on earth but continuing in a final paradise. For Calvinists the real justification of work was as a means to salvation. By contrast, nineteenth-century writers such as Carlyle and Smiles held the view that, "labour of all kind is dignified and honourable; it is the idler above all others, who is undignified and dishonourable" (Smiles, 1875: 63). For the nineteenth-century liberals, the significance of work was in the here and now, in a changed earthly society. What the two groups had in common was the view that work was a means to an end. Work was viewed in an instrumental fashion and there was still no expression of work being good in itself.

Despite this shift in emphasis, the link between the capitalist work ethic and the Protestant work ethic remained profound throughout the nineteenth century (and has continued to exist). As Max Weber put it, "the idea of duty in one's calling prowls about in our life like the ghost of dead religious belief" (Weber, 1969: 22). Weber argued that the appeal of material goods may have replaced hope in the direction of salvation or grace, but, "in reality the idea of duty in one's calling is what is most characteristic of the social ethic of capitalist culture, and is in a sense the fundamental basis of it" (Weber, 1930: 65). The capitalist work ethic in fact acted to reinforce new values ascribed by the capitalist class associated with hard work; work is associated with such values as honesty, sobriety, trustworthiness. Avoidance of work in the paid work force (even the most unpleasant), came to be associated for men at least with dishonesty, shiftiness, or drunkenness (Jenkins and Sherman, 1979).

Dignity became equated with work, and for men, at least, this meant regular paid work as an employee. For women decency meant becoming a faithful and thrifty wife and mother.

The liberal notion of freedom to compete and succeed in the material world was superimposed upon and integrated with earlier notions of predestination and the will of God, despite the logical contradiction inherent in this. Smiles argued: "that there should be a class of men who live by their daily labour in every state is the ordinance of God, and doubtless is a wise and righteous one" (Smiles, 1859: 303). The elevation of the status of paid employment was intended to act as an incentive for those who, by hard work, might succeed. It also encouraged competition amongst those men who, also by hard work, would not succeed (Anthony, 1977).

This was certainly true of colonial New Zealand society which strongly endorsed the capitalist work ethic, the virtues of individualism and the acquisition of material wealth as the ultimate purpose of work. These values went against the very basis on which traditional Maori society was built.

Arthur S. Thomson, writing in New Zealand at the same time as Smiles was working in Britain, claimed: "high authority declares that 'the poor shall never cease from the land'; but in New Zealand those only are poor who from sickness cannot, or from idleness and intemperance will not work" (1859: 315).

Following the signing of the Treaty of Waitangi in 1840 British immigration began in earnest with the major motivation for settlement being the opportunity for migrants to 'better' themselves materially.

Many early settlers' view of Maori attitudes to work was negative. Tyrone Power remarked of the Maori that they were "indolent and incapable, in their savage (sic) state, of earnest and continuous agricultural labour" (1849: 251). Thomson held the view that the Maori were "deficient in habits of steady and continuous attention, of association and mental industry" (1859: 84). This was a racially constructed view of the Maori that elevated all European immigrants above the Maori. This characterisation of the Maori was made despite the fact that early pakeha (white person, European) settlers got much of their food from the Maori (Sinclair, 1957). They were also very effective traders until the

1860s after which they were decimated by wars, confiscation of land and diseases which had been introduced by the pakeha.

Maning's position was that the Maori were not lazy nor thriftless, but capable of steady and strenuous work (1863). Indeed the Maori worked very hard when it seemed necessary. They did not, however, regard labour for its own sake as a virtue (Sinclair, 1957). Most of their work time was geared towards the production of food rather than personal material wealth. The accusation of laziness levelled at the Maori simply exemplified cultural differences and alternative perspectives on work.

MAORI ATTITUDES TOWARDS WORK

For the Maori, work had particular social as well as economic value. All work was regarded as honourable. Even a chief lost no prestige by carrying on such a manual task as the cutting out of a canoe; he might have been seen working side by side with his people in the cultivations, and took a conspicuous part in the labours of fishing or snaring of birds (Firth, 1929). In addition, Maori society operated on an economic base which differed in its fundamental principles from nineteenth British paradigms. One main difference was in the perception of the factors of production. For centuries, British society had viewed land and labour as commodities to which monetary value could be assigned (Moon, 1993). In Maori society, notwithstanding intertribal claims to small areas of land, land was basically a public good in as far as it provided benefits to everyone within the community (Buck, 1949).

The system of co-operation in work and the sharing of natural resources inhibited any trends towards individualism (Anon, C.1880). Through communal ownership of the means of production, "no man could become rich and no man poor" (Thomson, 1859: 98). Each individual took a full share of the iwi [tribe] duties and in return had the whole force of the iwi to assist him/her when in need (Buck, 1949). The interests of the group not the individual were considered paramount.

Among the Maori there was no class of persons able from their wealth to purchase exemption from work. Chiefs of the highest rank were screened from tedious manual work, only from the respect for their position, and from the aura of *tapu* [sacred, prohibited] which surrounded them. But even

they did not lead a life of idleness, and generally occupied themselves with such activities as carving, the making of weapons and ornaments. Proficient participation in work was in fact an exceptional asset in increasing *mana* (influence and authority) with the people (Firth, 1929).

Together with the recognition of the dignity of labour went the reprobation of idleness. As tribal resources were overwhelmingly devoted to the production of food, 'free-rider' behaviour was not tolerated and therefore extremely rare (Moon, 1993). Public opinion was very strong in Maori society and was clearly against any person who neglected his or her responsibilities (Firth, 1929). General tasks requiring a number of people were achieved by community co-operation without expectation of personal reward. However, there were some exceptions to this rule. Skilled craftsmen, such as builders, carvers, and tattooers, upon completion of their task would receive a garment or a present of food as payment (Buck, 1949). For example, a person who needed a stone adze, but was not skilled in the making of such an implement, would commission an expert to manufacture one for him, and on its completion would hand over a present of a garment, food, or ornament (Firth, 1929). This exchange of goods was regarded as maintaining harmony and balance in society.

Another striking aspect of pre-colonial Maori attitudes to work was that it was not regulated by the clock. Working hours were not specifically defined and traditionally work and rest were not seen in opposition to each other, but as part of the same process (Firth, 1929). This stood in sharp contrast to the pakeha view of work which involved a fixed time schedule, often by the requirement to clock in at the beginning and clock out at the end of working day[2], with a distinction between 'work' and 'leisure'.

With the colonisation of Aotearoa/New Zealand, the beliefs of the first nation, Maori people, about work were largely pushed aside as the pakeha became numerically dominant. However, pakeha policy makers nevertheless had to cope with challenges from pakeha working men who were informed by Marxist and Utopian socialist ideas, some of which were quite similar to those of the Maori.

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[2] For a discussion of time in traditional societies, see Mead, 1955.

UTOPIAN SOCIALISTS AND MARXISTS AND THEIR VIEWS ON WORK

Although not widely held by politicians, some Marxist and Utopian socialist ideas; in particular the notion of the 'right to work', were popular in New Zealand amongst working people, and made some impression on policy via working class demands for work.

Since the Renaissance some people had held the view that creative work could be a joy in itself. Utopian socialists had taken an essentially non-religious and materialist view of work (Kautsky, 1959). The French Utopian socialist Fourier took a wider view of work as a socially necessary institution, and also a source of pleasure and social activity. Fourier had a vision of society in which everyone would have the job best suited to him or her. In Fourier's utopia everyone would to be entitled the 'right to work' (Goodwin, 1978). Although Marx and his followers have tended to be critical of the 'idealistic' implications of Utopian socialists, they have held views on work which have been broadly similar. The two groups have held the view that the desire to work, earning a living aside, is a powerful human need, an ego drive related to self-expression, power and creativity. Both share the view that:

> man(sic) is a naturally active being who does not in the least dislike work as such, but only when it is monotonous and lasts too long. If men(sic) seem to hate work that is only because arbitrary institutions have given part of mankind a perpetual holiday called prosperity, and sentenced the rest to hard labour for life (Morrelly, cited in Parker, 1971: 36).

Thus in contrast to bourgeois views on work as a means to an end, work for Utopian socialists and Marxists has been considered as valuable in its own right. Ruskin, a socialist, suggested that work was a creative act, involving a feeling that one has put something of oneself into a product and a deep sense of pleasure in the act of creation itself. Any work that falls short of this was drudgery and was to be avoided (Frye, 1965). William Morris classified work into two categories. One was:

> 'not far from a blessing', the other kind was bad, 'a burden to life'. The difference was that good work contained hope, 'hope of product, hope of pleasure in the work itself ... All other work but this is worthless; it is slaves' work, mere toiling to live, that we may live to toil' (Morris 1885, cited in Fox, 1976: 5).

In Morris' ideal industrial society people were to be afforded the opportunity of flexible work arrangements which allowed individuals to concentrate on kinds of work they enjoyed doing. Both Ruskin and Morris favoured the idea

to have work socially organised and to eliminate class divisions based on ownership and non ownership of the means of production. Their attitude to work was that work had both extrinsic and intrinsic value, both done because of the need to produce goods necessary for survival and because of satisfaction derived from work.

Marx believed that work was necessary in providing the material structure of social life and in facilitating the self-realisation of the individual (Marx, 1970b). Work for Marx was not a mere task to be endured for the sake of satisfying material human wants; work was seen as: "life's prime want, it contributes to the development of the individual" (Marx, 1954: 10). Thus it was believed that people could achieve self-fulfilment through their work. Utopian socialist and Marxist views on work therefore challenged the longheld notion, that people were by nature, lazy and would not work if they were not pressured, socially or economically, to do so.

Marx and Ruskin recognised that under industrial capitalism work could be a means either to fulfil people's potential or to distort and pervert their nature and their relationship with others (Marx, 1970a). Marx was one of the first social scientists to comprehend that the development of modern industry reduced many people's work to dull, uninteresting tasks. According to Marx, the detailed division of labour had alienated workers from the product of their labour (Schacht, 1971). In traditional societies, Marx pointed out, work was often exhausting. Peasant farmers more often than not had to toil from dawn to dusk. However peasants held a measure of control over their work. Many industrial workers, by contrast, had little control over the nature of work tasks, or over how or to whom the product was ultimately sold (Marx, 1963). In Marx's terms, work appeared as something **alien** task which the workers had to carry out in order to obtain an income, but work nevertheless which was in itself intrinsically unsatisfying (Marx, 1954, emphasis added).

Marx was mindful to distinguish between 'objectification' and 'alienation'. Objectification was perceived as the treatment of human labour as if it was merely a factor of production, like land or machinery (Marx, 1970b). However, where the system of production was capitalist, that is, where the means of production were owned by a small group, where the majority of people owned only their labour power, and where production was essentially for profit through a commodity market, the result according to Marx was not objectification but alienation (Marx, 1963).

Instead of autonomy in work there was a compulsion to work at set times and tasks, under the direction of the owners of the means of production or their managers; instead of self-identification with work, there was alienation (Schacht, 1971). For Marx, alienation did not refer only to feelings of indifference or hostility to work, but to the separation of workers from their own creativity and from the product of their labour which occurred within a capitalist setting. The concept of alienation described the lack of control workers had over their labour and its product and from one another (Marx, 1954).

While Marx did not claim that alienation originated with industrial capitalism he nonetheless stressed that under capitalism, with the emergence of factory production and detailed division of labour, the worker's alienation was intensified. For Marx the detailed division of labour was seen as "the economic expression of the social character of labour within estrangement" (1970a: 131). In his view the working class was the most alienated group (Marx, 1954). According to Marx (1970a), the result of the detailed division of labour was the development of the 'dull compulsion of economic relations'; that is, the need workers have for money with which to buy basic necessities of life for themselves and their families led them to submit to exploitation with minimum resistance.

For Marx communism was portrayed as the solution to the alienation of the worker and his or her work. The overcoming of the state of alienation for Marx required nothing less than the appropriation of the existing totality of productive forces. It was to be achieved by the revolutionary unity of the proletariat to abolish private property, the division of labour, and their own subordination (Marx, 1970a). By contrast earlier utopian socialists such as Saint-Simon, Owen and Fourier had envisaged small utopian models being created within capitalism and gradually gaining in popularity. These ideas have since reemerged with the work of 'green' socialists such as Gorz (1982).

Contemporary studies have built upon and attempted to refine Marx's theory of alienation. In a study based on a representative sample of the United States population in civilian employment, Kohn (1976) arrived at the conclusion that being or not being an owner is relatively unimportant as a source of feeling powerless, self-estranged or normless (Kohn's indicators of alienation). The significant source of alienation was the lack of opportunity to use self-

direction in actual tasks on the job; where there were close supervision, routinised tasks and simple, unchallenging activities alienation was most pronounced (Kohn, 1976). Blauner in 'Alienation and Freedom' (1964) argued that alienation was not total, and that workers in different occupations experienced different degrees of alienation, even within the same relations to the means of production. Moreover, other contemporary studies have described ways in which workers have managed to humanise their places of work (Beynon). This suggests that even within a capitalist society, most workers are able to obtain some degree of satisfaction from their paid work.

The relevance of these ideas for a study of unemployment policy in New Zealand is that they explain the thinking behind unemployed workers demands for the 'right to work' which was a strong motivating force and which did have a degree of influence on job creation policies.

UNEMPLOYMENT

An examination of unemployment from a socialist or neo-Marxist perspective exposes the apparent anomaly that both employment (as alienated labour) and unemployment are regarded as problematic for working people. What seems clear, however, from the available research is that most people, given the choice, appear to prefer employment. For example, in one study an unemployed teacher identifies some key elements of work which are missed during unemployment - an adequate income, power, the work itself and a sense of identity:

> It's difficult when you strip away all the things that supposedly hold you together in terms of an identity. Your work, your money, whatever is power to you, whatever is responsibility, whatever means freedom and choice. I have to ask myself, "who am I now? What will I do now?" (Holt, 1979, cited in Giddens, 1990: 506).

This can be seen as supporting the socialist view that people need work. Unsatisfactory work may be alienating to a degree, but to be denied the opportunity to work is even worse. Thus to find oneself out of work in a society where paid work is not only the legitimate source of livelihood for the larger sector of the population but also necessary for one to participate fully in what society offers, undermines individuals' confidence in their social value.

Sinfield (1981), in a study of the effects of unemployment on the unemployed found that the feeling of being deprived of work was experienced as worse than the economic deprivation that accompanies unemployment among some workers. This feeling was clearly spelt out by two male respondents in their fifties in Newcastle who had returned to the paid work force after a spell of unemployment. The first man recalling his time of being unemployed, said, "it wasn't so much the money ... It was degrading ... you are bored, frustrated, and worried, worried sick: at least I was" (Sinfield, 1981: 41). The second man who had taken a lower paying job than his previous one, said, "my wife is right when she said it affects me **as a man**: it isn't the money so much as the feeling men have" (Sinfield, 1981: 41, emphasis in original)[3]. These responses underline the fact that *men* especially are expected to engage in paid work and maintain dependants, and the inability to do so is very distressing to many men. Thus unemployment of more than a very short period is psychologically destructive because of the absence of the demands of paid employment, even if it does not involve a significant decline in one's income (Jahoda and Rush, 1980). Since the advent of industrial capitalism paid work "is also important as a key element in popular culture" (Fineman, 1987: 203). Both the cultural environment of Western capitalism and the status of self-esteem of the individual confide heavily, although increasingly uncertainly, on the concept of paid work (Fineman, 1987).

Another study in Britain by Marsden (1982) found that many of the unemployed after having tried unsuccessfully to get a job stayed at home and out of sight. He concluded that many of the unemployed led isolated and lonely lives. Jahoda arrived at a similar conclusion when she claimed, "the unemployed suffer from lack of purpose, exclusion from the larger society and relative isolation" (1979: 317). Unemployment invokes a fear of no longer being needed (Terkel, 1974).

To be unemployed is to be stigmatised in one's own eyes as well as in the eyes of society (Kumar, 1984). In a study of long term unemployed on Project Employment Programme in New Zealand Gray and Neale reported that there were many comments like: "You go round thinking people are looking at you, picking on you" (1985: 27). The way the unemployed see

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[3] Most studies of the unemployed have been of unemployed men. Those which focus on unemployed women such as the work of Angela Coyle (1984) and Susan Shipley (1982) show that women find the experience equally distressing. However, there is an assumption that men's unemployment is more serious because men have nothing else to do.

themselves has much to do with the way with which the unemployed are often looked upon. A deep-seated hostility toward the unemployed still lingers very strongly in present times (Macarov, 1980). The presumption that all those able to work should do so despite the state's failure to create conditions which encourage growth of employment opportunities is such a deeply held principle that it defies rational discussion or analysis of unemployment (Macarov, 1980). "Strangely, attitudes towards the unemployed frequently appear to harden at the very time when it is most difficult for them [unemployed] to find a job" (Clark, 1982: 173). An apparent advance in the understanding of the causes of unemployment has had little effect on attitudes toward the unemployed. The assumption is still made that the unemployed have largely themselves to blame for their predicament and that the unemployed do not really want to work.

The emphasis put on paid work at the expense of unpaid work has been a paradox in that whilst the structure of capitalism generates a growing pool of wage labourers, it has not been able to offer secure continuous paid work prospects to all the men and women who have come to depend on paid work for their livelihood (Gardiner, 1977). As Novak (1988) points out, the economy's demand for labour fluctuates considerably, and does not necessarily correspond to the numbers of people in the labour market.

It will be seen that although the available research suggests that unemployed people want and need work, the unemployment policies of the state have not operated on this assumption for much of New Zealand's history.

THE CAPITALIST STATE AND UNEMPLOYMENT

To understand official attitudes to unemployment and job creation policy requires a 'theory of the state'. Gough (1979) defines the state as a set of apparatuses, comprising the repressive apparatus, the judiciary, the legislature, the executive, the civil service, together with local and regional organs of government and increasingly a range of ad hoc semi-public bodies (Gough, 1979: 41). Gough, a contemporary neo-Marxist argues that what these apparatuses share in common is "their separation and relative autonomy from the economic 'base' - the capitalist economy" (1979: 41). The diversity of institutions implies that the state is not a unitary body. According to

Strinati (1979) the state becomes a capitalist state only when it begins to co-ordinate structures necessary for the functioning of the capitalist economy.

Marxists have long regarded the capitalist state as an instrument of the bourgeoisie (Marx, 1954, 1970a, 1970b); Miliband, 1969, 1973). According to Shirley, "Marxist-Leninists portray the state" as the 'instrument of the ruling class', maintaining inequality by furthering the interests of the bourgeoisie, whilst at the same time perpetuating the 'social slavery' of the masses" (1987: 2). In short, the state is perceived as an economic instrument within capitalism (Engels, 1968). Miliband (1969, 1973), a modern Marxist whose analysis of the capitalist state rests on the instrumental (orthodox) perspective, depicts the capitalist state as the mechanism by which the capitalist relations of production are sustained, reproduced, and expanded by the capitalist class. The Marxist instrumental perspective has a number of limitations. Firstly, by focusing exclusively on class, it regards issues of gender and ethnicity as peripheral. Secondly, the reductionist framework assumes that the state, including the ideological state apparatuses such as political parties are simply instruments of the bourgeoisie (Jessop, 1982). Every policy initiative is identified as a tool of the bourgeoisie to pacify the masses. Saville (1957), for example, using a Marxist-functionalist frame of analysis argues that the welfare state merely reproduces the capitalist relations of production, and is therefore simply functional for capital. Blackburn (1967) suggests that the welfare state is a 'front' organisation of capitalist interests, eager to find some means of mobilising and disciplining the working class. The capitalist state plays a critical role in maintaining the legitimacy of social order in society, and this requires that it appear to be neutral.

A third criticism of the instrumentalist view is that it fails to recognise that capital is not monolithic but is fragmented in terms of large-and small-scale capital, industrial capital, rentier capital, financial capital, and landed capital (Poulantzas, 1978). Thus in order to act in the general interests of capital, the state must be able to take actions that may be against particular interests of certain factions of capital.

During the 1970s an alternative analysis of the capitalist state emerged within the Marxist tradition. Louis Althusser suggested that while the capitalist economy may set limits of state activities, the state was nonetheless relatively autonomous of the economic base (Althusser, 1971). Althusser (1971) argued that the state is subordinated to the capitalist economy only in ways which

concern the function of reproducing structures of capitalist relations. According to Fritzell, the potentiality of the autonomy of the state derives from its distance from commodity form and in particular from its need to be seen as a popular democratic state serving national rather than specific class interests. Thus while "the capitalist economy is structured according to the commodity form ... the state in capitalist society is basically not" (Fritzell, 1987: 26). The general point of departure of the neo-Marxist structuralist perspective is that the economic base may govern 'in the last instance' but this does not mean that capital's political interests rule 'in the last instance' (Poulantzas, 1978). Poulantzas (1978) conceptualises capitalism as consisting of three discrete instances: the economic, the political, and the ideological, which can only in the 'last instance' be reduced to the economic base.

Althusser argues that the reproduction of a capitalist society involves reproducing both the productive forces and existing class relations. The reproduction of the forces of production demands not only the continued availability of raw materials, factories and consumers, but also the reproduction of labour power (Althusser, 1971). It is in this context that Watson (1980) suggests that the doctrine of laissez-faire has been more an ideological device than a representation of an early form of capitalism. Although the reproduction of labour power largely takes place within the family, the *(Conference of Socialist Economists)* argue that as capitalism developed, "the burden of reproduction of the labour force has shifted proportionally from the family to ... the state" (1976: 15). The main apparatus used for this purpose by the state is the education system. As Cockburn put it: "each succeeding generation of workers must stay in an appropriate relationship to capital ... reproducing capitalist relations means reproducing the class, ownership, above all reproducing a frame of mind" (Cockburn, 1977: 56). Every generation must be prepared in methods of the production of commodities, must be available for production and must be willing to produce. Althusser notes that capital cannot alone provide all the conditions for the reproduction of labour. Capital is geared to the development of production and extraction of surplus value[4], and is reluctant to commit resources for raising and socialising a new generation of workers (Althusser, 1971). The reluctance of capitalists to commit resources for the reproduction of labour power may partly be explained by the fact that under capitalism workers are not bound to work for any employer.

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[4] For a full and extensive discussion of surplus value from the vantage of Marxist theory of value see Meek, 1973.

Thus while capital relies on the ability and co-operation of workers to sell their labour power, by and large the capitalist takes no responsibility for the reproduction of labour power beyond the payment of a wage (Taylor-Gooby and Dale, 1981). Marx argued that, "the capitalist may safely leave its [reproduction] fulfilment to the labourer's instinct of self-preservation and propagation" (1954: 680). However, what Marx did not make apparent is that it is women who assume this responsibility through domestic unpaid work. As Rosemary Novitz argues:

> Their [men's] freedom from this sort of work often enables them to be the major income earners in their households, generating the money on which women depend in order to engage in this usually unpaid reproductive labour. This dependency is a major source of men's power within household (Novitz, 1987: 45).

In advanced capitalist societies the state not only fosters the reproduction of class inequalities but also perpetuates the domination of women by men by reinforcing the ideology of patriarchy. Beechey (1982) argues that the state has reinforced women's dependency through the so-called family wage. However, one of the weaknesses of Marxist theory has been its inability to explain the precise nature of the presumed benefit to capitalism of women's unpaid work. Feminists such as Hartman (1979) and Cockburn (1991) have argued that working men have been able to sustain a privileged position vis a vis women despite their class position.

The reproduction of labour power has certain requirements which necessitate the intervention of the state. Labour power is different from other commodities in that it is, "the worker himself or herself and not the labour-power that is reproduced on the basis of the consumption of commodities and of a labour process situated outside the process of production of commodities" (Aumeeruddy et al., 1978: 47). Aumeeruddy et al. further argue that:

> ... the development of capitalist relations of production depends on...the constitution of individually free labourer ... The state must maintain the mass of wage-workers within a set of norms, certain which are codified by the law, others not, without at the same time directly regulating their reproduction as individuals" (1978: 49, 50).

The capitalist state therefore ensures that the reproduction of labour power is determined by the enduring subordination of the individual worker to the wage form of subsistence. This is coupled by the recognition that capital could not secure the physical, moral and social reproduction of labour, and

has therefore to be secured to a certain degree through collective provision (Clarke, 1988).

Although the neo-Marxist structural perspective locates the state in a more dynamic position, it nonetheless perpetuates a functionalist view of the state. Both Poulantzas and Althusser present the activities in final analysis as beneficial to the reproduction of the capitalist mode of production. The perspective also ignores the fact that the state does not only reproduce class relations, but also gender, ethnicity, and other forms of structural inequality.

The capitalist state does not only function to reproduce labour power but also has come to assume major responsibility in maintaining labour that may not be 'temporarily' absorbed through the 'normal' operation of the labour market. Industrial capitalism increased the dependence of the bulk of the population on paid work. The majority of "workers in a capitalist society do not have the option *not* to sell their labour power" (Offe, 1985: 83, emphasis in original). Paid work is not undertaken to supplement other sources of livelihood, it is the only source for the bulk of the population. However the instability of paid work has meant that "pressure is always exerted on governments to find a use for the human factor in production to find work for the unemployed" (Strachey 1936: 68). The growth of state involvement in the labour market did not represent turning away from capitalism but has been an essential part of the way it has developed (Watson, 1980). Despite state views of unemployment in the nineteenth-century and the early part of the twentieth-century as an individual rather than a societal problem, the unemployed were not totally left to the vagaries of market forces even at the height of laissez-faire. Novak suggests that state responses to unemployment may partly be explained by state recognition that, "when there is little prospect of finding work, it can become a breeding ground for disillusionment and discontent" (1988: 98). The state job creation policy appears to be intended to legitimatise, contain social tensions, and control the unemployed. Piven and Cloward suggest that:

> The key to an understanding of relief-giving is in the functions it serves for the larger economic and political order, for relief is a secondary and supportive institution. [E]xpansive relief policies are designed to mute civil disorder, and restrictive ones to reinforce work norms. In other words, relief policies are cyclical-liberal or restrictive depending on the problems of regulation in the larger society with which government must contend (1971: xiii).

Piven and Cloward's argument is reinforced by Offe (1972) who suggests that the logic of state intervention in the labour market is not the realisation of some intrinsically valuable human goal but to reproduce, inculcate, and maintain the capitalist paid work ethic.

To the extent that paid work predominates, and the fact that stability is essential for economic growth and the realisation of profits, it was recognised early that there were benefits in sustaining the unemployed (methods used to sustain the unemployed have differed over historical periods) while their services were not required by private employers. Hobsbawm (1965) notes that the trade union movement was formed as much around the protection of members from unemployment as around the fight for higher wages and shorter working hours. Robertson argues that, "If a key feature of the bourgeois work ethic in the early days (industrial capitalism) was individual self-help, a key feature of the working-class ethic in early days was collective mutual aid" (Robertson, 1985: 109).

Marx considered the 'reserve army of labour' (the unemployed) as a permanent feature of a capitalist society. Beechey (1982) notes that the reserve army of labour has important economic functions for capital in Marx's work. First, it forces workers to succumb to increased exploitation through fear of being laid off if productivity is not enhanced. Secondly, it weakens the bargaining power of the employed workers in their wage negotiation which is part of their struggle over the appropriation of surplus value. Thirdly, it provides disposable and interchangeable workers who could be absorbed when there is demand and expelled when demand for goods and services declines. The conditionality of paid work on profit prospect has meant that workers are used like any other factor of production, attracted into paid work when there is demand for their labour power and expelled when demand declines (Marx, 1954). At the centre of these 'negotiations' is the national state.

BRITISH STATE RESPONSES TO UNEMPLOYMENT

British state organised responses (through Acts of Parliament) to unemployment date back to the sixteenth-century, following "the decline in the role of the Church as a charitable institution, together with economic changes of the age, (which) led to a State concern about vagrancy and unrest

amongst the poor" (Hill, 1976: 45). The British state's first organised responses to unemployment was guided by the Old Poor Law Acts of 1598 and 1601. Two centuries later the failure of the old poor law to deal adequately with the able bodied poor of the industrial revolution led to its being substantially reformed in 1834 (Oxley, 1974). The Old Poor Law was amended based on the recommendations of the Report of the Royal Commission on the Poor Law of 1832. Both the Old Poor Law and the Poor Law Amendment Act 1834 demonstrated the link between work and welfare was a central concern of policy makers (Macarov, 1980). The central tenets of the 1834 Act were the principle of 'less eligibility', enforced by the workhouse. Under the principle of 'less eligibility', no unemployed person could obtain assistance which was greater than that which could be achieved by the lowest-paid labourer. The 1834 Poor Law Amendment Act laid down the principle that:

> The able-bodied person's situation, on the whole, shall not be made really or apparently so eligible as the situation of the independent labourer of the lowest class (Webb and Webb, 1929: 61).

One of the primary goals of the Poor Law Amendment Act 1834 was to control the giving of outdoor relief, and especially the subsidisation of able bodied labourers which had become prevalent at the end of the eighteenth-century, "when large numbers of people were affected by the economic dislocation of the early 'agricultural' and 'industrial revolutions'... Relief was only to be given within the strict regime of the 'workhouse'..." (Hill, 1976: 46). The aim of the workhouse was to make the environment so unpleasant that anyone who could possibly do so would shun them, or, if driven by circumstances to enter, leave at the first glimmer of chance to get by outside. However, the principle of 'less eligibility' offered no incentive at all when there was no work to be had. Those who were unfortunate enough not to find paid work were forced into workhouses which amounted to voluntary imprisonment as it entailed one not only being separated from one's family, but also committing one's family to other parts of the workhouse (Jenkins and Sherman, 1979).

The presumption behind the workhouse was that the 'lazy', discouraged, and feckless, when faced with a choice between working harder and living in what amounted to a prison, would become self-reliant, and responsible (Macarov, 1980). However, the Poor Law Amendment Act 1834, like the economics that inspired it, made no allowance for involuntary and cyclical

unemployment. In good times, when paid work was plentiful, the Law was unnecessary, but during depressions it caused almost unbearable hardships (Eden, 1928). Workers who could not find jobs were forced to enter the workhouse.

According to Novak (1988) the Poor Law Amendment Act 1834 was not just intended to preserve the incentive to join the paid work force but to create conditions under which working for wages came to be seen as the natural and proper way in which to live. The creation of work for the unemployed was greatly curtailed on the advice of economists who argued that, "it is impossible to provide work or any species of employment without in some degree injuring those already engaged in similar undertakings" (Eden, 1928: 97). The thinking was that job creation would have undermined the virtues of self-reliance and individual responsibility and the 'natural' workings of the labour market.

British state responses to provide for the poor (most of them due to unemployment) were intended to achieve two goals: first, to maintain incentives to seek paid work and to accept whatever wage rate was on offer from employers. Concern about work incentives has always been central in state responses to unemployment. Relief works have been used as forms of control over men in particular who were not only expected to join the paid work force, but also to earn income which was necessary to support their families.

THE NEW ZEALAND STATE'S RESPONSES TO UNEMPLOYMENT

To a very considerable extent New Zealand colonial governments utilised sets of ideas (described above) which had been influential in Britain. This influence has continued to exist strongly up to the present.

However, despite the similarity of ideas, the policy responses to unemployment in New Zealand differed in certain respects from those that had been used in Britain. Martin (1981) suggests that the New Zealand state intervened in three ways during the period covered by this study in the constitution and reproduction of labour power. It intervened first in the realm of accumulation itself through employment policies and wage subsidies to employers. Secondly, intervention took place in the realm of exchange

through minimum wages and stipulation of employer and employee rights (this was first applied in New Zealand under the Industrial Conciliation and Arbitration Act 1894). Finally, it intervened in the realm of the immediate production, through stipulation and regulation of working conditions and, most relevant to this thesis through the direct provision of work by the state. The constitution, reproduction of labour power and the maintenance of the reserve army of labour became a major responsibility of first, the New Zealand Company acting as embryonic state. This role was taken over by the state from 1852, "a role that was functional to long-term interests of capital" (Miles and Spoonley, 1985: 17). In doing so, Bedggood suggests that "the state took over on behalf of individual capitalists the task of opening-up, developing and settling the land by means of the national debt" (Bedggood, 1978: 287). In the context of this study, the "main activity of the state was to respond to the value of labour power that capital could not remunerate. This role was paralleled by the state's concern to reproduce the cohesion of the social formation" (Miles and Spoonley, 1985: 17). In creating work for the unemployed, the state was fulfilling two activities: "the reproduction of the daily and of the generational labour force through the redistribution of money goods and services financed from taxation" (Wilson, 1980: 83). It was also thought that by keeping people at work they would be continually reinforced in the habits and values of the marketplace. In presenting the role of the state as Miles, Spoonley, and Bedggood do, it is not intended to embrace a crude instrumentalist perspective but to stress the role of the state not only in managing class conflicts, but also in responding to working class demands. The New Zealand state's early and enduring active involvement in providing work for the unemployed may partly be explained by the fact that:

> The state played a direct role in organising migration from Western Europe to reproduce the skilled fractions of the working class and positions in the ideological state apparatus (e.g., teachers, administrators) as well as the small fraction of professionals (e.g., doctors) and self-employed (Miles and Spoonley, 1985: 19).

Although the New Zealand state's use of job creation policy in responding to unemployment continued well into the 1980s, the policy was constantly criticised by many employers and especially by farmers. Employers and farmers saw the relief given by the state in the form job creation as having prevented wages from falling during periods of high unemployment (Martin, 1982).

For most of the period covered by the thesis, employment given to the unemployed was dominated by the principle of 'less eligibility' and stigmatisation associated with individual failure (Tennant, 1989). Conditions of employment on job creation schemes (except under the Liberal Government, 1891-1912 and under the first Labour Government 1935-49) were made as unattractive as possible in an attempt to discourage the unemployed from seeking state assistance (Noonan, 1975). The use of job creation policy did not only reflect the role of the state as a propagator of the capitalist work ethic, but was also ensured particular gender relations, in that pakeha males were expected to work not only to maintain themselves and their productive capacity but also their families. Married men with young children were for a long period given preference on job creation schemes.

Following the abandonment of job creation policy as the mainstay of state responses to unemployment in the late 1980s and its replacement by greater reliance on benefits, eligibility criteria were tightened and the principle of 'less eligibility' was vigorously applied through lowering levels of unemployment benefits. The unemployment benefit system was used to compel the unemployed to accept whatever paid work was offered to them through the New Zealand Employment Service (Shirley, et al., 1990). Pressure to seek paid employment, whether or not such employment actually exists, is now maintained not only through low levels of unemployment benefits, but the ways in which the benefit system is administered. Claimants are expected to be available for work, and benefits are strictly means tested[5] (Shirley et al., 1991). The attempt by the state to maintain the incentive to seek paid work has acted as a barrier to improving benefits despite much evidence of financial hardships among the unemploved (Pereira, 1985).

New Zealand state responses to unemployment according to a Poulantzasian analysis, demonstrates that, "unemployment relief is itself directly geared to reproduction of the capitalist work ideology; restrictions, (imposed on unemployment relief/benefits) do not exclusively depend on the economic imperatives of capital; but that in no case must assistance allow them (unemployed workers) to forget the abject and humiliating character of the unemployed worker's situation" (Poulantzas, 1978: 187). He further argues

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[5] In New Zealand there is no national insurance benefit for the unemplopyed. This is because at the time when insurance benefits were developing overseas, New Zealand still had no unemployment benefit, but instead relied heavily on public works. As a consequence unemployment benefits in New Zealand are strictly means tested.

that, "all measures taken by the capitalist state, even those imposed by popular masses, are in the last analysis inserted in a pro-capitalist strategy or are compatible with the reproduction of capital" (1978: 189). At the same time the ideology of liberalism tends to individualise unemployment, shifting the blame from the system which creates unemployment to the unemployed themselves. However, despite attempts to shift the blame of unemployment on the unemployed, unemployment does pose a dilemma for the capitalist state in that:

> wage-labour remains a major preoccupation, loss of employment means that the discipline of wage labour is lost. When there is little prospect of finding work, it can also become a breeding ground for disillusionment and discontent (Novak, 1988: 84).

The problem of the state is centrally one of how to maintain the work ethic and a set of attitudes toward paid work, when such work cannot be obtained. This is not just any work, but wage labour within a particular set of social relations, the wage labour that underpins the production of profit within Marx's theory of value (Meek, 1973).

CONCLUSION

What emerges from this chapter as Robertson puts it is that, "work, whatever its form, and however organised, has always been a central activity in most people's lives" (Robertson, 1985: 189). The competing ideas on work suggest that for the dominated groups work remains an activity from which they cannot escape. In ancient Greek and Roman times many were forced into slave (unpaid) labour. Under industrial society they are forced to seek paid work for they have no means of earning a livelihood other than selling their labour power for a wage. Working for others remains the means whereby livelihood is acquired for most people. With the advent of industrialism paid work (predominantly a male activity in the public sphere) attained a higher value than unpaid work (predominantly a female activity in the private sphere). Paid work assumed a major determinant of status, power and material comfort in industrial societies like New Zealand. Those who have no paid work, or become unemployed, tend to be accorded lower social status and forced to become financially dependent either on the state or on others who are in paid work.

State intervention in the labour market has grown from what was essentially a residual response to an established state responsibility over the unemployed. However, concern about the need to maintain work incentives and individual responsibility has been central in state policies on unemployment. Drummond suggests that with advent of universal suffrage, state responses to unemployment have been determined not by some abstract rule-making force but by the interplay of various interest groups and party politics with a view to electoral advantage (Drummond, 1907). In New Zealand this responsibility was met through the medium of job creation until the late 1980s when unemployment benefits came to dominate state responses to unemployment.

The next chapter examines the origins of job creation as the mainstay of the New Zealand state's responses to unemployment. It is demonstrated in this chapter that the New Zealand Company's assisted immigration policy became the focus for working class male settlers' demands for work to be created for them when they could not obtain employment through the labour market. The chapter demonstrates how working class male pressure and sometimes fear of possible revolt have been instrumental in state responses to unemployment. The chapter examines how early market failure became the medium in the adoption of a job creation policy.

CHAPTER TWO

FROM THE NEW ZEALAND COMPANY TO NEW ZEALAND STATEHOOD AND EARLY RESPONSES TO UNEMPLOYMENT, 1840-70

INTRODUCTION

In 1840 Britain hesitantly added New Zealand to its existing colonies, partly to prevent the French from doing so, and partly as a response to demands that were being made by the New Zealand Company (hereinafter, the Company) (Sinclair, 1988).[1] In that year, Britain gained governorship of Aotearoa (New Zealand) following the signing of the Treaty of Waitangi with some of the Maori chiefs. The initial settlement of New Zealand was directed to a large extent by Colonel Edward Gibbon Wakefield of the New Zealand Company. Wakefield was the first Englishman to formulate schemes for 'scientific' colonisation (Turnbull, 1959). Although Wakefield did not come to New Zealand until later, his elder brother Lieutenant-Colonel William Wakefield was the founding resident agent of Wellington and his younger brother Captain Arthur Wakefield did the same in Nelson.

The colonisation of New Zealand was different in some respects from that of other existing British colonies in that it was initiated by a group of colonial theorists who during the 1830s, had taken great interest in New Zealand (Drummond and Drummond, 1967). Miller (1950), using a functionalist analysis argues that in the 1830s Wakefield saw English labourers vainly seeking employment, and supplies of capital seeking investment opportunities and came to the conclusion that both might find what they sought in the settlement of new countries.

This chapter charts the development of job creation policy from the earliest days of the colonisation of New Zealand, and reviews the conflict of ideas that took place between the Company, in what it will be argued was its role as the embryonic state, and the Pakeha male working immigrants. The chapter consists of four sections. The first section provides a brief background to the

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[1] For steps taken by the New Zealand Company which put pressure on the British Government, see Thomson, 1859, pp. 8-10.

colonisation of New Zealand. The second section examines the New Zealand Company's employment policy and its implementation in the Company's settlements. The third section highlights the employment situation that came to exist in each of the six early settlements. The policy measures taken to alleviate unemployment and the reaction of the working class is discussed. The fourth section provides a brief overview of how Provincial Councils responded to unemployment following the implementation of the New Zealand Constitution Act 1852 in the period up to 1870.

BACKGROUND TO THE COLONISATION OF NEW ZEALAND

In August 1838 a New Zealand Association was formed in England with Sir Francis Baring, Member of Parliament, and a financier as its chairman. In 1839 the association met in a Covent Garden banking-house and was formed into the New Zealand Company with a board of directors representative of both finance and philanthropy. Sir Francis Baring was succeeded in the chair by Mr. Joseph Somes, the wealthiest shipowner in the world at that time (Field, 1939: 2). Colonel Edward Gibbon Wakefield, the theoretician of systematic colonisation took centre stage in the affairs of the Company (Turnbull, 1959). The influence of Colonel Wakefield on the colonisation of New Zealand through the Company is demonstrated by the fact that Wakefield had a seat on all the important Committees of the Company (Marais, 1927). In May 1839, the Board of Directors sent out Lieutenant-Colonel William Wakefield to New Zealand with instructions to purchase from the Maori extensive tracts of lands, and make preparations for the arrival of a large body of emigrants (Knowles, 1851). On July 30, 1839, the directors of the Company announced that they were ready to receive applications for country lands to the extent of 50,000 acres, in sections of 100 acres each, at the price of £100 per section, or at £1 an acre, to be paid in full in exchange for a land order (Thomson, 1859). This first sale of land orders was made at a time when the Company had not acquired a single acre of land in New Zealand (Field, 1939). The Company managed however to convince a number of intending colonists and an even greater number of speculators that it was a sound investment idea to buy land (Turnbull, 1959).[2]

[2] Thomson, 1859 presents a brief exposition of how Lieutenant-Colonel William Wakefield came to claim to have bought vast acres of land in New Zealand in pp. 14-17.

Wakefield's theory of systematic colonisation was premised on the belief that if the colonisation of a nation took place in a planned, systematic and 'scientific' way, the 'evils' that had occurred in existing colonies could be avoided. "In existing colonies, he believed, where land was free, the labourer became his own landlord; the people scattered thinly over the wilderness and sank into barbarism" (Sinclair, 1965: 12). According to the directors of the Company, the colonisation of New Zealand was a serious attempt to build up a new society on the lines of English society.

> The aim of this Company, is to transplant English society with its various fractions in due proportions, carrying out our laws, customs, associations, habits, manners, feelings; everything of England, in short, but the soil (NZC, File Number 208/181, National Archives).

This was to be achieved through the establishment of centralised agricultural settlements, on the model of the best English corn counties (Turnbull, 1959). Central to the Wakefieldian theory of systematic colonisation was the proposals that the Company was to hold the monopoly to purchase land from the Maori which was later to be disposed of as public waste lands through resale to settlers and land speculators at a 'sufficient' price.

> The sufficient price was to be low to attract the capitalists, and sufficiently high to be out of reach of the labourers without a period of careful saving from their wages. In this way the capitalists would be provided with a permanent supply of labour to work their properties, and as the labourers saved enough to acquire holdings of their own, funds would be available from the money they paid for land to emigrate more labourers, and also to yield more profits to promoters of the scheme (Field, 1939: 1).

The Company had strong ideas about who should be accepted as immigrants. For example, persons resident in a workhouse or in periodic receipt of parish relief were unconditionally disqualified. To ward against an excess of males, the Company stipulated that its emigrants must consist particularly of married couples. Single women were only accepted if a corresponding number of single men had been accepted (Marais, 1927).[3] Part of the money which was to be raised from land sales was to be used to finance public works in settlements to be founded by the Company (Wakefield, 1837). Public works which were to be undertaken were those which were to lay the necessary infrastructure such as roads (Rowley, 1931). Colonel Edward Gibbon Wakefield was appointed by the Board of Directors of the Company

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3 *Regulations* to be observed in the selection of emigrants for a free passage, dated 1st July, 1843. Sinclair (1988:93) asserts that the New Zealand Company succeeded in 'founding colonies with a reasonable balance of sexes and with a youthful population. However, a certain number of the aged and infirm, of 'rogues and paupers', managed to slip by the scrutiny of the emigration agents.

as its agent responsible for the general supervision of the Company's interests in New Zealand (Olssen and Stenson, 1989).

Wakefield thought that a refined pakeha society could be established in New Zealand by capitalist farmers employing large numbers of labourers (Burns, 1989). The Company wished to establish existing class relationships from England (Sinclair, 1988). In practice the process of colonisation was at variance with the purity of the theoretical model. Burns (1989) suggests that while the Company wanted to reproduce the English class system, working class immigrants had come to New Zealand to achieve an independent existence through the acquisition of land. Many had no intention of working for wages for years before purchasing their own small-holdings. According to Fairburn (1989) Wakefield's ideas were not shared by the working classes. In the event, about one quarter of all manual workers had become owners of land by the early 1880s.

The Company's aim was to establish a society of two classes, land-owning and employing capitalists on the one hand, and wage-earning labourers on the other (McDonald, 1965). It has been commonly argued, for example by Sinclair (1988), that although the English class structure was to some extent brought to New Zealand, it was greatly altered in its intensity and effects. It certainly appears to be the case that working class immigrants wanted to 'better' themselves and were not prepared to be servile.

Mr Henry Sewell, former deputy-chairman of the Canterbury Association, "was shocked to find, on the day he landed in Canterbury in 1853, that the settlers were mightily republican" (Sinclair, 1988: 96). He noted that "[t]he fashion of servants is to speak of their fellow-servants and labourers as "Mr." and "Mrs." but of gentlefolks by their surnames only" (Scholefield, 1946: 38). A French visitor thought that haughtiness was a la mode in New Zealand among the working classes (Hood, c1875). The bulk of earlier immigrants who were predominantly from the working classes, brought the Chartist[4] ideas, which emerged in direct opposition to the 1834 Poor Law Amendment Act in Britain. However, there were vast disparities in wealth, and as Martin (1982) points out, it was the 'elite' of property holders - professional men,

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[4] See Coleman (1987: ix-xii) and Sutch (1966) for an exposition of the strong effect of Chartism on early New Zealand Colonial society. Sinclair (1988:96) suggests that "the workmen were, in any case, unwilling to accept an inferior status. From the start they not only became landowners, but formed combinations to raise wages and reduce hours of work.

and businessmen - who made political decision about the workers' conditions, and ran and represented the settlements to the outside world.

THE TREATY OF WAITANGI

On January 29, 1840, Captain Hobson disembarked at the Bay of Islands empowered to proclaim British sovereignty over New Zealand. With the assent of the Maori chiefs the country became a dependency of New South Wales until May 3, 1841, when it was made a separate colony (NZOYB, 1893). The Company's first immigrants arrived in New Zealand on 22, January 1840 a week before British sovereignty was proclaimed over New Zealand. On February 6, Captain Hobson signed the Treaty of Waitangi with some fifty Maori chiefs on behalf the British Government.[5] "Missionaries and officials then carried it about the country and, after much further discussion, over five hundred Maori, mostly chiefs, added their marks" (Sinclair, 1988: 71). The significance of the Treaty from the Maori point view was in the second and third articles.

ARTICLE THE SECOND

Her Majesty the Queen of England confirms and guarantees to the Chiefs and Tribes of New Zealand and to the respective families and individuals thereof the full exclusive and undisturbed possession of their Lands and Estates Forests Fisheries and other properties which they may collectively or individually possess so long as it is their wish and desire to retain the same in their possession; but the Chiefs of the United Tribes and the individual Chiefs yield to Her Majesty the exclusive right of Pre-emption over such lands as the proprietors thereof may be disposed to alienate at such prices as may be agreed upon between the respective Proprietors and persons appointed by Her Majesty to treat with in that behalf

ARTICLE THE THIRD

In consideration thereof Her Majesty the Queen of England extends to the Natives of New Zealand Her royal protection and imparts to them all the Rights and Privileges of British Subjects.

The terms of the Treaty were condemned by the Company on the grounds that they conceded too much to the Maori over land. Shrimpton and Mulgan suggest that the Company regarded the Treaty as nothing more than, "a praiseworthy device for amusing and pacifying savages (sic) for the moment"

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5 The Treaty of Waitangi was intended to lay a foundation for a just society in which two races ... could live together in harmony. For detailed exposition of the significance of the Treaty to the Maori see C. Orange (1989) *The Story of the Treaty*.

(C1930: 88). The concern of the Company was the protection of Maori traditional land rights enshrined in Article the Second of the Treaty. Since "The basis upon which the New Zealand Company had been organised was the sale of land ... to intending settlers" (Condliffe, 1936: 29). The Maori were not part of the Company's plan for the settlement of New Zealand, their only relevance to the Company was their ownership of land which the Company wanted, although they undoubtedly wished to avoid fighting with the Maori and did wish to purchase land not necessarily at a fair price (Thomson, 1859).[6]

In effect the Treaty allowed settlers, predominantly from Britain, to acquire lands from the Maori, and to gradually establish governments with policies that reflected the origins of the immigrants. However, the Maori were not given equal treatment as British subjects under these policies. For example, under the unemployment policies which are the subject of this study, only pakeha males were provided with relief work until the second half of the 1930s. It was not until the election of the first Labour Government in 1935 that both Maori and women became eligible for unemployment relief. But this did not mean that Maori men were not employed prior to this period: what it meant was that in the 1850s "the Maoris (sic) built the roads, helped to clear the bush, assisted in fencing and harvesting" (Sinclair, 1988: 106). However, when there was no work for them they were not considered as unemployed like their pakeha male counterparts because they were deemed to be owners of land. Maori employment was seen as undertaken to supplement traditional sources of livelihood and not a primary source of livelihood as the case was with the bulk of working class pakeha families. Thus while the embryonic state accepted some responsibility over pakeha male unemployment it appears this was not extended to the Maori men and women or to pakeha females.

THE NEW ZEALAND COMPANY'S 'EMPLOYMENT POLICY'

In its bid to attract working class people to New Zealand, the Company launched an aggressive advertising campaign. The Company published a *New Zealand Journal* in London, and commissioned newspaper writers all over

6 Sinclair (1988:74-75) suggests that, "the Company settlers, as to Edward Gibbon Wakefield, the man who inspired their migration, New Zealand's destiny was to provide a home for British migrants. There was no room, except perhaps on the periphery of their vision, for Maoris (sic). It was many years before they would admit that the success of their settlements depended on their ability to live with the native New Zealanders.

Great Britain, who gave glowing and occasionally fictitious descriptions of New Zealand. The river flowing into Port Nicholson, later called the Hutt, was depicted to be as large and deep as the Thames at London Bridge for eighty miles, whereas the fact was that at the time a boat could with difficulty, get six miles up the river. The panoramas of the valley of the Hutt and the site of Wellington were exhibited in London to admiring intending emigrants (Thomson, 1859). New Zealand was portrayed as a very desirable place for British working class people to make a living that may not have been possible for some in Britain (Sinclair, 1988). The propaganda used to attract working class emigrants consisted, in the main, of diatribes about the poverty and insecurity of the labourer's life in England contrasted with the high wages and complete security of employment they were to find in New Zealand (Marais, 1927). Figure 1 below depicts an Immigration Poster of 1848.

FIGURE 1: Morrell and Hall, 1957: 38

The Company and its associated Companies assumed civic responsibility offering both welfare benefits and employment. A general government did

not arise until the 1852 Constitution came into force (Miller, 1950). The Company promised would be immigrants that, "any man who, **at any time**, failed to find employment with a private employer would be employed by the Company" (Turnbull, 1959: 48, emphasis added). Although the Company recruited both working class men and women the New Zealand Company files contain no record of women given work by the Company. There is no record as how single women made their a living when paid work was scarce.

The Company's offer of free passage, free accommodation at an emigration depot before setting sail and on arrival in the colony, and promise of regular paid work on arrival was an attractive offer to those who lived with constant fear of unemployment and the workhouse in England (Scholefield, 1916). The prevalence of unemployment in Britain in the 1840s made the Company's recruiting much easier (Sinclair, 1988). The Company made the promise of employment in anticipation that it was going to attract sufficient capital and investors to create employment for the working classes.

However, there was a marked contrast between the emigration propaganda, and the reality of employment opportunities in New Zealand in the initial years (Oliver, 1977). The settlements were marked by a critical shortage of employers due to the limited number of land owners who immigrated. Unemployment was one of the problems of British society which was transported early to New Zealand. The working men's position was, in some cases, no better than it had been in British Isles (Miller, 1950). The Company was obliged under its assisted immigration policy to create work for the working class assisted immigrants. Unemployment became the most powerful single cause of mass discontent among the immigrants in colonial New Zealand. (Oliver, 1977).

The absentee landlords (effectively land speculators), although vital to the Company's finances, were a major cause of unemployment in the company's settlements of Wellington, New Plymouth and Nelson. Some of those who bought land orders in England saw it like buying stock in a company and were not keen to come and settle in New Zealand (Thomson, 1859). The settlement of some working class families on Company lands as a response to unemployment was used in the three Company settlements by resident agents who found themselves threatened by the workers (Miller, 1958). Landowners and other potential employers were wary of the settlement of working men on the land in that it meant they were no longer entirely dependent on wages

for their livelihood. The settlement of labourers on land put them in a strong bargaining position over wages as they were no longer entirely dependent on wage income for their livelihood (Miller, 1950).

THE NEW ZEALAND COMPANY'S SETTLEMENTS

Wellington Settlement

Wellington, the first Wakefield settlement in New Zealand, was intended to be a model and test case for his theory of systematic colonisation. Near the end of 1840 there were about 1,700 pakeha settlers in Wellington, four fifths of whom came under the Company's assisted immigration policy. The rest included released and escaped convicts from Australia, who had found their own way out (Sutch, 1966). One in every three of the men in the first ships was either a farm labourer or a general labourer, while one in five was a building tradesman. Half of the single women were domestic servants, the other half being dressmakers or seamstresses (Marais, 1927).

On arrival male workers were employed on low level manual work making roads. "It was all too much like the poor relief of the old world from which they had fled to be very agreeable" (Miller, 1950: 28). The nature of the work was identical to that provided for the able bodied poor under the Old Poor Law in England and Wales between 1601 and 1834 (Marais, 1927). Working class settlers found that unemployment was as much a problem in New Zealand as it had been in Britain. The shortage of employment opportunities at the Wellington settlement prompted workers to publish the following information on a placard which appeared in the New Zealand Gazette and Wellington Spectator on February 18, 1841 (cited in Sutch, 1969: 46).

> **Notice:**
>
> To Employers and Workmen
>
> The Working Men's Association for the acquiring and diffusing of useful knowledge, having taken into consideration the increase of Emigration from this to other colonies, occasioned on the one hand by practices highly discreditable and on the other by an apparent want of Employment have adopted the resolution of appointing the Hope (Mr Marshall's) and the Britannia [sic] (Mr Woodward's) Coffee Houses as places where Books will be kept in which the homes and residences of Employers wanting men and men in want of work will be registered; and the cordial co-operation of all classes is earnestly requested in advancing the above object.
>
> S. Woodward, Sect

Thus skilled tradesmen took the initiative to improve their prospects of finding paid employment by appealing directly to potential employers (Drummond, 1907). In particular skilled tradesman wanted to be employed on work that was their own trade; since many tradesmen found it demeaning to be employed almost out of charity by the Company (Salmond, 1950).

Despite the shortage of work for skilled workers the report sent to Head Office in February 1841 by the resident agent, Lieutenant-Colonel William Wakefield, claimed that, "mechanics and the labouring class obtained full employment at ample wages, in the erection of buildings and cultivation of the fruitful land in the neighbourhood of the harbour" (Petre, 1842: 25). Turnbull and McLaren (1964) claim that employment as presented by Lieutenant-Colonel William Wakefield, more often than not lasted only a few weeks. One option available to disappointed skilled tradesmen was to leave the settlement. In May 1842, the Benevolent Society of Carpenters and Joiners placed an advertisement stating that they would pay any captain that may be willing to take any number, not fewer than twenty, to Valparaiso, Sydney or Hobart Town (Sutch, 1969).

The problem of unemployment became a source of conflict between working class settlers and the Company. The Company's resident agent found himself hard pressed to employ many assisted working class immigrants even in road-making and the subdivision of land sold as land orders in London (Beaglehole, 1936). As Condliffe and Airey remarked: "many settlers were reduced to depending upon what employment the Company's officers could give them. Wages were low and distress general" (1938: 77-78). The conflict between the philosophy of the 'right to work' and the tendency by the Company to be indifferent-even after workers were promised two years of employment under the assisted immigration policy -generated a great deal of resentment (Sutch, 1969). The rise in unemployment was accompanied by a decline of the population of Wellington from 6,000 in 1842 to 4,758 in 1848 (Le Rossignol and Stewart, 1912).

In 1843, Lieutenant-Colonel William Wakefield reduced the number of men on public works and sent 50 men to live in the bush on plots of land which had been purchased by the Company (NZC, File Number 102/13, National Archives). Landowners condemned the move, claiming that, "the original purchasers would thus be deprived of their [workers] services" (Leys, 1890:

718). Despite the opposition from landowners the settlement of some men became inevitable given the fact that the potential employers were in no position to offer stable employment to the working class settlers, and the Company did not have enough finances to continue to employ those who could not find employment outside its public works (NZC, File Number 102/13, National Archives).

New Plymouth Settlement

The second settlement established in 1840 on Wakefieldian theory was New Plymouth. The settlement was founded by the Plymouth Company of New Zealand which was an association of Devon and Cornish gentlemen, with the Earl of Devon as governor, and a strong body of influential men as directors (Rutherford and Skinner, 1940). The Plymouth Company of New Zealand bought 50,000 acres of land from the New Zealand Company. The life of the Plymouth Company of New Zealand as a separate entity was brief, for it became merged into the New Zealand Company in 1842 (Thomson, 1859).

At the New Plymouth settlement the shortage of development capital also meant that first the Plymouth Company, and later the New Zealand Company were the only major source of employment (NZC, File Number 3/22, National Archives). The Company's resident agent, Mr. Wicksteed, was obliged to create work for male assisted working class immigrants. Some of the work given to men was described by Rutherford and Skinner in the following terms: "it has been slavish work for the men who have had to fell and drag trees from some distance for the bridge" (1940: 65). However, as unemployment persisted in July 1841, the agent cut the wages of men under the Company's public works from 5s. a day with rations to 3s. a day without rations (NZC, File Number 3/22, National Archives). The workers' reacted to the reduction in wages by going on strike. According to Roth (1973) this was the first documented strike in New Zealand. However, there being no other employer than the Company, the men had no choice but to return to work and to accept the reduced wages (Rutherford and Skinner, 1940).

In October 1842 Mr. William Halse, resident agent who replaced Mr. Wicksteed received orders from London not to employ any labourers on the Company's expense. The men responded to the order by showing him a copy of a guarantee of employment by the Company (NZC, File Number 3/22, National Archives). They threatened Halse that if he did not create work

for them they were going to 'lay violent hands on him' and to burn the Company's establishments (Marais, 1927). Unable to renege on the Company's promise of paid employment and fearful of a riot, he sent the men who applied for work a distance of 22 miles into the country. The men had no choice but to accept such employment, but as Turnbull, (1959) remarked, the working conditions were so bad that many came home sick and claimed the promised medical aid. Assisted immigrants were promised free medical services from the Company if they were unemployed.[7] As Miller remarked: "nearly all the evils of the Poor Law System prevailed, the Company replacing the parish and its funds the poor-rates" (1958: 122-123). Halse reported in 1843 to the Head Office of the Company, that labourers were 'destitute' and further economies would provoke violent reprisals (NZC, File Number 3/22, National Archives).

While the Head Office remained reluctant to sanction further work for the labourers, the agent endeavoured to find employment for them from landowners, by paying their wages in part (Miller, 1950). This was an early application of the wage subsidy to private employers to induce them to create employment. In a letter to Colonel Wakefield dated November 1, 1843, Halse wrote:

> it has already become necessary to depart very far from the principles upon which the colonisation of New Zealand was undertaken, and recent events have rendered it still more difficult to carry out any system preconceived at home for the regulation of the affairs of the settlement (Wakelin, 1877: 29).

Halse acknowledged that more labour had been introduced than there was capital to employ it, and that as a result great distress prevailed amongst the labouring classes (Wakelin, 1877).

Nelson Settlement

The third settlement founded by the New Zealand Company was at Nelson in 1841. In London, the directors of the New Zealand Company established a grand display which camouflaged the fact that Nelson would have few potential employers. At the sale of land orders in London on 30 August 1841, only 371 of 1,000 allotments were sold in the proposed settlement, three-quarters of which went to land speculators who had no intention of coming to settle in New Zealand (NZC, File Number 104/2, National Archives). Despite

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7 Others commenced the trade of pig and sheep stealing (see Marais, 1927).

being aware of this problem the Company sent workers to the settlement to whom they promised paid employment. The Board of Directors, eager to present New Zealand in a good light to would-be working class immigrants, concealed the problem of unemployment. In 1842, Captain Arthur Wakefield, in a letter to the Board of Directors, wrote: "I fear there will be no employment for them, and their maintenance on the roads will be a heavy pull upon the Emigration Fund" (NZC, File Number 104/2, National Archives). The Company, in its desire to flood its settlements with working class immigrants, was not being entirely honest in the information it gave to intending emigrants in Britain.

As prospects for employment outside the Company's public works in Nelson showed no sign of improvement, Captain Wakefield cut the wages of those employed on public works from 20s. a week with rations (the Company had undertaken not only to provide work, but food rations to its assisted immigrants until such time that they found employment) to 16s. without rations for married men. Single men were put on 8s. a week (Miller, 1958). The wage reduction was not taken lightly. The working men presented Captain Wakefield with a petition which read in part:

> January 14, 1843
>
> Capt. Wakefield, Esq., R.N.,
>
> We the working men of Nelson earnestly request you to take our case into consideration you sir are aware that we have been seduced ... by the flattering pretensions of the New Zealand Company we have endured considerable hardship ... many parents have lost their children and children have lost their parents is not this to us a most painful and unfortunate Enterprise merely to Gratify the Ambition and add to the wealth of the New Zealand Company ... we did not come here under the dishonourable appellation of Convicts ... but with characters that would bear the strictest scrutiny as honourable and Industrious men wishing only to procure a comfortable maintenance for ourselves and family's (sic). Now the Company's 16th regulation guarantees to us Employment provided that we cannot meet with it elsewhere. It does not guarantee Subsistence but expresses the word Employment distinctly ... the Company as well as we the working men are Imposed upon by these pretended Capitalists who forsooth we are informed have been endeavouring to persuade you that you are fighting against their interests by giving to us such High wages Heaven help them surely some of them must have been clerks or Underwriters to the Poor Law Commissioners before they came here & it would be sad pity for you to injure them in the least ... Now Captain Wakefield If you do not stretch forth your hand to the working class of Nelson you will Never have a Colony and will not that be a painful burden on your breast to bear ... If you refuse to stand by the working men of Nelson you Sign its Death warrant & seal its doom as a Colony ... Before we left England we were told that if we could not get work no where else the Company would give us one guinea per week with rations, and this we consider our lawful rights ... we only want a right and Legal thing ... we have not been treated like working men for this time back we have had the Name of rations but what was these Rations when we received them Meat Most Obnoxious to any person and sundry other things. but we hope you will examine these things minutely and all former grievances sink into oblivion. We remain yours in Peace, Law and Order The Working Men of Nelson. We the bearers of this request wait your decided Answer. (NZC, File Number, 208/2, National Archives).

However, Captain Wakefield had his orders from Head Office in London to cut expenditure (Shrimpton and Mulgan, C1930). The reduction of wages brought the Company in conflict with working men who demanded regular work. Workers demanded that the Company not only honour its promise of employment for those who could not find work elsewhere but that those given work be paid adequate wages (Turnbull, 1959). On 21 January 1843, the Nelson Examiner reported that all the men employed by the Company had demanded higher wages, threatening to go elsewhere if their demands were not met. When Captain Wakefield told the workers that he had no extra money to meet their demands, the settlement received a set-back when 150 men decided to leave (Turnbull, 1959).

In June 1843 Captain Wakefield and twenty-two colonists were killed at Wairau in conflict with Maori over land which the Company claimed to have bought but which was disputed by the local chief.[8] As a result of Wakefield's death, Fredrick Tuckett took charge of the Company's affairs at Nelson. His proposal to pay the labourers fortnightly instead of weekly, which enraged the men. They invaded his office with sticks and guns, and threatened him with physical violence (NZC, File Number 104/3, National Archives).

During a tour of the Company's settlements, Colonel Edward Gibbon Wakefield was not satisfied with the work of relief workers at Nelson. He decided to appoint a general overseer named Valle, a man with long experience in supervising large groups of labourers (NZC, File Number 3/13, National Archives). When Colonel Wakefield attempted to lower the wages of labourers employed by the Company, all the 'gangs' into which the workmen were divided revolted, and assaulted the Superintendent of Public Works (NZC, File Number 104/3). For a short time the labourers were completely out of control. When the Police Magistrate[9] tried to arrest the ring-leader, the other labourers intervened and the Magistrate had no choice but to release the man he was supposed to arrest (Miller, 1950). Thus in the absence of a strong presence of the state the workers had an upper hand.

The workers refused to do more work than they considered their wages were worth. The resident agent was forced to yield to most of their demands,

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8 For a full discussion on the incident at Wairau see Wards, 1968, Chapter 2.

9 The Policy Magistrate and Customs Controller were the only representatives of the Crown Colony Government in the settlements founded by the New Zealand Company at this point in time.

which included the substitution of piece-work at high rates for day labour (NZC, File Number 208/85). Salmond (1950) writes that the conflict between the workers and the Company over work at Nelson continued through most of 1843.

Arguably the reluctance of the New Zealand Company to offer stable employment to its assisted working class immigrants unable to find employment with private employers resulted in declining wage levels. Mrs. Sarah Higgins noted in her dairy of 1844 that: "Whenever they could the men got work at two shillings a day. Two and sixpence was the most they could get" (cited in Turnbull and McLaren, 1964: 64). According to Leys, "in many instances, wages had to be taken out in just such goods as the employers happened to possess, and at their own prices" (1890: 718). Thus workers were forced to barter their labour as the situation left them with no other choice. According to Leys, "food of every description became so scarce that seed potatoes which had been in the ground a fortnight were dug up to appease hunger" (1890: 718). Such a situation of desperation by workers due to unemployment was not mentioned in the Company's newspapers.

Wage statistics collected at the time indicate a progressive reduction in wage rates over the early 1840s. Table 1 (below) shows average wage rates at Nelson (and also Wellington and New Plymouth) settlement between 1841 and 1845.

TABLE 1: AVERAGE WAGE RATES, 1841-1845

Year	Month	Domestic (Annual)			Agricultural (Annual)			Trades (Daily)	
		£	s	d	£	s	d	s	d
1841	January	30	0	0	40	0	0	8	6
	April	30	0	0	40	0	0	8	6
	July	30	0	0	40	0	0	8	6
	October	30	0	0	40	0	0	8	6
1842	January	30	0	0	30	0	0	7	6
	April	30	0	0	30	0	0	7	0
	July	25	0	0	25	0	0	7	0
	October	20	0	0	20	0	0	5	0
1843	January	28	15	0	26	15	0	7	6
	April	25	5	0	25	5	0	7	0
	July	20	15	0	24	5	0	6	6
	October	20	5	0	23	5	0	6	0
1844	January							5	0*
	April							5	0
	July							5	0
	October							5	0
1845	January	20	0	0				5	0*
	April	20	0	0				5	0
	July	20	0	0				5	0
	October	20	0	0				6	0

Source: Statistics of New Zealand for the Crown Colony Period 1840-1852

* The Statistics of Nelson put the Domestic wages for 1844 at £10, and £8 for 1845 per annum. Agricultural male's wages were £30 in 1844 per annum, those on daily wages were earning 3s. In 1845 their wages had dropped to £20 per annum and 2s. per day for those on daily wages.

1841 was apparently the best year for workers in terms of wages. The reduction in wages which is recorded as having started in January 1842 continued reaching a level of 5s. a day in January 1844 for tradesmen.

The Otago Settlement

In 1848 a Scottish Association, in co-operation with the New Zealand Company, founded the settlement of Otago on 400,000 acres of land purchased through the New Zealand Colonial Government. The disposal of public lands was administered on the Wakefield system. The money which was raised from the resale of lands, to settlers and land speculators, was to be used as follows. Three eighths of the money was to be spent on emigration, two eighths on roads, one eighth for religion and education; and two eighths as payment to the Company for land (Thomson, 1859: 168). In the early plans, Otago was to be a concentrated community of Scottish farmers but without a 'Wakefield' gentry. However, the settlers who founded the settlement did not form a 'colony' in Wakefield's sense of the term. The founding immigrants did not represent a complete segment of Scotland, for, though eminently respectable, they were drawn almost entirely from the poorer classes of the society (McLintock, 1949).

The Otago Association had promised workers before they left Scotland that they were to receive wages of 3s. 6d. to 4s. per day for an eight hour working day. But it did not take long before this commitment to an eight hour working day was broken by the Association's resident agent, Captain William Cargill on the grounds that, "according to good old Scotch rule 10 hours were to constitute a legal day's work" (Otago News, January 10, 1849). Captain Cargill publicly supported the 10-hour working day, saying: "many of the labourers have come here with an exaggerated belief that they were to have large wages and shorter hours of work, making them in reality mere drones" (Otago News, January 24, 1849). Some of the workers responded to the reluctance by the Otago Association to pay them what they considered as adequate wages by leaving for other settlements; some went to the well established colonies of Australia.

In January 1849 when Mr William Fox, a New Zealand Company agent and future Prime Minister of New Zealand visited Otago, he was presented with a petition by thirty-eight labourers, and by a similar number of tradesmen and mechanics. The men wanted Captain Cargill removed as resident agent for Otago and to have their working hours reduced from 10 to 8 hours a day and their wages increased (Thomson, 1859). Fox, was however, decidedly hostile. He urged them to be more self-reliant and issued a proclamation stating that the hours and pay in the Company's service would continue as they were

(Otago News, January 24, 1849). As with other settlements, there were few alternative sources of employment.

To add to the general discontent of the workers, the New Zealand Company in 1850 curtailed the already meagre scale of public works and unemployment became rampant (Thomson, 1859). The workers responded to rising unemployment in October, 1850, by putting an advertisement in the Otago News calling a meeting of workers: "to consider the propriety of chartering the schooner 'Otago'...to convey them to some settlement where they may have a better chance of obtaining an honest living" (Otago New, October 17, 1849). The meeting was duly held, but nothing concrete came out beyond condemning the failure of the Company to honour promises made before they set sail from Scotland. The problem of unemployment was exacerbated by the fact that, "a good many of those who came out as colonists [capitalists] had spent their capital in buying their land orders" (Hall, 1971: 47) and arrived in New Zealand with insufficient development capital.

The Canterbury Settlement

In 1850 the Canterbury Association, composed of noblemen, archbishops, clergymen, and gentlemen, founded the settlement of Canterbury after buying land from the New Zealand Company (Andersen, 1916). The Canterbury Association, like the Otago Association, administered the disposal of lands to the settlers using the Wakefield system. The price of land at the Canterbury settlement was set at 60s. an acre; 20s. of which were to be spent in churches and colleges, 20s. for emigration, 10s. for roads, and 10s. payment to the New Zealand Company for the land (Thomson, 1859: 184). Again the policy of assisted immigration and promise of employment was offered to working class people.

The Canterbury settlement for a few years demonstrated the best in social and economic planning that Wakefield's theory of systematic colonisation could offer after a decade of experimentation. The Canterbury 'Pilgrims' of 1850-1852 created a settlement of over 3,500. They were the nearest equivalent to a 'pure' Wakefield colonial settlement in both homogeneity and numbers (Hight and Straubel, 1957). The Canterbury settlement, unlike the other earlier settlements, did not face the problem of unemployment during its two years under the administration of the Canterbury Association. The settlement was instead faced with the problem of an acute shortage of labour (Gardner,

1971) which was a result of the Canterbury Association having been able to attract sufficient investors with development capital to the settlement. Absentee landlords who had caused so much of the problem of unemployment in other settlements were not highly represented among the Canterbury landowners (Marais, 1927).

In general, in the New Zealand company settlements, apart from Canterbury, despite Wakefield's intentions "to create...a balanced society, with men of capital to develop the country and labourers to work for them" (Morrell and Hall, 1957: 63), unemployment was a real problem. Although during the initial period of the founding of each settlement the Company remained committed to creating work for assisted immigrants, as unemployment persisted, this commitment declined (Hocken, 1898). However, in January 1843 the Board of Directors of the New Zealand Company instructed its resident agents: "not to employ any labourers whatever, on any account, at any of the settlements, except those who were indispensable for the Company's purposes" (NZC, File Number 102/11, National Archives). This was an order that amounted to a cancellation of the Company's pledge to provide its working class assisted immigrants with two years' paid work (Turnbull and McLaren, 1964). However, according to Turnbull (1959) the Company's newspapers in Britain maintained a judicious silence over unemployment. The Company continued to promise intending immigrants with employment. The Company was keen to present the best picture of the situation in New Zealand to would-be working class immigrants. While the rate of immigration slowed over the decade of the 1840s nearly 9000 immigrants were assisted into the colony in the period 1840-1848. (See Table below on the number of immigrants brought by the New Zealand Company between 1840 and 1848).

TABLE 2: IMMIGRANTS INTO NEW ZEALAND BROUGHT BY THE COMPANY 1840-48

Port	1840	1841	1842	1843	1845	1846	1848	Total 1840-48
Auckland	-	98	-	-	-	-	-	98
Wellington	1,766	1,492	962	-	-	-	23	4,243
New Plymouth	-	191	487	1,013	75	114	-	1,880
Nelson	-	104	2,654	-	-	-	-	2,758
Otago	-	-	-	-	-	-	880	880
Total	1,766	1,885	4,103	1,013	75	114	903	9,859

Source: Statistics of New Zealand for the Crown Colony Period 1840-52

The above figures refer to immigrants whose cost to come to New Zealand was met in full by the Company.

The Auckland Settlement

Following the signing of the Treaty of Waitangi in February 6, 1840, the British Government moved to establish its authority over New Zealand. The Auckland Settlement, the seat and capital of New Zealand until 1865, was founded by the first Lieutenant-Governor of New Zealand, Captain Hobson, in September 1840 (Barr, 1922). Hobson bought land from the Maori through the Church Missionary Society. Unlike the New Zealand Company settlements, neither at the time, nor later, was the sale disputed by the Maori (Burns, 1989). Although in the main, immigration was not highly organised, Hobson asked the Colonial Office to send settlers to Auckland. The first government assisted immigrants arrived in Auckland in 1842 (Horsman, 1971). The assisted immigrants were faced with the difficulty of obtaining paid employment as there were hardly any established employers. The workers had however been promised paid employment by the Crown Colony Government if they could not obtain it through the private sector.

In response to unemployment the Governor instructed the Superintendent of Works to commission public works involving road construction. Only male workers appear to have been provided with employment even though all intending immigrants had been promised paid work. Single men were paid

10s. a week and married men with families received 15s (Barr, 1922). As the shortage of jobs persisted, in 1844, the unemployed men who had applied for work were offered 1s. 9d. per day for married men and 1s. 3d. for single men. The men rejected this wage offer and after some negotiations the government agreed to pay married men 2s. per day (if of good conduct and particularly those with most children); single men were offered work at 1s. 6d. per day (Sutch, 1969). Barr pointed that "Employment was difficult to obtain, for none of the settlers had much capital to work upon, and the Government had little enough in the Treasury" (1922: 55). The workers did not have much choice but to accept any employment that became available or, in this case, on offer from the government.

THE BIRTH OF NEW ZEALAND STATEHOOD

Between 1840 and 1852, New Zealand was under the direct rule of the British Colonial Office[10], even though in most of the settlements the governing body was effectively the New Zealand Company. In 1852 the House of Commons passed the New Zealand Constitution Act, granting New Zealand the status of a self-governing colony. The significance of this Act lies in the fact that, with a number of amendments, of which the more important are the abolition of the provinces in 1875 and the abolition of the Legislative Council in 1950, it established the constitution under which the country has since been governed (Cheyne, 1975).

The New Zealand Constitution Act 1852 set up a General Assembly with two chambers: an elected House of Representatives and a nominated Legislative Council and Provincial Councils. To accommodate provincial councils, New Zealand was divided into six provinces: Auckland, Wellington, New Plymouth, Nelson, Otago, and Canterbury (Thomson, 1858). The House of Representatives was to be elected every five years and was to be made up of between twenty-four and forty-two members. Every male over twenty-one who owned property worth at least £30, or paid rent of £5 or more a year was eligible as a voter provided they had lived in the electorate for six months continuously. If one had the requisite property in more than one electorate he could vote in each (Turnbull, 1959). This requirement denied the vote to many settlers and excluded nearly all Maori, whose land was communally

[10] Wakefield and supporters of the New Zealand Company lobbied continuously in London for constitutional reform towards self-government (See Dalziel, 1981: 91).

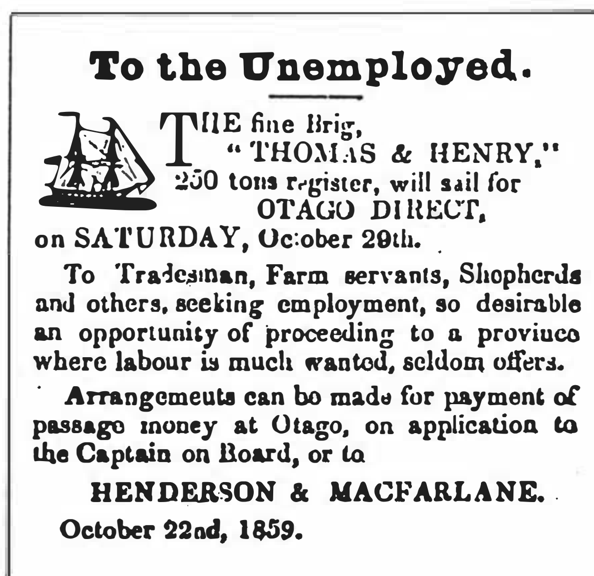
owned (Sinclair, 1988). Each province was run by a Provincial Council under the leadership of a Superintendent elected every four years. The voting qualifications were similar to those for the House of Representatives (Cheyne, 1975).

Provincial Councils had the power to make all laws for government of their provinces, with the exception of customs, high courts of law, currency, weights and measures, port duties, marriages, Crown and native lands, criminal law, and inheritance (Prichard, 1970). A unitary state was considered as not feasible at the time for several settlements were so isolated that government from one centre was practically impossible. Communication between settlements was often more difficult than between those of individual settlements and Australia (Sinclair, 1988). Nonetheless, New Zealand was to be a united colony, not a federation. The provincial councils were subordinate to the General Assembly. The powers of Provincial Councils could be changed by a mere majority of the General Assembly (Marais, 1927). Following the adoption of the Constitution Act the New Zealand Company and its affiliated Associations of Otago and Canterbury ceased to exist (Cheyne, 1975).

The Provincial Councils took over from the New Zealand Company the task of colonising. They continued to use land proceeds to pay the fares of assisted immigrants (Sinclair, 1988). From the 1870s the central government took over the task of promoting emigration to New Zealand mainly from the United Kingdom (McLintock, 1958). The policy of assisted immigration and the promise of employment to working class would-be immigrants continued to be used. Sinclair suggests that in the 1860s the Auckland Provincial Council went further than promise of employment in its recruitment campaign to, "promise[d] each immigrant a 'free farm' of forty acres...which only too often turned out to be an inaccessible section of heavy bush or scrub; but the bait of free land lured thousands of migrants to Auckland" (1988: 102). The assisted immigration policy was used by workers to demand 'right to work', claiming that authorities had the obligation to honour it (Salmond, 1950).

Despite these promises, in all provinces except for Canterbury, unemployment was an ever-present fact. In Auckland in the 1860s soup kitchens had to be arranged on a comprehensive scale to keep hundreds from starving (Sutch, 1969). In 1859 the unemployed in Auckland had an offer of employment in Otago. The promise of employment appeared in an

advert on October 24, 1859 in the Auckland Independent (See figure 2 below).



To the Unemployed.

THE fine Brig,
"THOMAS & HENRY,"
250 tons register, will sail for
OTAGO DIRECT,
on SATURDAY, October 29th.

To Tradesman, Farm servants, Shepherds and others, seeking employment, so desirable an opportunity of proceeding to a province where labour is much wanted, seldom offers.

Arrangements can be made for payment of passage money at Otago, on application to the Captain on Board, or to

HENDERSON & MACFARLANE.

October 22nd, 1859.

FIGURE 2: Sutch, 1969: 62

While Auckland and Wellington in the 1850s were struggling to find work for unemployed men, Canterbury continued to face labour shortages at the time when in Wellington, men stood at the 'Poor man's Corner' waiting for odd jobs at 6d. an hour. In 1858 the Superintendent of Wellington Province reported an over-supplied labour market (Salmond, 1950).

The shortage of labour in Canterbury prompted the Provincial Legislature to hold a public meeting in Christchurch at the end of September 1853. The meeting resolved that the Legislature appoint a committee to examine the best means of attracting labourers from Port Phillip in Australia (Gardner, 1971). Although other settlements had surplus workers, the Canterbury Provincial Council could not attract the workers openly because many of them had been brought to the settlements at the cost of the Provincial Councils. Moreover the isolation of the provinces meant that many workers were not in a position to take advantage of existing employment opportunities outside their area of residence unless they had the means to move to where there was demand for labour.

The scarcity of labour caused many a former mistress to become her own cook and housemaid; when the employment of domestic assistance became possible, a maid and cook were quickly acquired, usually amidst grumbling about the wages and working conditions demanded (Cowie, 1888). Wakefield's vision of an agricultural aristocracy with a sufficiency of

comparatively cheap labour failed to be realised in Canterbury. The high price of 60s. per acre placed on land had failed to restrain working class men from acquiring land. Labourers almost immediately acquired a patch of land and augmented their wages by market gardening and dairying (Barker, 1950). On December 16, 1857, the Lyttleton Times wrote: "At the present moment there is scarcely an adult in this province who is not a landholder."

In Dunedin in 1861 there were over a thousand signatures on a petition submitted to the Provincial Council requesting that work be created for them. It is not possible to determine how many of those who signed the petition were actually unemployed or were supporters of the unemployed. However, for a district with a total population of 5,850 in December 1862 the number of signatures on the petition represented massive support for the workers' demand that the Council create work for the unemployed (McDonald, 1965). In 1862 the Provincial Council engaged as many as five hundred unemployed men on public works (Otago Witness, 1 November, 1862). The discovery of gold in the province temporarily alleviated the problem. However, the gold boom was short-lived. From 1865 gold production fell away, "and by 1869 depression and unemployment were worse in Dunedin than they had been since the settlement was founded in 1848" (Condliffe, 1959: 34). The Provincial Council responded to the petition by creating work for the unemployed on road construction and other public works in various towns of Otago. By the 1860s job creation for unemployed men had been adopted by all Provincial Councils and the government subsides granted for unemployment relief (McLintock, 1958).

CONCLUSION

The New Zealand economy as it developed from the 1840's deviated from Wakefield's proposal. Insufficient development capital was invested and as a result there was a limited number of employers. The land holdings tended to be of two kinds - large sheep stations and small family farms. Neither met the essential requirement of Wakefield's system by providing employment for all the labourers who were encouraged to immigrate to New Zealand. As a result the New Zealand Company was compelled to create work for its assisted immigrants. The Company's public works policy created a precedent that was to last until the attainment of full employment under the first Labour Government (see Chapter Six).

Job creation on public works became the mainstay of responses to unemployment as well as a means to get necessary work done. The work provided on public works was necessary and productive in that it laid out the necessary infrastructure of roads where none had been before (it was therefore not quite like road mending under the Poor Laws in England). Moreover it was done very cheaply. The scheme of assisted immigration and promise of employment to would be immigrants was used by workers as a basis for demanding that, first the Company and later the state had the responsibility to create work for those unemployed through no fault of their own. However, public works were often provided grudgingly and with poor conditions and low pay. This too became a continuing theme in responses to pakeha male unemployment.

The role of the embryonic state (New Zealand Company and Provinces) in responding to unemployment became established partly in response to working class agitation and partly as a result of the assisted immigration policy and the need to lay basic public infrastructure in settlements such as roads. In the absence of a welfare state job creation proved to be the acceptable way of providing relief. The seasonal nature of the bulk of agricultural employment meant that during certain times of the year many workers came to depend on relief works. As a result, job creation became an integral part of the New Zealand labour market.

The next chapter examines further the development of the job creation policy between 1870 and 1890. Several developments that had an effect on job creation policy took place during this period. Firstly, 1870 saw the passage of Immigration and Public Works Act. Secondly, in 1876 the Provincial Councils were abolished making way for the emergence of a strong central government. This chapter examines the events which followed the collapse of the national public works programme initiated under the Public Works Act 1870 and how the state responded to rising unemployment.

CHAPTER THREE

THE IMMIGRATION AND PUBLIC WORKS ACT AND THE RISE OF EMPLOYMENT/UNEMPLOYMENT POLICY, 1870-90

INTRODUCTION

Following the end of land wars between the government and the Maori, government attention turned to the need to lay the necessary economic and social infrastructure and to boost the pakeha population. Many communities were still isolated from one another. To implement its programme, the Government in 1870 passed the Immigration and Public Works Act, which was to extend the 699 miles of telegraph line in 1870 to 5,600 miles by 1890. The railway network grew from 50 miles in 1870 to 1,956 by 1890 (Simkin, 1951). Between 1871 and 1880, state-aided immigrants totalled more than 100,000. Predominant among the immigrants were farm workers, general labourers, building tradesmen, blacksmiths, miners, women cooks and housemaids; all of whom were promised employment (Soljak, 1946). The pakeha population of New Zealand grew from 248,400 in 1870 to 625,508 in 1890 (SNZ, 1870; 1890).[1] Soljak (1946) argues that the effort to increase the New Zealand pakeha population was seen as desirable by the government to forestall any prospect of the Maori becoming numerically a dominant group. But Government failed to provide the industrial opportunities necessary to absorb the working class immigrants many of whom had emigrated from industrial cities in Britain. The fall in prices of the country's leading exports (wool, wheat, and gold) on the world market reduced export earnings per head by 39% between 1877 and 1886 and it took up to 1890 for prices to return to the 1877 level (James, 1986).

This chapter is an account of conflicting views within policy making circles over what was considered an appropriate level of state responsibility for unemployed pakeha men between 1870 and 1890. During the period covered by this chapter, Members of Parliament identified themselves with particular individuals (who were seen as having leadership qualities) rather than with political parties, although

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1 Population increase given above did not include that of the Maori whose numbers declined significantly from the last half of the nineteenth century. For discussion on the depopulation of the Maori, see Wright, 1959.

political parties emerged during this period up to 1890 (Davidson, 1989). After the 1884 General Election 91 Members of Parliament pledged their support as follows: "33 to follow Vogel, 32 for Atkinson, 15 for Montgomery, 7 against Atkinson and 4 unclassified" (Scholefield,, 1949: 138). The balance of power was thus tipped in favour of the Vogel and Montgomery supporters who were also strong supporters of reforms. The Atkinson group was composed of policy makers who advocated individual responsibility and self-reliance and were generally opposed in principle to the job creation policy. Many of them were large landowners and successful farmers (Shrimpton and Mulgan, C1930).

As shown in Chapter Two, the last years of the 1860s were marked by rising unemployment. Many Provincial Councils intervened to create work for unemployed men (Sutch, 1966). In 1870 there was still much unemployment in many regions of the country. In June 1870 the Otago Provincial Council set up a select Committee to consider a petition from the unemployed demanding that the Council create work for them (Gibbon, 1970). In Auckland it was reported that there were 5,000 unemployed gold miners, 1,500 of whom were prepared to work in exchange for food (Salmond, 1950).

The unemployed workers throughout the country, though separated by the isolation of many populated areas, all made two identical demands to their Provincial Councils. The first, was an end to immigration until the labour market improved; and the second, was for the state to create work for the unemployed men without the stigma of pauperisation (Condliffe, 1959). As unemployment mounted Provincial Councils were demanding more financial assistance from the central government to create work for the unemployed (Campbell, 1976b).

STATE RESPONSES TO UNEMPLOYMENT

It was against the background of working class Pakeha male demands, and also the background of rising unemployment and encroaching recession, that in June 1870 Julius Vogel, Colonial Treasurer and Prime Minister from 1873 to 1876, introduced a Public Works and Immigration Bill. The public works part of the Bill was modelled in part on the recommendations outlined in the unemployed workers' petition to the Otago Provincial Council in 1861 (Salmond, 1950). Vogel referred to the public works scheme as, "that stimulating aid which, as I believe, the condition of the Colony absolutely demands" (NZPD, 1870 B2: 78). The principal objectives of the Act were first to lay roads and railways to stimulate economic

development; and secondly to create work for unemployed workers and those who were to be brought in under the assisted immigration scheme (Blake, 1909). Vogel proposed to borrow £10 million over a period of ten years. Three-quarters of this sum was to be spent on building 1,500 miles of trunk railways, a million on miscellaneous works, and a million and half on immigration (Field, 1939).

The Immigration and Public Works Act 1870 was significant in that, first, the state took over on behalf of individual capitalists the task of opening-up, developing and settling the land by means of the national debt. Second, it heralded in principle the initial move toward the development of a national employment policy through the linkage of immigration to a programme of national public works. As demonstrated in chapter Two, until the passage of the Immigration and Public Works Act, immigration, public works and responses to unemployment had been the responsibility of Provincial Councils.

However, while there was a significant increase in central government involvement in unemployment relief, the form of employment which was provided was short-term on what was termed as 'relief works'. The government did not bring in any other form of sustenance for the unemployed. It was not until 1885 that legislation was passed to deal with the indigent poor.[2] Individual solutions were considered more significant than public ones (Oliver, 1988). There was no payment of unemployment relief to able bodied poor men unless they worked for it.

Prior to the passage of the Immigration and Public Works Act 1870, public works and immigration were, "exclusively devolved on [to] the provinces" (NZOYB 1875: 75). The central government role had been confined to providing subsidies to Provincial and Local Councils. Responsibility for unemployment relief after the abolition of Provincial Councils in 1876 fell upon Local Authorities and central government.

Following the implementation of the Act, unemployment declined substantially for a five year period. However, in 1876, Vogel resigned as Premier and Major Harry Atkinson became the Prime Minister. The Atkinson government, concerned over rising public debt, caused mainly by the need to finance public works, decided to cut the expenditure on public works (Sutch, 1966). The country's debt, which in 1870 was £8 million, was more than £29 million in 1881 for a population of less

2 For detailed discussion on how the state dealt with the indigent poor in New Zealand in the nineteenth century see, Tennant, 1989.

than three-quarters of a million people (Shrimpton and Mulgan, c1930). Thus from 1876 there was a significant reduction in public works and unemployment rose as workers, "many of whom had been employed in building roads and railways, were thrown out of work..." (Le Rossignol and Stewart, 1912: 8). Organised labour responded to declining employment opportunities by sending letters to English newspapers with the object of dissuading labourers from migrating to New Zealand on the ground that the labour market was already oversupplied (Roth, 1973).[3]

From the winter of 1876 "there had been large meetings of unemployed in Otago" (*Otago Witness*, June 13, 1876). Every winter after that for several years saw a fresh outbreak of agitation by the unemployed. Men begged the Government for relief work (Scholefield, 1909). In August 1877, a torchlight procession of 1,500 Dunedin tradesman took to the streets to protest against rising unemployment (Simpson, 1984). In 1879 meetings of the unemployed in Christchurch called on the Government for an end to immigration (Andersen, 1916). The 'collapse' of the public works programme had by the 1880s reduced employment opportunities and wages. "Men with families had to choose between starvation and boy's wages" (Sutch, 1966: 65) as employers increasingly turned to child and female workers. "In 1881 there had been one female worker for every 17 male workers in secondary industries; by 1886 there was one female to five" (Sutch, 1969: 90).

The familiar features of industrial depression, which many of the men thought they had left behind them for good, reappeared. There was for first time in the country's history an urban working class without apparent hope of bettering itself (Morrell, 1935).

The rise in unemployment was acknowledged in the Annual Report of the Department of Public Works where it was stated that, "by 1878 the unemployed were so numerous in some areas that public works were especially instituted...to absorb them" (AJHR 1880, E-1: 60). The public works projects where the unemployed were given work were classified as 'relief works' to distinguish them from those carried out by workers not drawn from the ranks of the unemployed (Salmond, 1950). During this period the term 'relief works' was used to

3 "Unions had no legal standing until the passing of the Trade Union Act 1878, copied from an earlier British Act, but even after the passing of this act, unions tended to be short-lived and had to be revived at frequent intervals. It was usual for unions to be formed at the time of some agitation over hours or wages, to conduct a strike against one or several employers in the town, and to collapse if the strike was lost, as was frequently the case" (Roth, 1973:5-6).

distinguish public works, which were put in place to alleviate unemployment, from ordinary public works which was an ongoing state undertaking.

The difference between public works and 'relief works' was partly due to the fact that public works were used as a form of economic stimulation which *prevented* large scale unemployment, whereas relief works were used to *alleviate* unemployment. Despite this, there was no difference in the nature of the work undertaken (Reeves, 1902). However, the government made every effort to ensure that the men given work on public works as relief workers were made to feel different and inferior.

The relief workers were referred to as 'charitable' workers, (Immigration Department, File Number, IM 4/1/2, National Archives).[4] Thus relief workers, even though working on ordinary public works endured the stigma of 'failure' to lead an independent and self-reliant existence. They also received lower rates of pay than those on ordinary public works. The state attempted in this way to counteract unemployed workers' demands for state recognition of the doctrine of the 'right to work'.

UNEMPLOYMENT IN THE 1880S

By the 1880s unemployment had worsened. The Labour Report of January 24, 1880 to the Minister of Immigration noted that there was no demand for tradesmen of any sort in Wellington (Immigration Department, File Number, IM 4/1/2, National Archives). In Dunedin Davis provided the following estimates of unemployment as at 14 April 1880:

> The construction industry, which employs around 900 men, at least half are out of work, on any particular day...There are ninety compositors in the City. Of these only sixty are in regular work, twenty work quarter-time, ten do nothing. Half of men belonging to the Amalgated Society are said to be out of work (Davis, 1880: 3).

In September 1880 the Immigration Officer of Christchurch reported to Head Office that: "A total number of the unemployed who had applied at the Public Works Office since July has been 771. There has been a large amount of surplus labour in all trades" (Immigration Department, File Number, IM 4/1/2, National

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4 The Department of Immigration during the period covered by this chapter was in charge of employment. Worker had to report to the Department before being placed in either private or public employment.

Archives). In December 1883, it was estimated that in Christchurch alone there were 700 men out of work out of a total population of 15,915 (Salmond, 1950). Between May and October 1884 there were 559 applications for work in Christchurch (AJHR, 1884 H-23). In 1886 the Immigration Officer of Christchurch informed the Minister of Immigration that: "There exists in certain parts of the South Island a Considerable dearth of employment" (Immigration Department, File Number, IM 4/1/2, National Archives). In 1887 Sir George Grey (former Governor and Premier), Member of Parliament for Auckland East, told the House that:

> There is very large amount of distress prevailing in New Zealand at the present time. For instance, I'm informed that in the City of Auckland 1,036 individuals are at present moment receiving relief, and absolutely require that relief (NZPD, 1887: 488).

Mr Taylor, Member of Parliament for Christchurch South, told the House that: "the number of cases of unemployed brought before the government does not represent a tenth part of people who have nothing to do" (NZPD 1887: 489).

THE GROWTH OF JOB CREATION

The increased role of central government in unemployment relief brought about by the Immigration and Public Works Act 1870 and the abolition of Provincial Councils in 1876, did not in any way decrease the role played by Local Authorities in providing relief works for the unemployed. Local Authorities remained at the forefront in responding to unemployment. Olssen and Stenson (1989) suggest that many Local Authorities expanded their public works during economic downturns in order to create employment for some of the unemployed, especially married men. There were, however, some local variations. In some Local Authorities, such as Gisborne there was:

> ... widespread agreement that it was the duty of the government, whether local or central, to assume responsibility for the plight of these men [unemployed]. The ... Council took on as many day - labourers as it could; the unemployed were even invited by advertisement (Oliver and Thomson, 1971: 143).

However, the more conservative Wellington City Council was not as keen as Gisborne to offer an open ended commitment to create work for unemployed Pakeha men. The Mayor of Wellington told a deputation of unemployed men that his Council was under no obligation to create work for them (Bradshaw, 1888). Despite the Mayor's remarks the reality of unemployment left the Council no choice but to reluctantly create short-term relief work for the unemployed.

The significant role played by many Local Authorities, could be judged from the increased share of expenditure met by Local Authorities for job creation. The share of Local Authorities financial expenditure on unemployment relief increased from about four percent of total expenditure in the 1884/85 financial year to about fifty two percent in 1886/87 (JALC, 1887). (See Table 2 below on total expenditure on relief works between 1884 and 1887.)

As the financial contribution of Local Authorities increased, there was an increase in demand for central government subsidies for unemployment relief to Local Authorities. Mr F.J. Moss, Member of Parliament for Parnell, complained that a grants-in-aid of £500 for unemployment relief for the Auckland City Council for the financial year 1886/87 was far from adequate (NZPD, 1886).[5]

TABLE 2: GOVERNMENT AND LOCAL AUTHORITY EXPENDITURE ON UNEMPLOYMENT RELIEF BETWEEN 1884 AND 1887

YEAR	GOVERNMENT			LOCAL AUTHORITY			TOTAL		
	£	*s*	*d*	*£*	*s*	*d*	*£*	*s*	*d*
1884/85	785	12	7	39	2	9	824	15	4
1885/86	4,447	18	10	354	11	0	4,793	9	10
1886/87	10,835	18	6	5,792	16	10	16,628	13	4
Total	16,069	7	11	6,186	10	7	22,246	18	6

Source: JALC, No. 8, June 4, 1887.

The rapid increase in both Local and Central Government expenditures for unemployment relief between 1884 and 1887 occurred at a time when the Stout-Vogel Government remained in office due to the support given from Parliamentarians who identified themselves as members of the Liberal Party. Not only did the Parliamentary wing of the Liberal Party exert pressure on the Government to create work for the unemployed but so too did private organisations. Significant among these was the Auckland Liberal Association which acted as an advocate for the unemployed. In 1885, the President of the Auckland

5 It is not however possible to make comparisons of expenditures shown in Table 1 with earlier period as data is not available.

Liberal Association, Mr H. W. Farnall, wrote a letter to the Prime Minister, Sir Robert Stout, containing resolutions on unemployment passed at a meeting held under the auspices of the Association. A request was made to the Government to "provide ... work for 355 men (183 of whom are married men with families) now out of employment" (Legislative Papers, National Archives, File Number, LE 1/1886/160).

The Prime Minister replied immediately, expressing concern. However the Association was not looking for expression of concern but action from the Government. A resolution was passed at a meeting of the Association which proposed that the Government create work for the unemployed men by letting "the Te Kuiti railway Contract in small sections to the unemployed" (Legislative Papers, National Archives, File Number, LE 1/1886/160). The proposal reflected the early development of co-operative works as a form of not only dealing with unemployment, but also as a way of constructing public works. This demand was met by the Government when it commissioned the construction of the railway line. The unemployed were given priority of employment on the project.

The increase in government concern and consequent expenditure on relief works arose in part from increased agitation by the unemployed workers. Some recently arrived assisted immigrants were demanding that, since the government brought them to New Zealand and failed to provide them with work as promised, it "must send them back, or enable them to go to some other country where work was available" (Salmond, 1950: 29). The Stout-Vogel Government increasingly used the Department of Public Works to alleviate unemployment despite, "ambiguous feelings about the use of the department for unemployment relief by the Minister" (Noonan, 1975: 59). It appears that the Minister of Public Works held the concern that the Department was going to be deluged with demands from unemployed workers.

From 1887, budget estimates for the Public Works Department had expenditure specifically earmarked for the cost of wages for unemployed workers who may be given temporary employment through the Department. A budget estimate of £30,000 under the Public Works Department was approved by Parliament for unemployment relief for four years from 1887 (AJHR, 1887 E-1). Although the amount was relatively small, given that the government spent more than £16,000 on wages of workers on job creation schemes in the financial year 1886/87 (see Table 2 above); the development was significant in that it marked the first time

that government began to take long term contingency measures for unemployment relief.

During this period, policy makers attitudes to public workers were generally positive. Two Ministers of Public Works under two different Governments expressed satisfaction with the work undertaken by relief workers. In the Annual Report of the Department of Public Works of 1880, under the Conservative Government of Major Harry Atkinson, it was stated that: "It is satisfactory to note that although many of the men ... engaged by us are engaged in work to which they are unaccustomed ... from their labour the colony has obtained a fair equivalent for the outlay" (AJHR, 1880 E-1: iii). In 1887, the Minister of Public Works under the Stout-Vogel Government told Parliament that the unemployed men who were engaged in the construction of the Catlin river railway, "were doing very good work, and were doing it, ... at a cheaper rate than it would otherwise be done for" (NZPD, 1887: 604). Again, under the Conservative Government of Atkinson the 1888 Annual Report of Department of Public Works stated that:

> We have latterly been getting very fair value for money expended in the class of work, as the men employed have been fairly good labourers, and have been engaged, wherever practicable, on roads in the country districts, and on railways and other works of reproductive character (AJHR, 1888 D-1: 6).

However, despite the Department's recognition that work done by the unemployed was not a waste of public monies, this did not in any way remove the principle of 'less eligibility' from such work. Men given work on public works as relief workers were still paid one-third of the wage rates of permanent employees (Noonan, 1975). Work could also be stopped abruptly as was the case when the construction of the Foxton - Wellington trunk line was terminated in 1883 on the grounds of a shortage of a funds. There were some hundreds of unemployed workers who depended on the project at the time who were thrown out of work (Campbell, 1976a).

The initial goal of the Public Works Act 1870 was not only to alleviate unemployment, but to create permanent employment opportunities. However, following the decline of public works programme after the first half the 1870s, from 1878 public works emphasis shifted away from long term planning for jobs towards temporary job creation to alleviate unemployment. In 1880, the Minister of Public Works, told Parliament that, "no less a number than 1,674 unemployed

men were being employed in various parts of the colony" (AJHR, 1880 E-1: iii).[6] Data does not exist as to how many workers were in permanent employment under the Department of Public Works throughout the 1880s.

THE 'RIGHT TO WORK' CAMPAIGN AND STATE RESPONSE

As unemployment persisted there was constant tension between workers' demand for regular work, and the government's wish to restrict state spending. As state reluctance to create adequate employment for the unemployed Pakeha men continued, soup kitchens and relief depots were organised by private citizens' committees. The response of the unemployed was to call for "work not charity" (Sinclair, 1988). Mr D. Anderson, Secretary of the Unemployed Workers Committee of Christchurch, asserted that they did not come to New Zealand to line up at soup kitchens and relief depots. "What is required is not charity, but employment; not the means of subsisting upon the donations of others, but the opportunity of labouring honourably to win bread" (*Lyttelton Times*, June 12, 1880).

The government position was that it was not its responsibility to create work for all the unemployed, for doing so was tantamount to state socialism. Therefore, not all men were provided with relief works on public works projects. Some of the unemployed, after failing to secure employment through the Department of Public Works, were forced to turn to Hospital and Charitable Aid Boards for assistance. The target of assistance by Charitable Aid Boards were the aged, the indigent, and families without male breadwinners with small children (Sutch, 1969; Oliver, 1988). Novitz (1987) suggests that unemployment sometimes forced men to desert their families so that the women and children could receive some assistance. Assistance given to these groups was sometimes in return for performing some work. For example, pensioners were put to work at the traditional English workhouse pauper task of oakum picking. The entry of able-bodied men to their list of clients prompted the Boards to organise new tasks which involved:

> Stone-breaking and gorse-cutting ... In 1886 the Mayor of Wellington suggested that 'loafers' taking advantage of the Benevolent Trustees be made to work until they had earned double the cost of their board. Such action, he hoped would make them 'clear out' and ultimately save the ratepayers money (Tennant, 1989: 82, 62).

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6 However, inadequate data on the total number of unemployed means that it is not possible to determine what proportion of the total unemployed were involved in public works projects.

The subjecting of the unemployed to 'work tests' was not unique to Charitable Aid Boards but was also occasionally used by the central government. The Immigration Officer for Christchurch, reporting to Head Office in 1884 on relief works offered in Christchurch which involved breaking stones over a twelve or fourteen-hour day, remarked; "probably no better work test than this could be found" (Department of Immigration, File Number, IM 4/1/2, National Archives).[7] Work tests were designed to spur working people to find ways of supporting themselves by their own means (Tennant, 1989).

One way in which the government effectively contained the working class campaign for state recognition of the socialist doctrine of the 'right to work' was to apply the principle of 'less eligibility' on job creation schemes. The effect of the application of the principle of 'less eligibility' on relief works was demonstrated in 1879 when work was created for the unemployed on the Waipara railway at Weka Pass in Canterbury. The conditions of employment and rate of pay were so bad that only forty out of nearly four hundred unemployed men elected to take up the offer. According to the *Canterbury Times* of September 27, 1879: "Men were hardly able to make 'tucker' on the pay". Work for the unemployed on public works projects was organised, "at piece-work rates of pay which barely enabled them to earn a subsistence wage" (Noonan, 1975: 59). Elim D'Avigdor, a proprietor of the London newspaper *Vanity Fair*, remarked during his tour of New Zealand that rates of pay for relief workers were not adequate to cover the basic living expenses in the provinces of Canterbury and Wellington (D'Avigdor, 1981).

That relief workers were paid very low wages relative to customary wages earned by those in private employment was something which the government did acknowledge. In the Annual Report of the Department of Public Works of 1880 it was stated that, "men are now being employed at low wages in various parts of the colony" (AJHR, 1880 E-1: iii). Rates of pay were deliberately kept low so that men would be discouraged from remaining on relief works schemes any longer than was necessary (Bruce, 1969). In 1884 the unemployed men given employment on public works in Oamaru sent a petition to the government through their Member of Parliament complaining that, although the government had set the wages of relief workers at 3s. 6d. a day for single men and 4s. 6d. a day for married men,

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7 Such work was accepted with great difficulty. Some men desperate to preserve their dignity starved to their death rather than subject themselves to 'work tests'. Weetman described the result of some men's determination to strive on their own when he stated: "... men found dead on the roadside ... one man ... had only raw turnips in his stomach" (Weetman Papers, National Library).

none were earning that amount. From these wages, the Government deducted 1s. 3d. per day for food (NZPD, 1884). (See Table 3 below on customary wages of various classes of workers in the private sector.) The state's policy of paying low wages to relief workers had the backing of a Dunedin clergyman, the Reverend. J. U. Davis, who told a religious conference, "We have no right to demand that Government ought to find us work at anything like a full wage" (Davis, 1880: 6). Thus the unemployed were expected to accept whatever wage rate was offered to them by the Government on relief works. Table 3 below shows wages obtaining in ordinary employment between 1874 and 1884.

TABLE 3: AVERAGE DAILY WAGES IN NEW ZEALAND BETWEEN 1874 AND 1884

	1874		**1884**	
General Labourers	7s	0d	7s	0d
Artisans				
Bricklayers	11s	6d	11s	3d
Carpenters	10s	9d	9s	6d
Masons	12s	0d	11s	3d
Painters	N/A	N/A	9s	6d
Plumbers	N/A	N/A	10s	9d
Smiths	10s	9d	10s	0d

Source: NZOYB, 1895: 161

Replying to Sir George Grey's complaint about the low wages that were paid to relief workers, Kumara Member of Parliament Richard Seddon said that relief work, "was not intended to allow men to make good wages, for that was 'not work' for the unemployed but relief" (NZPD, 1887: 487). The assertion that relief work was not 'real' work supported the bourgeois ideal of self-reliance, and expressed the concern that the unemployed might otherwise become chronic social dependents on the state. The state, by paying relief workers unattractive wages, avoided giving the impression that the working class had gained a victory by making the state provide work for the unemployed at customary rates of pay.

State job creation policy potentially created a tension concerning the role of the state as an employer in an area where private enterprise might compete. Further,

it prevented unemployment from depressing wages in ordinary employment. The Prime Minister, Sir Robert Stout, speaking in Parliament said, "the unemployed must expect to have to make some sacrifice, because it [relief works] is intended to give them something to eat until they can get better employment" (NZPD, 1886: 496). Moreover Stout told a deputation of unemployed workers in Christchurch, who were demanding that those given employment on relief works projects be paid customary wages, that when setting wages for relief workers the government had to consider the claims of farmers, and what they were prepared to pay workers in their employment (NZPD, 1886). The state position was that relief works were 'special', 'temporary' and 'exceptional' not normal, and as such, normal wages could not be paid.

THE 'DESERVING' AND 'UNDESERVING' UNEMPLOYED

The unemployed were not treated as a homogeneous group. Policy makers and well placed individuals in society drew a distinction between the 'deserving' and the 'undeserving' unemployed. The former were identified in New Zealand as:

> settlers who, while cultivating their holdings, or, perhaps, only their gardens, were in the country, grouped in villages or near stations. They provided the general, agricultural, and pastoral labour, and were to be relied upon in case any of their richer neighbours wished to employ them. In towns these men were householders usually residing in the suburbs, and there they carried on occupations which the requirements of cities demanded (AJHR, 1895 H-6: 1).

Andersen stated that the 'undeserving' were considered as: "men who would not work if they could or would not take work under a certain wage or who through extravagance of various kinds had failed to make provision for a period of slackness" (Andersen, 1916: 431-432). This distinction was central to the set of attitudes surrounding unemployment and the treatment of the unemployed, and was one which was also at times used by the working men. Representatives of the unemployed workers were usually at pains to urge government that they were a 'deserving' group (Campbell, 1976b).

This classification ignored the fact that itinerant seasonal rural labour was an important and necessary part of not only the agricultural sector, but the New Zealand economy (Martin, 1982). This meant that outside the planting, harvesting and shearing season, many of these workers were out of work. Their employment, though important to the economy, was shaped by the rhythms of season (Eldred-Grigg, 1990). The distinction between the 'deserving and

'undeserving' had two functions. Firstly, it was used as part of a strategy to divide and rule the unemployed by having potential 'ring-leaders' discredited. Secondly, it was used to legitimate the targeting of job creation schemes towards the skilled unemployed, whose unemployment was said to be beyond their control.

The *New Zealand Herald*, in applying the strategy of 'divide and rule', ridiculed a well known 'ring-leader' of the unemployed workers in the South Island, Mr Boardman. In an article which was intended to discredit the leading campaigner of job creation policy, it was reported:

> We are credibly informed that in case of one of the leaders of the 'unemployed' agitation, the question was put to him by a gentleman, 'What is your occupation' 'A miner' was the rejoinder. 'Why' said the gentleman, 'The Bay of Islands Coal Co., are wanting miners; you ought to be the last man out of work! The answer was a significant one, 'who is going to work in that d...d hole?' These are the men who ever looking for work, but in their hearts are praying to providence that they may never find it (*New Zealand Herald*, September 3, 1880).

Despite press attempts to discredit Mr Boardman, he continued to be a leading campaigner for the state to accept responsibility of pakeha unemployed men.[8] However, such reports were used by opponents of the job creation policy as justification for the state not to intervene in the labour market. It may also have been a basis for policy makers' claims that it was 'usually the very worst class of labourers who agitated for job creation' (NZPD, 1884).

The classification of the unemployed into 'deserving' and 'undeserving' was coupled with a belief that many of the unemployed did not deserve wages they were paid on relief works and that many were unemployed because their work was second-rate. John Bradshaw, Chairman of the Canterbury Farmers' Cooperative Association claimed that: "the Ashburton County Council at one of its meetings went into figures and found that it had obtained about £40 worth of work for every £90 paid to the unemployed" (Bradshaw, 1888: 176). Thus many of the unemployed were considered ipso facto 'undeserving' and by implication their unemployment was believed to be a consequence of their slackness.

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8 The effect of unemployed workers' agitation sometimes was rewarded with work as reported in the *Lyttelton* below.
MEETING OF THE UNEMPLOYED. Yesterday forenoon some 150 to 200 men assembled round the recognised agitation lamp-post in Cathedral Square, in response to an invitation called upon the unemployed to meet there. Mr Boardman stepped on to the rostrum, and, in answer to a question asking who he was, informed the meeting that he had started the first Protection Society in New Zealand. He recommended the men who were out of employment to form themselves into ranks and march through the principle streets of the City, then to form a cordon round the Government offices, and never leave till they got employment. Similar advice given by Mr Boardman in Dunedin was followed by 213 unemployed workers being put on to work the next day (*Lyttelton Times*, March 4, 1886).

This view was put more plainly by the Minister of Immigration, Mr Rolleston, who claimed that in New Zealand, "unemployment was due to shiftlessness or incompetence" (NZIIA, 1950: 6). That is, in a pioneering society there was always work for those who were willing to work, and therefore the unemployed were themselves to blame for their unemployment (Simpson, 1990).

A.A. Connell, a successful business man and an aspiring Member of Parliament, told a meeting of workers in Auckland, many of whom were unemployed, that:

> There is a certain class of unemployed, and when you offer him work he says I want seven, eight, or ten shillings a day ... that is the kind of man no employer would care to engage ... But as for a man who is prepared to work for a wage - I tell you I can shake that fellow by the hand (Connell, 1887: 7).

Because of the reluctance at times by some unemployed workers to accept employment at what they considered unsatisfactory wages, the unemployed were thought not to be hard pressed for employment. In 1884 the Immigration Officer for Christchurch informed the Minister of Immigration that, "there were...a large number of men out of work, many of them will not accept reasonable wages" (Immigration Department, File Number IM 4/1/2, National Archives). What was meant by reasonable wages was not explained. However, it was understood that unemployment provided employers with the opportunity to reduce wages, and therefore workers' or government actions which prevented this were strongly resented.

PUBLIC WORKS AND RURAL UNEMPLOYMENT

One of the distinguishing features about New Zealand social policy has been a strong held belief that in a rural economy with a small population, there need be no unemployment. As Reeves wrote:

> So fashionable has the agrarian cult been, that, at times, to be a townsman has almost been to wear a badge of inferiority ... Manufacturers have been classed as artificialities, professional men as parasites, and artisans roundly termed a race of loafers. Even...intelligent colonists look upon the growth of their cities with mixed feelings ... (Reeves, 1902: 361).

It was common among farmers, though by no means exclusively confined to them, to take a position that "unemployment was due to a drift to towns when there was work to be done on the farms" (NZIIA, 1950: 6). It was often claimed that, "the artificial economy of the city attracted, trapped, and sustained the unfortunate, the weak-willed and the idle" (Fairburn, 1985: 4). The growth of large

towns was something that was not warmly welcomed in New Zealand. The general attitude was that the urban areas, in a primary producing country, were an unnatural growth, and the 'lingering' of men about the town discovered "by New Zealanders from the late 1870s, aroused wide ranging emotional feeling" (NZOYB, 1900: 95). The 'superior' opportunities for independence offered by rural life was that of the wholesome surrounds of the country, particularly for families of the unemployed. These feelings were exacerbated by the fact that the unemployed were most visibly concentrated in larger towns, and so was working class militancy and trade unionism (Roth, 1973). Indeed, it was true that many seasonal rural workers wintered over in larger towns for lack of work in rural areas (Martin, 1982).

The dearth of employment opportunities in rural areas during winter did little to change the hostile view associated with larger town and city:

> There is too much crowding of labouring men in our towns and cities, and the evil should be checked, for to any ordinary observer it is abundantly evident that men once accustomed to the dissipations of a town life are, as a rule, for ever unfitted for country labour (*Otago Witness* of July 15, 1882).

The 'rural myth' (that in a country with abundant land there need be no unemployment) found expression in state responses to unemployment. Public works projects on which many of the unemployed were given work were more often than not in country districts. Urban based projects were offered to ordinary Department of Public Works and Local Authorities employees (Maxwell, 1937: 54).

The 'rural myth' that if the drift to the towns was arrested, the problem of unemployment would be resolved was given credence by occasional complaints by farmers that they were unable to get the number of workers they needed. In a letter to the Minister of Immigration dated 23 January 1882 a farmer in the South Island claimed:

> the farmers here are getting quite alarmed at the scarcity of labour and the level of wages demanded. I have made several applications at the Emigration Office and I am told that the applications for men and women is something of extraordinary ... (Immigration Department, File Number IM 4/1/2, National Archives).

Workers may have been reluctant to accept such employment in that it may have amounted to a few weeks or perhaps a few days of employment at very low wages and may, in addition, have required them to move from their place of residence into the country without security of employment (Eldred-Grigg, 1990).

It was, however, government policy to discharge relief workers during the shearing, mustering, dipping, harvesting, and threshing times from public works (Immigration Department, File Number, IM 4/1/2, National Archives). The discharging of relief workers from public works to meet the seasonal labour needs of farmers points to the significant influence farmers had over employment policy. This policy had implications for skilled workers who found themselves unemployed during this time of the year. If they sought government assistance to employment, they were most likely offered seasonal employment.

One policy maker who believed in the 'rural myth' was Mr R. Thompson, Member of Parliament for Marsden, who claimed, "that any attempt to provide work for the unemployed about towns would do more harm than good, and would encourage these people to hang about towns" (NZPD, 1888: 393). It was presumed that if the unemployed were given employment on public works projects in the country, the 'unemployed' cry would soon cease in the urban areas (NZPD, 1888).

Even though village settlements hardly belonged in the category of unemployment relief at all, being merely an extension of the accepted principle of state-aided land settlement, they were promoted as such (Hector, 1886). The Stout-Vogel Government began to expedite village settlements as a way of dealing with unemployment. By the time the Stout-Vogel Government was voted out of office some seven hundred and thirty families had been settled under the Village Settlement Scheme (AJHR, 1887 C-11). However, the settlement of families was not intended to free them from dependence on wage income, but to provide large landowners with a steady supply of labour. Sinclair (1959) suggests that the land was often as poor as the tenants and as a result wage employment still remained paramount.

POLICY MAKERS' CONFLICTING VIEWS OVER RELIEF WORKS

Although Members of Parliament at this stage could not be classified according to political parties lines, policy makers' views on unemployment could be divided between those who believed that it was not the responsibility of the state to look after the unemployed - that being the realm of private charity - and those who thought that the state was morally responsible to look after those who could not find paid employment through no fault their own.

Even though the job creation policy began to take shape during this period, it remained as contentious as unemployment itself among policy makers. Although no supporting empirical evidence could be found, it was claimed by those who took a conservative view that relief works had the consequence of diverting labour from the 'ordinary channels' [that is private sector employment] (Immigration Department, File Number, IM 4/1/2, National Archives). This claim was based on the belief that the private sector was the legitimate source of employment for the working classes. Mr C. H. Mills, Member of Parliament for Waimea Sounds, claimed that relief works:

> do a certain amount of injury ... and spoil that old self-reliance which is a national characteristic of the British race ... by steadily sapping all self-reliance, enterprise and effort, and ... destroying all individuality (NZPD, 1885: 97).

This assertion was backed by Mr V. Pyke, Member of Parliament for Dunstan, who complained that relief works in his constituency were becoming the only source of employment "for the dilapidated, the lame, and the lazy" (NZPD, 1887: 341). The Prime Minister, Sir Robert Stout, articulated a similar view in 1886 when he told a deputation of the unemployed asking for his Government to create work for them, "it would mean rank socialism, which would ruin the Colony ultimately" (Hamer, 1965: 83). Socialism was popular among workers especially in its articulation of the workers' 'right to work'.

In 1884, a letter[9] written by the Unemployed Committee of Canterbury to the Editor of the *Christchurch Times* of October 6, 1884 about the plight of the

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9 The letter read in part as: Sir, Feeling assured your paper is always open for correspondence connected with the welfare of the working-man, I beg to crave, on behalf of the Committee of the unemployed, short space in this evening's issue to lay a few facts before the general public as to the condition of the mechanics of the city. We made a careful scrutiny in the working-men's quarters, so as to obtain information which we considered would be useful to us in our present agitation. Our results are that ... over five hundred men, of all trades and occupations, at the present time are out of work, and with no prospect of finding any. In two streets alone in the city there were seventy-four families whose breadwinners were unemployed, and the average length of time these seventy-four had been unemployed was eleven weeks.

These men, Sir, are too proud to let the world know their position; so they patiently remain at home, and suffer on. Week by week some article of furniture finds itself in some auction-room ... First his best suit goes, then the wife's best apparel, then the children's ... with the vain hope, week after week, that something is sure to turn up to enable them to redeem them; but, alas, false vision! they are soon lost for ever.

Further, Sir, some have told us, with husky voices, how they have been compelled to take even that most sacred of all things - to any honest husband and wife - that small piece of gold, the wedding-ring ... When we know these things, can you, Sir, wonder at us doing all that lies in our power, in a legitimate and constitutional manner, to obtain that which we consider we are justly entitled to - namely, work. Signed E.F. Corley, Secretary of the Unemployed Committee, Christchurch, *Christchurch Times*, October 6, 1884.

unemployed caused an uproar when it was read in Parliament and resulted in the appointment of a Royal Commission of Inquiry. The Royal Commission submitted its Report in March 1885. The Report acknowledged the fact that, "for the past two years there had been large falling off in the employment for working men, and that there had been considerable increase of distress and impoverishment" (*Canterbury Times*, March 14, 1885). The Report also noted that, "the expenditure on charitable aid in ... Canterbury ... for the year ended June 30, 1884, ... exceeded that of the previous year by £762" (*Canterbury Times*, March 14, 1885). The Commissioners reported that the dearth of employment was partly a result of diminution of expenditure on public works. The Commissioners recommended that in short-term the Government create work for the unemployed men of Canterbury in an afforest action scheme and village settlements was recommended as a long term solution[10] (*Canterbury Times*, March 14, 1885).

In 1886 the Prime Minister, Sir Robert Stout, responding to demands by some Members of Parliament for relief works to alleviate the distress caused by unemployment, said, "...we should not teach the colonists to look to the Government for help whenever depression occurs. If we teach the people to do that, then we shall injure the people, and we shall also injure the Colony" (NZPD, 1886: 612-613). Similarly in 1887 the Minister of Public Works, in the Annual Report to Parliament, said the Department:

> ... regretted the necessity of Government resources being expended in the past on more or less unproductive undertakings in order to provide work for the unemployed. It is also considered that no relief works that can possibly be avoided should be undertaken, as we believe that it is *detrimental* to the interest of the men themselves to *keep them employed on purely relief work*, which, after all, is merely another name for charitable aid (AJHR 1887, D-1: 11, emphasis added).

During a debate on unemployment in Parliament, the Minister of Public Works claimed that, "the moment a man begins to fall on that resource he loses his self-respect to a very large extent, and if it continued very long it becomes a chronic disease with him: and that we should avoid" (NZPD, 1887: 489). Despite these statements, provision of relief works was at a record high judging from expenditure on job creation in the financial year 1886/87 given in table 2 above. The Minister's concerns were certainly not successful in restricting state expenditure on relief works.

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10 The Report of this Royal Commission was never published by the Government even though its findings were reported in all major newspapers of the time.

These views were shared by Mr A.A. Menteath, Member of Parliament for Te Aro who claimed that relief works had, "been sapping the morals of our colonists...teaching them to look to government and not their own efforts..." (NZPD, 1887: 6). Thus, while a certain amount of job creation could be tolerated, any inclination to expect relief works as a 'right' had to be combated. The Prime Minister, Sir Robert Stout, justified his Government's failure to tackle unemployment by claiming that, "[t]his question of unemployed will rise periodically. You cannot get capital and labour to adjust themselves without it..."(NZPD, 1886: 886). In other words, unemployment was viewed as a fact of life, and one which workers were supposed to recognise and accommodate. It was at the same time seen by conservative policy makers as having a positive role to play in the functioning of the capitalist economy by depressing wage levels and making workers succumb to increased exploitation by employers.

Conservative policy makers were not alone in opposing relief works. A Dunedin clergyman, the Reverend. J.U. Davis, held the view that, "only when distress verged on starvation was government justified in providing relief work" (Davis, 1880: 6). A farmer, in a letter to the editor of the *Lyttelton Times*, October 13, 1884, complained: "... the doctrine that the State is bound to find work for all who cannot find it for themselves, which is, in fact, nothing less than rank Socialism". While not denying that unemployment was to a large extent caused by the depression the country was going through, the unemployed were blamed for failing to save during the good times to meet such circumstances (Bradshaw, 1888).

The general animosity to relief works among Conservative policy makers and those who were far removed from the effects of unemployment such as successful business persons reechoed Edward Gibbon Wakefield's view that:, "there need be no able-bodied destitution in New Zealand...unless through idleness and vice" (Wakefield, c1890: 42). Some did not hesitate to claim that, "if a healthy man was poverty-stricken the fault was not with the labour market but the man" (Young, 1892: 16). There was a strong belief that continued provision of employment on relief works as demanded by the unemployed would confirm in their ways those who lacked the desire to lead an independent existence, and indeed swell their numbers by sapping the self-reliance and initiative of the entire population of the poor (AJHR, 1890 H-25).

By contrast there were Members of Parliament who held the view that the state had a responsibility towards the unemployed. Prime Minister, Major Harry Atkinson though drawing his support from Conservative policy makers, in 1883

attempted to introduce legislation for a national insurance scheme against sickness and pauperism.[11] The proposed legislation was strongly opposed by political conservatives. "A political committee in Atkinson's electorate warned him against purveying such subversive ideas" (Scholefield, 1946: 140). Scholefield argues that, Atkinson, though a firm believer in individual self-reliance, disagreed with the assertion of classical economists and statesmen in industrial countries that pauperism was caused by lack of thrift amongst the working classes. Atkinson's proposed scheme did not however cover unemployment.

Another prominent statesman who advocated state assistance to the unemployed was Sir George Grey, a founding member of the Liberal Party. Sir George Grey held the view that the state had an obligation to create work for the unemployed able and willing to work, but was opposed to the insurance scheme proposed by Atkinson. Sir George Grey favoured the settlement of the unemployed on the land with state assistance, and advocated that those given employment on relief works, were to be paid wages which were sufficient to enable them to support themselves and their families (NZPD, 1887). Mr W. White, Member of Parliament for Sydenham, claimed that:

> ... a great of deal of the distress had been had been caused through too many immigrants having been brought out; but as the Government had allowed them to come here, it was the duty of the Government to find them employment (NZPD, 1884: 307).

Mr White wanted immigration stopped until the labour market was in a position to take extra workers and to use the money budgeted for assisted immigration to create work for the unemployed.[12] Mr Richard Taylor, Member of Parliament for Sydenham, speaking for his constituency said, "They [unemployed] are people who have been brought to Canterbury with the funds of the colony, and therefore the colony must look to the case of these men" (NZPD, 1887: 490). Worker's demand for work from the state was rebuffed on the ground that it was not state responsibility to find work for the working classes, but that finding employment was an individual responsibility. These opposing views were demonstrated by way of government responses to unemployment.

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11 The proposed legislation was that provision be made against sickness and pauperism and not unemployment by compulsory national insurance.

12 Some newly-arrived immigrants, had complained that they were induced to leave their native land through erroneous impression. They allege that they have been completely misled; that they have been allured to New Zealand only to find themselves worse off than they were in Great Britain; that the Colonial Paradise, so vividly pictured to them had turned out to be totally false (*Evening Post*, January 15, 1880).

THE DILEMMA OF THE STATE

The dilemma for the state was that, besides creating work for the unemployed, the only other practical option was to pay workers sustenance without work; an option which ran contrary to the need to maintain the incentive of paid employment and individual self-reliance. One other option was to leave the unemployed completely to their own devices, 'the rod of starvation' as Max Weber called it. But this option was problematic for a country which was claiming to be a labourer's paradise in its effort to attract working class immigrants, especially from the British Isles (Fairburn, 1989). The country was still eager to attract more immigrants many of whom were working class people. The policy makers' dilemma was that New Zealand had to compete for immigrants with other countries such as Australia and Canada, not to mention the United States (see figure 3 below).

FREE AND ASSISTED EMIGRATION TO NEW ZEALAND.

FREE AND ASSISED PASSAGES

ARE granted by the GOVERNMENT of NEW ZEALAND as under:—
to Married Agricultural Labourers, Navvies, Ploughmen, Shepherds, and a few Country Mechanics, on their giving a Promissory Note for £10, payable in the Colony by instalments; or by paying £5 in cash.
FREE PASSAGES ARE GIVEN TO SINGLE FEMALE DOMESTIC SERVANTS.

Daughters and sons of twelve years of age and upwards, and going out with their Parents, are taken, the former FREE OF CHARGE, and the latter on payment of £4 in cash, or on giving a Promissory Note for £6.

SINGLE MEN are taken on payment (before Sailing) of the sum of £8; or on payment of £4 in cash, and giving a Promissory Note for £8.

For Terms and Conditions apply personally, or by letter, to the Agent General for New Zealand, 7, Westminster Chambers, London, S.W.

London, October 18th, 1873.

Galway—James J. Fynn, Victoria Place.

FREE

Emigration to Queensland, AUSTRALIA.

QUEENSLAND GOVERNMENT OFFICES, 32, CHARING CROSS, LONDON.

Competition by new colonies for emigrants, seen in the advertisement columns of an Irish newspaper, *The Galway Vindicator and Connaught Advertiser*, 7 January 1873. Mr James J. Flynn was probably one of the many emigration agents who collected commissions from governments in the U.S.A., Canada, Australia and New Zealand. Usually the agent received a certain sum for each emigrant who sailed as a result of the agent's efforts.

FIGURE 3: Turnbull and McLaren 1964: 152

Government reluctance to create work for unemployed men was a source of concern for Mr R. Turnbull, Member of Parliament for Timaru, who considered that the Government failure to create work may have curtailed the inflow of high quality working class immigrants. "Nothing acted more detrimentally to the interest of the colony than to find that men in it were anxious to do work and that nothing could be found for them to do" (NZPD, 1888: 394). Thus contrary to the Conservative view that the unemployed were partly to blame for their predicament, pro-reform policy makers saw workers as eager and willing to work. For the working class the prospects of employment was one of the main factors which brought them to New Zealand in the first place.

Government's continued reluctance to create steady employment for many of the unemployed led to the 'exodus' in the 1880s, mainly to Australia, of skilled tradesmen in search of work. As Scholefield put it:

> Thousands of disappointed men, efficient, industrious, and temperate, left the colony in despair. Of those who remained many had emigrated from the Old World a few years earlier, full of hope and enthusiasm. They were now inconsolable agitators (1916: 169).

Drummond described the 'exodus' of pakeha male workers as:

> The unemployed began to leave the Colony in swarms, like migratory rats that were starved out of one district and pass on irresistibly to another in search of food. In the eight years 1885 to 1892, 125,000 persons left New Zealand (1907: 92).

At the height of the 'exodus' it was estimated that the country was losing about 1,400 people per month. Many were skilled men brought under the assisted immigration scheme and whom the country was to need once the economy recovered (*Canterbury Times*, April 16, 1888). In 1888, arrivals in New Zealand were 13,606. Departures 22,781 (NZOYB, 1937). The 'exodus' led to a crisis of confidence in the government and prompted the Conservative Government of Major Harry Atkinson to step up funding for public works to relieve unemployment. From 31 March 1888 to 31 May 1889, £37,000 was spent on wages of relief workers (AJHR, 1889 D-5A).

The 'collapse' of the Pakeha male labour market during the 1880s "had finally brought unity to some sections of the workers ... The Maritime Council formed in 1889 in Dunedin was one of the results" (Sutch, 1966: 69-70). Similar Councils were formed in Auckland and Wellington. In Christchurch a Working Men's Political Association was formed during the same year (Morrell and Hall, 1957). By the autumn of 1890 workers had made up their minds to send working men to the

House of Representatives as well as to influence the election of Liberals who had promised in their manifesto to improve the conditions of working men (Reeves, 1956). (See Chapter Four which looks at the Liberal Government's responses to unemployment between 1891 and 1912).

CONCLUSION

Although there was no explicitly stated employment/unemployment policy during the period covered by this chapter, a more systematic approach to stimulate job growth and a more co-ordinated response to unemployment began to emerge. The Stout-Vogel government of between 1884 and 1887 holding office with the support of liberal reformers and Vogel's belief that the economy could be stimulated with increased government expenditure, saw a marked increase in expenditure for unemployment relief. While many supporters of liberal reforms saw public works as good value in setting out the road and rail system of the colony, Conservative policy makers saw public works as undesirable 'relief works' which should be avoided wherever possible.

The clash of ideology between the 'right to work' and 'less eligibility' emerged clearly in this period. While unemployed workers wanted the government to create work for them without stigma, the stigmatisation of the unemployed in general and those on relief works became a central part of such provision. The mid-1880s also saw the adoption (as in Britain in the same period) of classifying the unemployed into the 'deserving' and 'undeserving' categories. State responses to unemployment during this period were dominated by these lines of logic and thinking. The belief that in a predominantly rural economy there need be no unemployment proved to be a hindrance to the development of more progressive responses to unemployment. Farmers, a strong pressure group, regularly advanced the view that there was a surplus labour in larger towns while a shortage of labour existed in the country areas (Gibbons, 1970).

However, the effect of the depression and state reluctance to assist the unemployed, and the departure of many skilled workers to Australia gave impetus to liberal reformers who organised themselves under the Liberal Party. The liberals' first term in office between 1884 and 1887 saw a significant increase in state expenditure on unemployment relief. In 1887 the state included under the budget estimates of the Department of Public Works a specific amount for the wages of relief workers.

CHAPTER FOUR

THE DEPARTMENT OF LABOUR AND THE COOPERATIVE WORKS SCHEME AND EMPLOYMENT, 1891-1912

INTRODUCTION

Although agriculture remained the mainstay of the New Zealand economy, by 1890 the country had become more industrialised and urbanised. The 1891 census shows that only 29% of the New Zealand working population was engaged in agriculture. Manufacturing industry was growing and therefore more working people were resident in the same location for the six months required to be eligible to vote. Universal manhood suffrage had been granted in 1879 (Davidson, 1989; Castles, 1985). By the time of the 1890 General Election further electoral changes had abolished multiple voting available to property owners (Field, 1939).

By world standards in 1890 the New Zealand state had already become relatively interventionist in the labour market, through the use of public works to create employment and to alleviate unemployment. The Liberal Government elected in 1890 was to streamline and extend this intervention during a period which was one of the two most active periods of social reform in New Zealand's history. The other was under the first Labour Government: this period is covered in Chapter Six. However, the Liberal reforms which took place during this period, though considered radical at the time, were reformist in that they modified rather than transformed the economic system.

The bulk of this chapter presents an account of steps taken in the area of unemployment relief by the Liberal Government. The chapter is comprised of six sections. The first section examines the events leading to the 1890 General Election and its results. The second section examines the role of the Department of Labour in unemployment relief and the attitude of the first Secretary of Labour toward the unemployed. The third section looks at the operation of the Cooperative Works Scheme and its impact on unemployment. The fourth section examines conditions of employment for

unemployed men given work on public works through the cooperative works scheme and the fifth section looks at the stand of the Parliamentary opposition on the unemployment relief undertaken by the Liberal Government. The sixth section examines the circumstances which led to the decline of the Liberal Government, and its loss of the 1911 General Election.

THE 1890 GENERAL ELECTION AND ITS RESULTS

The coming to power of the Liberal Party following the November 1890 General Election ended nearly two decades of conservative landed and urban gentry domination of New Zealand politics and government (James, 1986). The victory of the Liberal Party was largely due to the support it received from the small farmers and the town workers (Field, 1939). Trades and Labour Councils and the Knights of Labour urged their members to support either workers' candidates under the Labour Party or Liberal Party candidates (Sinclair, 1959). The Canterbury Trades and Labour Council election manifesto urged the workers to vote as a party against the 'capitalist class' (Scotter, 1965). The Otago Trades and Labour Council's message to the workers is clearly stated in figure 4 below.

TO

ALL ELECTORS!

Especially to Working Men and Tradesmen and others whose prosperity depends upon the Welfare of the Working Classes.

On behalf of the Otago Trades and Labour Council I would urge upon you the absolute necessity of opposing by every legitimate means, the return of all candidates To-morrow, who are likely to support a Conservative Ministry or any form of

CLASS TYRANNY.

Every Elector who, after being warned of the consequences, votes for a Conservative Candidate, no matter what pressure may be brought to bear on him is a

TRAITOR TO HIS COUNTRY

and to his own interests. Do not be led away by specious arguments or plausible promises. The only safety an elector can have is to

VOTE STRAIGHT FOR THE TICKET.

I would again remind you that the candidates chosen to represent the Labour Party are the following—and all who oppose them must be enemies open or disguised to the welfare of the Working Man :—

PORT CHALMERS:
J. A. MILLAR.
PENINSULA:
W. EARNSHAW.
DUNEDIN SUBURBS:
W. DAWSON.
DUNEDIN CITY:
FISH, HENRY SMITH, JUN.
HUTCHISON, WILLIAM.
PINKERTON, DAVID

REMEMBER LABOUR DAY and VOTE STRAIGHT!

R. SLATER,
Secretary Otago Trades and Labour Council.

Dunedin, Dec. 4, 1890.
[illegible]

FIGURE 4: Sutch, 1969: 119

The Liberal Party's election manifesto promised better treatment of workers in factories; improvement of the employment conditions of all workers; and the resumption by the state of land purchases urgently required for settlement and settlement of the land. The Conservative Party's election manifesto contained little to which workers could aspire. Its policy statement on the labour market was for non-interference by the Government or Parliament. In essence the Conservative Party had no policy aimed at improving the position of working people. That was to be left to market forces to determine. The results of the 1890 General Election reflected the pakeha male voters' dissatisfaction with the Continuous Ministry. The total number of seats contested during the 1890 General Election was 70 for Pakeha and 4 for Maori (NZOYB, 1892). Thirty-eight candidates in the 1890 elections were listed as having been endorsed by trade unions and labour bodies (*New Zealand Herald*, December 3, 1890). Of these 19 were successful. Five of the new members were manual workers: a carpenter, two bootmakers, a brass finisher and a tailor (Sutch, 1966). In a by-election in October 1891 the five Labour Members of Parliament were joined by a compositor (Roth, 1973). The Knights of Labour[1] managed to have thirteen of their candidates elected to Parliament. Prominent among members of the Knights of Labour in the Liberal Government were Mr John Ballance, Prime Minister from 1891-1893; Mr McKenzie, Minister of Lands, and Mr P.J. O'Regan, later a Compensation Court judge (Sinclair, 1959). The Knights of Labour had as its ideological objective to "secure to the workers the full enjoyment of the wealth they create" (Sutch, 1966: 68).

In some ways the victory of five working class candidates appeared to have transformed working men's demands into organised representation through Parliament. For the first time working men had the opportunity to influence state policy directly. In 1892 the Prime Minister, Mr John Ballance, appointed four trade unionists to the Legislative Council as part of the contingent sent into the Council to break the Conservative majority. The men were selected in close consultation with the Trades and Labour Councils (Roth, 1973). While the number of working class Members of Parliament was small and their numbers declined at subsequent General Elections, Burdon argues that "The remnants, though never strong enough to form a separate party, had always contrived to exert a considerable influence on the Government's policy since the Liberals, when all was said and done, relied on the working man's vote to

1 For the origins, goals, extent, and the demise of Knights of Labour in New Zealand, see Sutch, 1966:68-69.

maintain themselves in power" (Burdon, 1955: 257). As Pember Reeves, the architect of many pieces of labour legislation between 1891 and 1896, put it, "the organised support which they and their unions gave the Radical leaders made all the difference" (Reeves, 1902: 76). Thus with the support of the Trade Councils and of the Labour Members of Parliament, the Liberal Government ensured the passage of a good deal of progressive legislation, particularly so during its first decade in office.

THE DEPARTMENT OF LABOUR AND UNEMPLOYMENT RELIEF

Soon after taking office January 1891 the Liberal Government introduced legislation which was intended to streamline the linking of workers to employment. This was achieved with the passage of the Department of Labour Act 1891 which provided for the creation of the Department of Labour during that same year. Pember Reeves, the architect of the Act, became New Zealand's first Minister of Labour (Morrell and Hall, 1958). Pember Reeves was a socialist of a kind who drew most inspiration from John Stuart Mill, Henry George and the English Fabian Society (Burdon, 1955). He saw socialism in terms of state response to assist those less able to improve their position in society for one reason or another, "a doctrine to which a New Zealander was peculiarly receptive, since in his colony the government had, from the first, adopted a much more active role than in England" (Sinclair, 1956: 102). Edward Tregear, a surveyor by trade in the Public Service and like Pember Reeves a socialist himself, was picked by the Minister to become the first Secretary of Labour, a position he held from 1891 to 1912. Tregear's first assistants were James Mackay, a former Labour organiser, and John Lomas, the miners' leader in the 1890 Maritime strike (*New Zealand Times*, May 10, 21, 1892).

Even though the creation of the Department of Labour did not represent a radical change in policy responses towards unemployment, its creation was significant in the context of this study for two reasons. First, it provided the working men with a national employment agency through which they were able to access employment opportunities in both the public and private sectors (Oliver, 1988). This meant that workers were spared from the tramping in search of employment that had been a characteristic of the New

Zealand labour market.[2] The Department of Labour's primary function was an activist one, namely, "to bring the work and workers together" (Reeves, 1902: 76). This involved the transferring of workers from places where there was a scarcity of jobs to places requiring labour. Second, the Department provided the Government with more frequent and more reliable statistics on the incidence of unemployment, which included the industrial occupations of those seeking employment (Drummond, 1907). All workers were free to seek assistance into employment through the nearest bureau, and employers who required assistance could use the bureaux in the same way. But the Department's success in alleviating unemployment depended on two external factors; firstly the level of demand for labour that existed at a particular point in time and secondly, government financial resources committed to public works.

In its first year of existence the Department of Labour facilitated the employment of 2,974 of unemployed Pakeha men from cities and towns into public works projects in the country. "The Government's aim was to move urban unemployed into the country". (NZPD, 1895: 47; 1909: 119). The Liberal Government, like its predecessor considered unemployment as a consequence of urbanisation rather than the failure of the private sector to create adequate employment opportunities. Some of the men were thus encouraged to settle on the land with state assistance. Nearly two-thirds of these men were found employment on public works projects which were already under construction or had their construction brought forward to create work for the unemployed (JDL, 1902). In the early years of the Department's operations, the unemployed were given free railway passes to go to waiting jobs found for them. It was terminated on the grounds that some workers given free railway passes did not report where they were expected to take up employment. The Department of Labour began to temporarily loan the railway fares to those who were found employment (Gibbons, 1970). The cost of the fare was deducted from the worker's wages until the full amount was paid.

Table 4 below shows the number of unemployed men who were placed in employment via the Department of Labour between 1891/2 and 1895/6.

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2 For a full and extensive discussion on employment search by seasonal workers in the nineteenth century in New Zealand see Gibbons, 1970.

TABLE 4: UNEMPLOYED MEN ASSISTED BY THE DEPARTMENT OF LABOUR TO EMPLOYMENT BETWEEN 1891-1906 (MARCH YEARS)

Year	Total	Private Work	Government Work
1891-92	2,593	1,730	863
1892-93	3,874	2,518	1,356
1893-94	3,341	1,019	2,322
1894-95	3,030	894	2,136
1895-96	2,871	708	2,163
1896-97	1,718	652	1,066
1897-98	2,035	544	1,491
1898-99	2,115	638	1,477
1899-1900	2,147	486	1,661
1900-01	3,124	519	2,605
1901-02	1,830	396	1,434
1902-03	3,704	580	3,124
1903-04	2,860	1,216	1,644
1904-05	3,130	1,960	1,170
1905-06	6,712	1,929	4,783
	45,084	15,789	29,295

Source: Adapted from Annual Reports of the Department of Labour in AJHR, H-6, 1892-1906

To facilitate the nationwide coordination of labour, the Department of Labour appointed Labour agents (in small towns, policemen were used as agents) throughout the country, nearly two hundred of them in all (AJHR, 1892 H-14). The duties of the agent included the collection of information about job vacancies in each district by checking newspaper advertisements, asking employers about their immediate and future manpower requirements and anticipating any expansion in demand for seasonal workers. This information was regularly cabled to Wellington (Rowley, 1931). The agent also kept a register of all workers who applied for work, and this information was also

sent to Head Office where lists of vacancies and the unemployed were matched (Rowley, 1931).

Although Tregear was sympathetic to the plight of working men arising from unemployment, he also held a belief that it was necessary to apply regulatory measures in dealing with the poor. He divided the poor into three specific groups:

> The dependent classes should be divided into three distinct orders - viz. the helpful poor, who only need guidance and direction to enable the work and the worker to be brought together; the helpless poor, who are to be regarded as subjects for benevolent aid; and the criminally lazy poor, who should be compelled to work, if necessary under restriction (AJHR, 1893 H-10: 2).

This was the way in which Tregear classified the poor, a man who was influenced by the Fabian socialist ideas of the time. His classification of the poor was similar to that used by the prominent British Fabian socialists, the Webbs. In Tregear's view, the 'helpful poor' should be helped by the Department of Labour into private sector employment, and that harsher measures should be designed for the 'criminally lazy poor'. Tregear, like Webbs in Britain favoured the idea of subjecting the 'lazy poor' to a work test (Martin, 1982).

The Department of Labour's attempt to separate the 'deserving' from the 'undeserving' was extended in 1893 when it "assumed control of a state farm for unemployed workers" (Roth, 1973: 19). The farm was under the total control of the Department of Labour and as such put it in a position to use it as it saw fit. However, the bulk of workers under the state farm were "generally ... men with families (who were) given some weeks' or months' work until ... they found fitting employment" (AJHR, 1896 H-6: vii). The establishment of the state farm was intended to teach some of the unemployed the basics of agriculture and accustom them to agricultural life (Scholefield, 1916). Tregear's motto, which the Department of Labour adopted was: "With work, everything; without work, nothing" (Lloyd, 1900: 247). Work, emphasised Tregear, "preserves the self-respect of the working-class, the most precious of their few possessions" (AJHR, 1895 H-6: 4, 7). This points to a strong work ethic being propagated by the state. However, the predominance of married men among those provided for on the state farm had, by 1894, led the Department's disposition to harden toward the unemployed single men many of whom were reluctant to seek relief on farms (Gibbons, 1970). According to John Martin, the "emphasis was placed

specifically on the pejorative categories of the 'loafers' and 'swaggers', that is the 'undeserving' unemployed, and on means of dealing with them coercively" (1982: 110). While swaggers were an important part of the agricultural labour force, their life style was anathema to the respectable, and hardworking family with a smallholding (Martin, 1982).

The strongest suggestion made by the Secretary of Labour, Edward Tregear in his 1896 Annual Report was a recommendation for:

> ... a place of detention and discipline. There exists in every town a certain number of men whose position vibrates between that of the loafer and the criminal; these should be altogether removed from cities...for one or two years to a farm, where simple food and clothes would be found ... in return for ... enforced labour (AJHR, 1896 H-6: vii).

Even though Tregear's recommendation was not implemented, it again demonstrated the lingering British attitudes to the unemployed which led to the establishment of the workhouses to control the poor. It was thought that if such workers were not forced back into the labour force, they could spread their bad habits to the entire working class population (Oliver, 1971). Many of the unemployed were seen as individuals who did not like to hold steady employment and as such ways had to be found to make them adapt to steady employment.

The recovery of the economy from the long depression and the growth of public sector job creation had a significant impact on unemployment, as can be gauged from Table 5 below which shows trends in unemployment recorded during four periods of Census between 1896 and 1911.

TABLE 5: TABLE SHOWING CENSUS DATA ON UNEMPLOYMENT

Census Date	Number of Males Unemployed	Proportion per 1,000 Male Wage & Salary Earners
12 April 1896	14,759	100
31 March 1901	8,467	48
12 April 1906	8,189	39
2 April 1911	7,152	30

Source: NZOYB, 1933: 604

Three departments cooperated in tackling the problem of unemployment: the Department of Public Works, the Department of Labour and the Department of Lands. The Department of Lands not only provided some of the unemployed with work, but also land, as well as cheap loans for those settled on the land. The Department of Land was responsible for the construction of new country roads, and the Department of Public Works was responsible for railways and bridges as well as other major public works. The Department of Labour supplied the workers which the two departments required through its network of bureaux that had been set up throughout the country.

While the Liberal Government had accepted state responsibility to find work for the unemployed, the Government however held, "a great fear of the consequences of an open-ended commitment by the State to find work for all, in particular that the situation would soon get out of control as unemployed workers poured across the Tasman from Australia" (Hamer, 1988: 66). Thus state responses to unemployment were seen as simply providing short term relief to keep people out of pauperism.

The Minister of Public Works emphasised that: "It was the aim of the Government to provide work without injuriously affecting ordinary industries, and only until the men were able to find better employment than that given to them by the State" (NZPD, 1894: 586). "Better employment" was generally any employment secured in the private sector. Thus the Liberal Government did not commit itself to the workers' ideal of the 'the right to work', but nonetheless introduced a minimum wage under the Industrial Conciliation and Arbitration Act 1894. Employment provided on public works for the unemployed had continued to be temporary. Private sector employment was still seen as the ideal form of employment that the Liberal Government continued to promote despite its progressive use of job creation under the cooperative works scheme discussed below.

THE COOPERATIVE WORKS SCHEME

At the time of the 1890 election, although the contractors who won tenders on public works were forbidden by the explicit terms of their contract to sub-contract, they were practically all sub-contracting to make more money at the expense of the workers (Lloyd, 1900). The practice of sub-contracting

had become so common that only a short time before the Liberals took office the whole of a large Government contract was advertised by successful tenderer to be let in sub-contracts (Drummond, 1907). During the first session of the new Parliament one of the members of the Labour Party claimed that: "There is no other system in the world against which there are charges so serious as there are against this pernicious system of sub-contracting. Working men have been robbed wholesale" (NZPD, 1891: 245). Burdon reports that:

> Capitalists undertook government contracts and then farmed out the work in sections to sub-contract - often men of slender means who either failed financially and left their workers unpaid, or else drove them like slaves in order to make profit. The system had become thoroughly vicious; it was responsible both for slovenly work and for the sweating of labour (Burdon, 1955: 93).

One of Seddon's first initiatives on taking office was to eliminate the sub-contracting system. In his goldmining days in the West Coast he had seen how well men worked in small parties under a leader chosen by themselves. Seddon saw no reason why the practice could not work equally well on public works (Drummond, 1907). Seddon made up his mind that there would be no 'sweating'[3] in work undertaken by any of the departments in his charge. He issued strict instructions that his department would not recognise sub-contracts at all; and that the sub-contracting of work, or having it done as piece-work, would be deemed to be grounds for the cancellation of the contract (Burdon, 1955).

Unemployment and the overhaul of the sub-contracting of public works projects by private contractors had been two issues which dominated the 1890 election among working men. The Liberal Party had made some commitment to the workers that if they were elected to form the next government they would review the sub-contract system (Lloyd, 1900). The Liberal Government took a stand that the state should promote useful but unprofitable public works, not only to lay the necessary infrastructure but also to alleviate unemployment. Although state responses to unemployment continued to be dominated by short term employment on public works, there was greater state acceptance of collective responsibility towards the unemployed.

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3 Sweating is a term borrowed from Britain referring to employment of workers on long working hours for very low wages.

The Liberal Government, in its determination to tackle the sub-contract system, abolished the tendering system of public works and introduced the cooperative works scheme. Under the cooperative works scheme small contracts of public works projects were let to groups of unemployed men, following a valuation by the Department of Public Works engineers (Reeves, 1902). The unemployed were asked to organise themselves into groups of six to eleven men. Each group chose its own leader(s) to represent them in their dealings with the Government. Explaining the scheme in Parliament, Seddon said, "the work itself [was] to be done by the whole of the men, each one having equal interest with his fellows ..." (NZPD, 1891: 374). The Public Works Department supplied all necessary equipment and materials needed for work, except for picks and shovels which the men were required to supply themselves. Also, where necessary, the groups hired horses and drays from settlers in the vicinity of their work (Irvine and Alpers, 1902).

Seddon first put the scheme on an experimental basis in some small formation-works on roads and railways. Following the success of this experiment, Seddon announced the adoption of the scheme as a basis of constructing public works. "From this small beginning grew up the cooperative contract system of Seddon's authorship that was to remain for many years a feature of public works" (Burdon, 1955: 93). The Minister's confidence in the cooperative works scheme was reflected in his response to a question raised in Parliament about the scheme when he said:

> Previously, the Government were paying 4s.6d. per day to the men, and the result was that the State received but a poor return for its pittance, as no interest of course was taken in the work. Men who had been working under the old system, who the overseers had considered were not able to do a fair day's work, and who were consequently not worth even the 4s. 6d. per day which they were paid, have turned out excellent work, and are, moreover, anxious and eager to do the work. Now the men ... are paid so much per chain for the work, and the total cost has not exceeded what it would have been had the work been done by contract, and the men employed are well-satisfied (NZPD, 1891: 381).

The cooperative works scheme from the workers' position represented a significant improvement in their condition of employment. The scheme placed the workers in a position which enabled them to be contractors and executors of work agreed upon with Public works engineers. The unemployed were no longer considered as second class workers.

By 1893, the letting of work on cooperative works scheme to the unemployed Pakeha men had entirely replaced direct employment of the unemployed on public works (AJHR, 1893 D-5B). Figure 5 below shows

workers under the cooperative works scheme at work, while figure 6 shows their accommodation in country projects away from home.

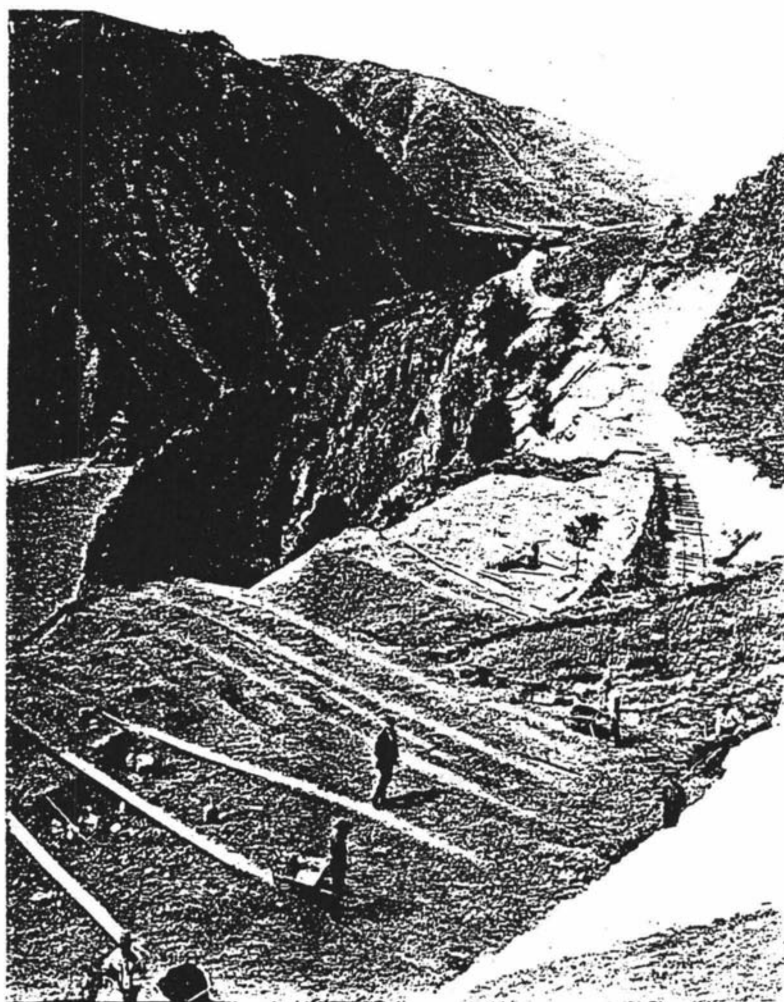

FIGURE 5: Lloyd, 1900: 92

Tents are Ready for Them. (Page 209.)

FIGURE 6: Lloyd, 1900: 209

Resident New Zealanders were given priority over men from Britain and the colonies of Australia in placement on the cooperative works scheme. When demand for employment was higher than the number of public works projects available to absorb all the unemployed, a system of priorities was applied. Preference was first given to unemployed men with families and men not recently employed on cooperative works scheme (NZDL, 1907). If there were more men than were needed, the choice was made by ballot and the unemployed men supervised the ballot themselves (Reeves, 1902). Table 6 below shows the origins of unemployed Pakeha men who were given employment in 1892 on the cooperative works scheme:

TABLE: 6 ORIGINS OF UNEMPLOYED MEN GIVEN WORK ON COOPERATIVE WORKS SCHEME IN 1892

North Island	767
South Island	1,761
New South Wales	20
Rest of Australia	8
Britain	7

Source: AJHR, 1892 H-14: 6

The presence of Australians among workers given employment was of concern to the Parliamentary Opposition which blamed Pember Reeves and the Department of Labour and claimed they were responsible for "flooding the market with Australian immigrants" (NZPD, 1892: 77). This was however false; the country had a small net balance of immigrants over emigrants mainly because the 'exodus' of the late 1880s had declined since the coming to office of the Liberal Government (Davidson, 1989).

The giving of preference to employment under the cooperative works scheme to married men with families gave rise to complaints at times. Mr F. W. Lang, the Member of Parliament for Waipa, said in Parliament:

> ... men were being sent from other parts of colony to work in the electorate he represented on the cooperative system. He would not object to this, provided the local men did not require work; but at present there is a great many local men more in need of work than those sent from a distance; and he considered it very hard that they should have to leave their homes and seek work elsewhere ... (NZPD, 1896: 75-76).[4]

There seems to have been a lack of adequate coordination between various bureaux where workers seeking government assistance to employment had registered. Mr Lang reminded the Minister of Public Works that he had made similar representations to the Government the previous year. Mr W Hall-Jones, Minister of Public Works told Mr F.W. Lang that: "it had always been the custom to give married men resident in the localities the preference, and only in the very necessitous cases of married men outside the district" (NZPD, 1896: 75). Generally married men were hesitant to leave their own districts, anyway.

When a married man was given work on a cooperative works scheme away from his family, he was obligated, as a condition of being given employment, to sign an order that half the pay should be sent straight to his wife by the paymaster of the works (Lloyd, 1900). But as Rowley (1931) points out, a division which leaves the man with half his pay to spend and his wife with the other half to clothe and feed children, and pay the rent was still nevertheless inequitable. The amount was made out as money order in the wife's name so that only she could cash it, and was sent by the Post Office (Lloyd, 1900). The government had an interest in this arrangement in that it prevented families left behind from becoming dependants on Hospital and Charitable Aid

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4 It was standard practice at the time for Hansard reporters to use the third person and past tense for quotes.

Boards whose financing was borne by Local Authorities and central government funding.

The Department of Labour attempted to overcome the marital difficulties which arose when married were sent to public works projects in country districts by allowing wives and children to accompany their husbands/fathers. The Department of Labour paid the cost of transporting the families without charging it to the workers whose families were involved. However, the scheme was not popular and only 104 wives (with 280 children) accompanied their husbands in the 1893/94 financial year, and even less the following year (AJHR, 1894 H-6; 1895 H-6). Figure 7 below shows a wife and children who had accompanied their husband and father to a cooperative works scheme.

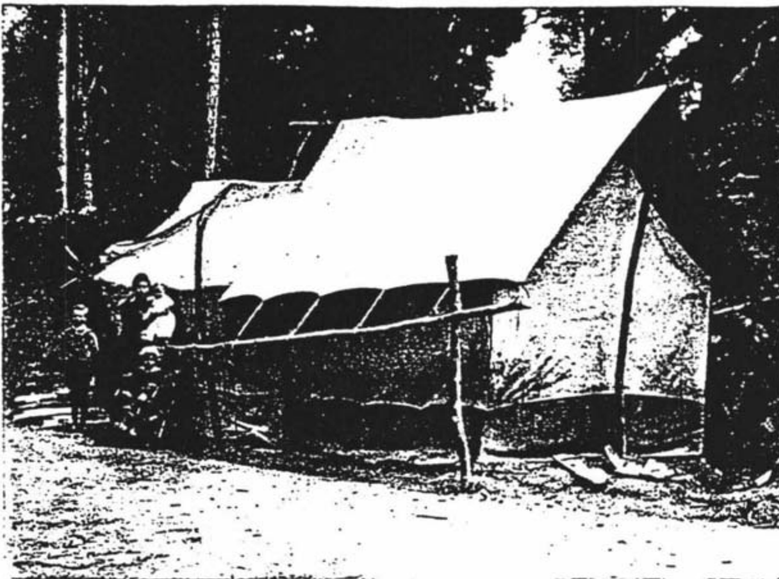

FIGURE 7: Lloyd, 1900: 200

The system of giving preference to married men on the cooperative works scheme did at times cause some difficulties for single men. In 1899 Mr Hogg, Member of Parliament for Masterton, made representations to the Prime Minister and the Minister of Labour, Mr Richard Seddon, over the plight of single men in his constituency who could not be given work because of their marital status. Seddon's response was:

> For the unfortunate young man in this country over twenty-five years of age who remained single he had the greatest sympathy; but might say that if the honourable gentleman would bring to him those young men, and they would undertake, if he found them work, to get married within six month, he would at once put them on (NZPD, 1899: 380).

The Prime Minister, also assured Mr Hogg that "as the elections were approaching, there would, no doubt, be plenty of work ..." (NZPD, 1899: 300) soon to absorb all those who wanted paid employment.

> Never, since first becoming a minister, had Seddon made any pretence that in allocating public works he did not favour districts whose representatives gave him loyal support in Parliament. In terms of roads and bridges it paid districts handsomely to return Government men approved by the Premier. Electors soon came to recognise this fact, while Liberal M.Ps realised that their chances of re-election rested in Seddon's hands and that to cross his will meant endangering their prospects of a political career (Burdon, 1955: 133).

Premier Seddon in many circumstances publicly subscribed to the principle that electorates which returned a government member should receive more consideration than those which did not (Burdon, 1955). The use of public works as an election strategy was highlighted by Mr Pirani, Member of Parliament for Palmerston North, when he said: "Personally, he did not object to strangers being brought into a district close to election time, because it gave him an opportunity of getting a few more votes ..." (NZPD, 1899: 381). It is in this context that the Opposition described the cooperative works scheme as a: "huge bribery fund for political purposes" (NZPD, 1899: 420). Burdon (1955) argues that before general elections it was usual for groups of cooperative workers being planted in doubtful electorates so that the men's votes might weight the scale in the Government's favour.

The Opposition, as part of its election campaign leading to the 1899 General Election, distributed circulars on the highways denouncing the cooperative works scheme (Lloyd, 1900). The Opposition's interest in the contract system reflected the vested interest many of them had. They wanted to see that the private sector benefited from public works construction. But the Opposition's proposal to return to the contract system for workers on public works did not appeal to the men, who under the cooperative works scheme were able to earn better wages than they had on the contract system.

In 1894 the Minister of Public Works noted with concern the increased demand for employment under the cooperative works scheme of skilled workers and perceived some emerging difficulties: "Under the cooperative system a large percentage of the men employed have never previously done any navvying work, many of them being skilled artisans unaccustomed to labouring work" (AJHR, 1895 D-1: v). That is, unemployment had spread to the more skilled class of workers who were, moreover, men whose services

would again be required when the economy recovered. Employing them in navvying work along with unskilled workers was thought of as unproductive in that it undermined the labour market status of skilled workers and destroyed their capacity for skilled work.

The government responded to the entry of large numbers of skilled tradesmen among the unemployed by extending the types of work that could be carried out under the cooperative works scheme to include the building of timber bridges, plate-laying, and even the erection of public buildings (AJHR, 1895 D-1). Whereas in August 1894 there were 96 artisans and 1,659 labourers under the cooperative works scheme the figures for December 1899 were 219 artisans and 2,789 labourers (JDL, 1894; 1899). The majority of artisans were, in both years, were employed on the construction of public buildings (AJHR, 1895 D-1).[5] In 1896, after the tenders for the Mahokine viaduct were received and the lowest bid was found to be several thousand pounds in excess of the chief engineer's estimate, it was decided to carry out the work under cooperative works scheme (Lloyd, 1900).

Meanwhile, the 1895 Annual Report indicated that: "...where first-class skilled workmen have been employed the wage earned has been fully equal to that paid for similar labour by private employers" (AJHR, 1895 D-1: v). In the 1896 Annual Report of the Public Works Department, the Minister informed Parliament that: "practically all...construction-works are now carried out under the cooperative scheme, and a good many of buildings-repairs also" (AJHR, 1896 D-1: iii). The treatment of skilled workers reflected a belief by government that their unemployment was beyond their control. Figure 8 below shows the unemployed at work.

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[5] One prominent building constructed under the co-operative works scheme is the Parliamentary Library in Wellington.

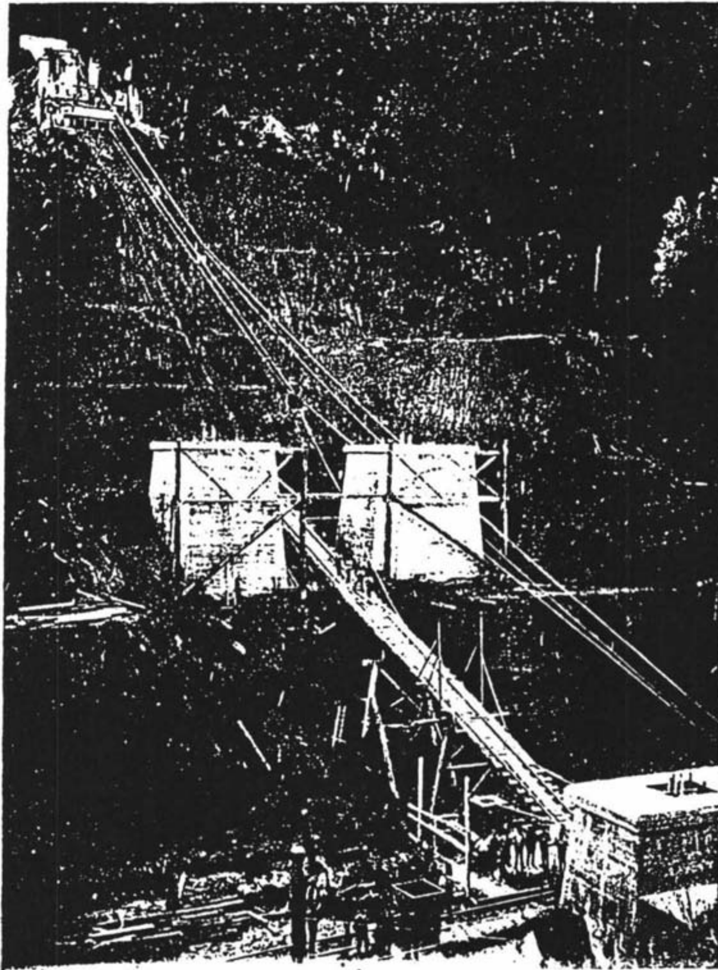

FIGURE 8: Lloyd, 1900: 96

In 1894 the Liberal Government launched what it called 'the alternative scheme' in conjunction with the cooperative works scheme, so that unemployed workmen might become permanent settlers on the land. The Government decided that wherever land that was available for settlement within a reasonable distance of cooperative works: "married men are to have four days' cooperative work in each week, the other two days to be spent in improving their holdings; and that single men are to be employed three days on cooperative works scheme, and three days on their sections" (AJHR, 1895 H-6: v). The settlement of the working people who made the roads as permanent settlers on the lands alongside the roads was a commitment the Liberal Party pledged to the workers (Lloyd, 1900). Before the introduction of the settlement scheme, workers were forced to migrate to new sites of work as soon as the work was done. According to Sinclair, "to get men on the land was a solution proffered for unemployment and urban poverty ..." (Sinclair, 1965: 149). In the words of the Prime Minister, Richard Seddon:

> there could be no question whatever but that the only way of dealing with the unemployed, or greater majority of them, effectually was by putting them on the land, either as lessees, or, where they had reached that time of life they were unable to farm for themselves, put them on the State farms (NZPD, 1897: 396).

Fairburn (1985) argues that the Liberals believed that unemployment and especially class conflict could be avoided in New Zealand through the relocation of workers living in large towns onto the land and more specifically onto small family-based holdings in village settlements. Contrary to the Wakefieldian theory based on the maintenance of a land monopoly to retain a landless working class, the rural settlement philosophy of the Liberals substituted perceived class divisions by distinguishing between town and country.

TABLE 7: NUMBER OF MEN EMPLOYED UNDER THE COOPERATIVE WORKS SCHEME BETWEEN SEPTEMBER 1894 AND AUGUST 1895

Month	Public Works Department	Lands Department	Total
1894			
September	821	1,125	1,946
October	781	1,181	1,962
November	748	1,178	1,926
December	866	1,222	2,088
1895			
January	848	1,138	1,986
February	863	1,384	2,247
March	893	1,317	2,210
April	883	1,234	2,117
May	875	1,337	2,212
June	881	1,559	2,440
July	806	1,686	2,492
August	818	1,766	2,584
Average Monthly Number	840	1,344	2,184

Source: AJHR, Vol. II 1895: v

Workers who were given employment under the Lands Department were engaged in improving public lands in preparation for subdivision. The Lands Department was responsible for the construction of country roads (Lloyd, 1900). Some of the subdivisions were used to settle some of the unemployed with state assistance under the 'alternative scheme'. Another source of employment for unemployed workers under the Department of Lands was in afforestation during the planting season. Table 8 below sets out the wages earned by workers given employment on the cooperative works scheme.

TABLE 8: DAILY WAGES ON COOPERATIVE WORKS SCHEME FOR VARIOUS CLASSES IN 1896 IN COMPARISON WITH 1894 ORDINARY WAGES

Class of Workers	1894*		1896	
Navvies			7s	2d
Concreters			7s	2d
Fencers			7s	5d
Bushmen			7s	7d
Labourers	6s	6d	7s	8d
Plate - Layers and Ballasters			7s	10d
Carpenters (Buildings)	8s	3d	8s	1d
Painters	8s	3d	8s	3d
Carpenters (Railways)	8s	3d	8s	8d
Tunnel-men			9s	10d
Slaters			10s	4d
Masons	9s	6d	10s	8d
Bricklayers	9s	6d	10s	8d
Plumbers	8s	6d	10s	10d
Plasterers			20s	0d

*Source: AJHR, 1896 D-1: 3; * NZOYB, 1895: 161*

The wages earned by unemployed workers under the cooperative works scheme remained similar to those on offer in ordinary employment as a result of the Industrial Conciliation and Arbitration Act 1894 which facilitated the

provision of minimum wages and conditions for all workers whose unions were registered under the Act. The Government offered contracts to the unemployed men on the basis of the earnings of those in regular employment in their class.[6] Thus under the cooperative works scheme workers who were able to get employment did not experience a drop in their wages relative to other workers in the private sector.

The success of the Liberal Government in containing unemployment was highlighted by an influential member of the Unemployed Advisory Board of New South Wales, Archdeacon Langley, who investigated labour conditions in New Zealand in 1899 (Lloyd, 1900). The report credited the cooperative works scheme with success when it noted: "the fact that since the adoption of the system, eight years ago, there has been no unemployed agitation in New Zealand" (JDL, 1900: 169). The proactive approach taken by the Liberal Government meant that as workers registered with the Department of Labour, attempts were made to find them employment either in the private sector or on government public works projects.

The cooperative works scheme had obvious advantages for the government despite the cost being somewhat higher than under the contract system. Firstly, the system eliminated the day to day supervision of unemployed men given employment on public works as the men were both contractors and labourers (Lloyd, 1900). In any case the men were paid only for work they actually performed (Gibbons, 1970). Secondly, the system cut out the contractor's profit as the men under the cooperative works scheme were paid the same amount as they would have earned in wages. The price of the work was based on the average rate of wages current in the district in which work was undertaken (Irvine and Alpers, 1902). Finally, the contracts entered into between the government and various groups of workers were not legally binding on both parties as was the case with ordinary contracts.

This third advantage of the cooperative works scheme was summed up by Mr Richard Seddon, Prime Minister and Minister of Public Works when he said:

> Should any circumstances arise rendering it desirable to curtail expenditure, it is simply necessary to reduce the number of men, the agreements with men providing that the Government is at liberty to order the work to be discontinued at any time without payment of compensation (AJHR, 1893 D-5A: 3-4).

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6 For detailed discussion on impact of the Industrial Conciliation and Arbitration Act 1984 on workers wages and conditions of employment, see Drummond, 1907, Chapter XVI. Condliffe, 1924 outlines the history of the Arbitration Court until the end of World War I.

Although this flexibility was advantageous to the government, lack of employment security on the cooperative works scheme was a source of concern to workers. It reflected the continued application of the principle of 'less eligibility', though in a more limited way. At times men were simply laid off as in the case presented by Mr G.V. Pearce, Member of Parliament for Patea.

> During the last few months I have seen more men carrying swags in the country districts than at any other time during the last twenty years ... because in my district during the last two or three weeks, on the Stratford-Onarue Railway line, they have dismissed some two hundred men from the cooperative works, and on the cooperative roadworks in the Patea and Waitotara counties nearly every man has been dismissed ... I say, if the vote is exhausted, it shows bad administration on the part of the Government, who should have conserved the vote during summer, so as not to dismiss the men just at the beginning of winter, when it is known that the winter is likely to be a bad one for the men (NZPD, 1909: 119).

Mr Pearce further claimed that the men were dismissed while the work they were doing was half finished (NZPD, 1909). While the figures were disputed by the Minister of Public Works, state suspension of projects under construction was at times a contributor to the unemployment problems. The Minister of Public Works, Hall-Jones insisted that: "public works of the colony are not carried on for the sake of the unemployed, but to develop the country and promote settlement" (Reeves, 1902: 236). This policy position was also made clear to the workers by Mr Richard Seddon soon upon taking office as Minister of Public Works in 1891. During his tour in Christchurch he told the leaders of the unemployed that, "they would be disappointed if they thought that the Government would carry on non-reproductive works simply for the sake of finding employment for men out of work" (Drummond, 1907: 152). Gibbons (1970) notes that the Government never deviated from this policy; the cooperative works scheme had as its major objective getting various projects completed.

The other limitation of the cooperative works scheme, from the workers' position was that while the bulk of the unemployed men resided in cities and towns, the majority of work offered was in country districts. This meant that workers who were given employment under the scheme were completely cut off from alternative employment that might have become available in towns.

TABLE: 9 UNEMPLOYED MEN GIVEN WORK UNDER THE COOPERATIVE WORKS SCHEME: MONTHLY AVERAGE FOR EACH YEAR, 1894-12

Year	Number Given Employment
1894	1,869
1895	2,455
1896	2,293
1897	2,493
1898	2,725
1899	2,975
1900	3,408
1901	5,213
1902	2,649
1903	4,226
1904	3,356
1905	4,564
1906	7,119
1907	5,281
1908	6,508
1909	7,063
1910	4,926
1911	6,343
1912	6,471

Source: JDL, 1894-1912

It can be seen from Table 9 above, that between 1900 and 1912, except for 1902, the numbers of men given employment under the cooperative works scheme remained above 3,000 per month, the highest figure being in 1906. According to the NZOYB (1927) statistics on state relief works provided to unemployed men lack comparability at different dates owing to changes in the conditions under which public works was granted. While the statistics may show for any period of time the actual number of unemployed men who were employed on public works, they do not show the percentage which

that number represented of the total working male population at the time. These figures may at best be regarded as indices of fluctuations in the labour market (NZOYB, 1927).

The Liberal Government, in an effort to share the burden of unemployment relief with Local Authorities, gave a subsidy of pound for pound for projects undertaken to create employment for the unemployed men (AJHR, 1895 H-6). Consistent with their role during the period covered in Chapter Three, local authorities continued to play a significant role in alleviating unemployment. For example, "when the closing of operations on the Waipara-Cheviot and Midland railways threw men out of work ... Timaru and Christchurch provided employment" (Scotter, 1965: 87). Seddon was eager for Local Authorities to adopt the cooperative works scheme, especially where grants-in-aid towards the construction of roads and other public works were provided by the central government. He stated that:

> The adoption of this system would ... have the effect of more easily regulating the labour market. Thus, when there was a dearth of private employment, the number of men engaged by the Government and the local authorities could be increased; and when private employment was plentiful, correspondingly, the number of men employed by the Government and the local authorities could be decreased, thus equalising the work and insuring a fair return during the whole of the year (AJHR, 1895 D-1: v).

The cooperative works scheme provided a means of (partially) regulating the labour market whilst allowing necessary work to be performed at competitive prices to the state.

CONDITIONS OF EMPLOYMENT

While the more proactive approach taken by the Liberal Government had minimised agitation by the unemployed there were occasional complaints about conditions of employment and wages earned by unemployed men on cooperative works scheme. The *New Zealand Herald*, July 20, 1894 carried an article in which a man who had been at Makuri in the South Island was reported as saying that he would rather be dead than undergoing the hardships of a winter camp. The worker's complaint appear to have been validated by a Chief Surveyor, J. Strauchon of Taranaki, in his report about working conditions of the unemployed at Ngaire Swamp.

> ... the men being wet every day and covered with mud. Many have suffered from rheumatism, and others who wounded their feet or legs have had to abandon the work

until healed, the swamp water preventing a cut or bruise from healing (AJHR, 1896 C-1: 90).

That such working conditions were tolerated by the Department of Labour was ironic in that it had the responsibility of enforcing labour laws covering working conditions.

One group of unemployed men given work under the cooperative works scheme claimed that they drew fivepence per day 'after paying for tucker' (*New Zealand Herald*, July 20 1894). However, according to the government the low earnings were attributed to the capability of the workers themselves since their pay was based on the work they actually did as assessed by engineers of the Public Works Department.

In 1899, Mr T.C. Taylor, Member of Parliament for the City of Christchurch, claimed in Parliament that married men from his constituency who had been sent to country public works under the cooperative works scheme: "were not able to earn sufficient to pay the rent of their families let alone their own expenses at the other end" (NZPD, 1897: 396). But according to the Deputy Leader of the Legislative Council, "the remuneration, in the opinion of the Council, should be on the minimum scale, and every encouragement given, and every effort made, to enable the more deserving to take up their former means of livelihood" (NZPD, 1895: 448-449). Thus while there was some recognition of the need of state assistance for the unemployed, it was still believed that conditions of employment on relief works should be made less attractive in order to encourage the unemployed to seek alternative employment.

THE PARLIAMENTARY OPPOSITION'S POSITION ON UNEMPLOYMENT RELIEF

The cooperative works scheme "had been denounced as 'communistic'" (Burdon, 1955: 99) by the opposition. According to the opposition the scheme had the potential of undermining the virtues of individual responsibility and self-reliance of the working class (Hamer, 1988). Mr T.L. Buick, Member of Parliament for Wairau, highlighted what he saw as the choice for New Zealand:

> Now, with regard to the "unemployed" difficulty, I am coming to this opinion: that the day is not far distant when this colony will have either to adopt a policy of straight-out socialism, and undertake to find work for every one, or else food for every one; or, on the other hand, we must go in for a policy of rigid individualism, and say that every man must find work for himself (NZPD, 1895: 620).

Buick, a strong proponent of self-reliance, left no doubt as to which of these options he preferred. Buick's statement reflected an entrenched and conservative view of state relief which was ascribed partly to a dread of undermining working class independence.

Another prominent member of the opposition and former Minister of Lands in the last Conservative Government, Mr G. Richardson avowed himself in Parliament as opposed to the cooperative works scheme in toto, and declared, "under this cooperative business we have to pay much more with very poor results than under the contract system" (NZPD, 1893: 372). A leading dignitary of the Church of England in New Zealand shared the opposition's concern over cost but not the quality of the work or the social effects of the scheme. The clergyman was of the opinion that though the cooperative works scheme was more costly than the contract system, it saved all this extra cost and more by the absorption of the unemployed and by the rescue of the men and their families from pauperism (Drummond, 1907).

The opposition's stand on the cooperative works scheme was shared by farmers who claimed: "The Liberal Party has ruined New Zealand. All the good workers are on cooperative contract. They want too much wages if asked to work on farms these days" (Lee, 1978: 37). However, the Liberal Government had continued the policy begun under the previous government to disengage unskilled workers on relief works during the busy agricultural season.

In the last session of Parliament of 1899, the Minister for Public Works, Mr W. Hall-Jones, announced that far from intending to abandon the cooperative system, as had been demanded by the Opposition, the Department was extending it, and continued to find that the results compared favourably with those of the contractor system. The overwhelming and unprecedented victory of the Liberals during election time showed that the opposition's criticism made no impression on the constituencies (NZPD, 1899).

The Prime Minister Richard Seddon reminded the opposition that during their time in Government:

> We had soup-kitchens, sheltered-sheds, empty houses, men out of work, women and children wanting bread. This was how we found New Zealand in 1890. It was to be a country where the few were to be wealthy and the many were to be degraded and poverty-stricken (NZPD, 1896: 386).

The favourable economic situation that prevailed from 1896 and the Liberal Government's progressive use of public works not only to create work, but also alleviate unemployment, was clearly a factor in containing unemployment at lower levels.

THE DECLINE OF THE LIBERAL PARTY

When Pember Reeves resigned his Cabinet posts in January 1896 and left for London to become New Zealand Agent-General, his departure widened the rift[7] between the Trades Councils and the Government. Under Premier Seddon, who took over as Minister of Labour, the Councils were unable to exercise the influence over state labour policies as they had under Pember Reeves. The Government was shedding much of its earlier radicalism, reflecting the growing conservatism of its country supporters (Roth, 1973). Davidson argues that the Liberals were in decline from 1908; so their really active period was before that time; indeed most of it before 1900. From 1900 until they lost the 1912 General Election the liberals were confronted with major strikes, and also the formation of new political parties such as the New Zealand Socialist Party in 1901. The creation of the Socialist Party was followed by the Political Labour League (Davidson, 1989). The Socialist Party was very strong on the West Coast (whose members included Semple and Webb, later to be Labour cabinet ministers) and provided a consistent philosophy to those who were against the arbitration system (Sutch, 1969).

The collapse of the Liberal-Labour alliance was partly a result of the fact that, while farmers and businessmen were riding on the crest of a mounting wave of prosperity, wage-earners failed to improve their standards of living (Roth,

[7] Davidson (1989) contends that by 1907, real wages had fallen below the 1894 level. Even the temperate guild unionist of the Trade and Labour Councils were questioning the usefulness of the Arbitration Court. There had been endeavours since the 1898 conference of the Trade and Labour Councils to take autonomous political action from the Liberal Party, and a Socialist Party risen from 1900, especially amongst miners and dock, including amongst its members Mr. M.J. Savage, later to be the first Labour Prime Minister.

1973). The declining standards of living of wage-earners after 1900 led to widespread workers dissatisfaction with the Liberal Government and a revolt against the arbitration system, and after 1907; to the use of strikes to obtain wage increases to meet the increased cost of living (Burdon, 1955). Between 1895 and 1900 the wages fixed by the Arbitration Court "had outdistanced the cost of living, but between 1901 and 1906 real wages declined" (Roth, 1973: 24). From 1894 to 1905 there were no strikes. By March 1911 there had been 42; of these 22 were of unions not registered under the Industrial Conciliation and Arbitration Act 1894 (Lloyd, 1900). The unions and in some cases the individual workers were fined for striking if they were 'arbitration' unions (Stone, 1965).

In 1907, the slaughtermen raised by strike action the rate for killing 100 sheep from 20s to 23s despite fines for doing so. Next were the coalminers of Blackball who in 1908 struck triumphantly and procured half an hour lunch break instead of a quarter of an hour. The strike was significant in that it marked the origins of the 'Red' Federation of Labour (Roth, 1973).[8] In 1909 other unions joined the militant miners to form the national 'Red' Federation of Labour, which was an activist Marxist organisation until its defeat in the 1913 General Strike (Condliffe, 1959). The 1908 Blackball strike, as well as brief strikes by bakers in Wellington and Auckland tramwaymen, and the attempt of the Canterbury Trades and Labour Council to unionise farm-workers, stimulated farmers and employers to demand the instantaneous abolition of the arbitration system (Olssen, 1988).

According to Burdon (1955: 267), "the grievances and ideals of working class leaders continued to find expression at the Trade and Labour Conferences". At the annual conference of the Federation of Labour in 1910 Patrick H. Hickey, national Secretary put the following resolution for consideration:

> The Act [Industrial Conciliation and Arbitration] has failed to procure for the workers any increased share of the wealth produced by their labour ... Relying on the strength of their combination, and with a full recognition of class solidarity, the workers can win for themselves conditions which the Arbitration Court would never concede (New Zealand Federation of Labour, 1910: 13).

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8 The miners also gained a victory by making the Government and the Arbitration Court look ridiculous. To collect the 75 pound fine for striking, the miners' beds, sewing-machines and other household effects were seized and auctioned. The sale brought in 12s. 6d. from the mining community. The union bought everything, and returned what it had bought to its owners (Olssen, 1988).

Mr Hickey's resolution was approved unanimously by conference participants. Thus the New Zealand Federation of Labour set itself on a confrontation course with the Government in order achieve what it saw as denied to the workers, especially its members by the arbitration system. The above stand showed New Zealand Federation of Labour determination to pursue its members' interests on its own terms and not those of the Liberal Party as had been the case until now.

The final straw for the Liberal Government came in 1909. Exports declined suddenly, there were fears of a depression, and the government responded by dismissing hundreds of public servants. The Liberal Government's response left no doubt that the 'right wing' faction of the Liberal Party were now in charge and the days of social reforms were over. Later, in 1911, right wing Liberals defected to the conservative Reform Party (Davidson, 1989).

The brief downturn of the economy saw unemployment increase sharply. The number of men for whom the Department of Labour had to find employment rose to 10,391 in the year ended 31 March 1909. It had never surpassed 4,000 between 1892 and 1905 and had stood at 6,305 in 1908 (AJHR, 1910 H-6). The Government's handling of the recession made workers responsive to the increasing politicisation of working men and women along class lines.

CONCLUSION

This was a period in which demands from voters (as opposed to demonstrations and outbreaks of violence) had a major impact on the provision of public works. This work was seen as valuable and was provided under less exploitative and punitive conditions than before. However the socialist philosophies of some of the leading politicians did not mean that they necessarily regarded casual workers with any greater sympathy. These policy makers were largely the representatives of labour aristocracy, interested in helping skilled men.

What was the significance of Liberal Government's reforms in dealing with unemployment? It has been demonstrated that the employment policy was by no means intended to eradicate unemployment but to improve the efficiency of the labour market. The actions of the Department of Labour

were clearly designed to cope with frictional and seasonal aspects of unemployment and not to achieve full employment as a policy goal (Hamer, 1988). Implicit in Liberal Government responses to unemployment was the belief in providing a 'cushion' for pakeha males against unemployment without undermining the role of the labour market as the primary allocative mechanism of paid employment. Moving men around the country, or at least regulating their movement around the country, and identifying jobs for them, were faltering steps in this direction. The Liberal Government measures, though they did not eliminate unemployment, succeeded in containing it to relatively low levels.

Through the cooperative works scheme unemployed workers were afforded the opportunity to demonstrate that given proper incentives they could undertake major public works projects to the satisfaction of the government with minimum supervision. The cooperative works scheme represented an innovative strategy of job creation.

The cooperative works scheme's success owed much to calculations of electoral advantage and to the determination of Richard Seddon as Minister of Public works. However, although cooperative works schemes represented the development of a systematic state response to unemployment, the schemes remained vulnerable to political manipulation. Moreover, the reluctance of the Liberal Government in devising social legislation in response to unemployment, meant the unemployed who could not be placed in public works projects remained vulnerable to destitution. Far from envisaging a long sighted unemployment policy, the Liberal Government took the position that public works should on no account be made available solely to provide relief from unemployment. Hence, although the response of the state to unemployment in this period was more systematic, it was far from being a full scale acceptance of responsibility by the state for finding or creating for the unemployed.

The next chapter examines the state responses to unemployment between 1926 and 1935. This period saw the adoption of a more comprehensive unemployment policy following the passage of the Unemployment Act 1930. The adoption of the policy was largely forced on a very reluctant government as a response to the Great Depression following the Wall Street crash in October 1929.

CHAPTER FIVE

THE "NO WORK, NO PAY" POLICY, 1926-35

INTRODUCTION

During World War I and its aftermath, unemployment disappeared. This was not only because of the numbers of men enlisting in the armed forces, but also because of the work created by supplying food to Britain. Under the system of Imperial purchases initiated during the First World War years, New Zealand primary producers were guaranteed a profitable export market. New Zealand's meat and wool were requisitioned from March 3, 1915 to June 30, 1920, cheese from early 1916 to July 1, 1920; butter was requisitioned up to March 31, 1921 (AJHR, 1921-22 H-38; AJHR, 1922 H-38A).

However, no sooner had the wartime requisition of the main exports came to an end than overseas prices for primary produce began to fall rapidly. In the 1920-21 production season, the value of wool exported fell by 56%. In the next year, 1921-22, the value of meat exported fell by 25%, of butter by 19%, and of cheese by 43%" (Condliffe, 1959: 23-24). Though prices recovered in the 1923-25 production season, they fell again in 1929, and continued to fluctuate up to 1933 (Sinclair, 1959). Sutch points out that "even by 1940, in a time of recovery, the export price index had not reached the 1929 level" (Sutch, 1968: 35). The country's economy reached crisis point in the early 1930s triggered by the worst depression in the history of industrial capitalism.

The Labour Party became the leader of the parliamentary opposition from 1926 as the United Party and the Reform Party policies were almost identical. The Labour Party's position in Parliament was improved and strengthened by the increase in its number of seats from eight during the 1919 general election to 19 during the 1928; 24 in 1931 and 55 in 1935 to become the governing party (Sutch, 1966).

Despite falling export prices during the years immediately following the end of First World War, unemployment was of comparatively small proportions. The census figures of 1921 and 1926 both show unemployment as less than 4 percent among male wage earners (Department of Statistics, File Number

27/1/15, National Archives). From 1919 until the winter of 1926 the percentage of unemployed appears to have been smaller than at any time in the years immediately prior to the war (NZOYB, 1927).

However, from the winter of 1926 there was a considerable increase in the number of unemployed men who sought Department of Labour assistance into employment. The total number of registered unemployed between February and November 1925 was 2,384, with the figure between February and November 1926 rose to 6,584 (NZOYB, 1928). In failing to understand the seriousness of the world economic situation the government continued to treat unemployment as a temporary phenomenon. Until 1930 unemployment was believed by both Reform (Conservative) and United (centre right) governments as indicating nothing more than either seasonal or short term slack time in business.

The historical analysis which forms this chapter draws on the rise in registered male unemployment between 1926 and 1935 and the responses by the state. This chapter is divided into two main sections. The first section examines measures taken by the state to alleviate unemployment between 1926 and 1930. The second section, which is broken into four parts, examines unemployment relief under the Unemployment Act 1930, the reactions to the Unemployment Board's handling of unemployment, the question of sustenance and the workers' response to what were viewed as the meagre and sometimes inadequate rates of pay.

UNEMPLOYMENT RELIEF PRIOR TO THE UNEMPLOYMENT ACT 1930

Since suffrage was extended to men in 1879 unemployment had become a sensitive political/electoral issue and who ever was in government tried to appease the working class by creating employment for them in public works. One of the first enactments of the 1926 session of Parliament by the Reform Government was the Local Authorities Empowering (Relief of Unemployment) Act 1926. The Act empowered local authorities to borrow monies required for public works undertaken, or proposed to be undertaken for the purpose of unemployment relief (NZS, 1926). However all relief works which local authorities desired to undertake had to be approved by the Minister of Public Works (AJHR, 1929 H-35), so in this sense central government retained a high level of control.

The Leader of the Labour Party Mr Holland denounced the Reform Government for passing legislation which did not ensure that it took responsibility for the unemployed. Holland accused the Reform Government of, "shirking its national responsibility on this unemployed question, by putting its responsibility to local authorities" (NZPD, 1926: 84). The Act was nonetheless devised as a temporary expedient, "to tide over the unemployed until they could find permanent jobs elsewhere" (Bruce, 1969: 17). The Act was initially to have lapsed after one year but as unemployment remained high, the Act was continually extended for periods of one year at a time until 31 July 1933 when it was allowed to expire.

Even though the Act put the burden of unemployment relief on Local Authorities, it represented a first attempt by government to have legislation covering unemployment and the first kind of such legislation in the history of the country. Under the Act, the central government underwrote all the loans Local Authorities secured for purposes of unemployment relief. Local Authorities were also entitled to a refund of any money used for the purpose of unemployment relief from its own revenue (NZS, 1926).

In addition to the passage of the 1926 Act, the Reform Government also absorbed, "as much labour as possible on ordinary public works" (NZOYB, 1933: 609). The number of unemployed men assisted to employment on public works increased from 3,397 for the year ended 31 March, 1926, to 10,268 in the following year, a total of 16,363 being given work during the year ended 31 March 1929 (NZOYB, 1930). The Reform Government had returned to direct employment of unemployed men on public works on fixed wages away from arguably the successful co-operative works scheme of the Liberal Government. The employment conditions under which the unemployed worked on public works was summed up by a union official in a letter to the Editor of the *Evening Post*:

> We are compelled to work under wretched conditions...The tents we are living in are very bad. There is no floor, only just the wet ground...When we started we were given to understand that if we did an honest day's work we would get 9s. per day single men and 12s. per day married men, but the following are the rates we have been paid to date: First month - Married men 11d. per hour, single men 8d. per hour, second month - married men 1s. 2d. per hour, single men 11d. per hour; third month - married men 7 1/2d. per hour, single men 5 1/2d. per hour (*Evening Post*, August 16, 1927).

The paying of relief workers low wages and providing them with no security of employment, reflected the increased application of the principle of 'less

eligibility'. The low wages paid to relief workers were justified on the grounds that they acted as an incentive to encourage workers to seek unsubsidised employment. The official attitude of the Reform Government to unemployment was outlined by the Minister of Finance, Mr D. Stewart, when he said: "if the position of the unemployed man was made attractive, no effort was made by the men to scratch round and find work for themselves" (NZPD, 1928: 267). The Minister of Finance made this statement at a time when the Press Association reported that 565 applicants had applied for two jobs for a liftman and a caretaker at the new Dilworth Building in Auckland (Fraser, 1946).

In the financial year ending 31 March 1928 the weekly "average number of men employed on genuine relief works by local bodies was 1,329 and 2,059 for the general government relief works" (Belshaw, 1933: 65). Sporadic attempts on the part of the Government to absorb some of unemployed in public relief works hardly touched the fringe of the problem.

The Minister of Public Works expressed concern in 1927 over the increased number of unemployed men given work under his Department and declared that he was prepared to resist the use of the Department of Public Works as a "dumping-ground for the unemployed" (AJHR, 1927 D-1: ii). The Government had unwittingly aggravated unemployment through Government assisted immigration. In the six years between 1922 and 1927, there had been a net increase of population from immigration of 65,983 persons (Soljak, 1946). However, because only limited employment opportunities were created in the private sector, the immigrants turned to the Government for relief, and the only relief available was the prospect of employment on public works (Brown, 1962). (See Table 10 below on the number of men provided with temporary employment under the Department of Public Works between 1927 and 1931).

TABLE 10: WEEKLY AVERAGES OF NUMBERS OF MEN PLACED ON PUBLIC WORKS BETWEEN 1927 AND 1931[1]

Location	1927/28	1928/29[2]	1929/30	1930/31
Auckland	1,777	1,916	4,287	2,165
Wellington	743	841	2,048	1,308
Christchurch	919	1,331	3,039	839
Dunedin	564	518	1,007	381
Other[3]	2,740	3,384	5,884	3,502
Grand Total	6,743	7,990	16,265	8,195

Source: Department of Labour, File L1 6/12/6, National Archives

1. Figures bases on registered unemployed men who sought Department of Labour assistance to employment.
2. Change of Government from Reform to United.
3. Calculated from figures of the four main centres given above.

Job creation was also undertaken by the State Forest Service.[1] Unemployment however persisted and in 1928 an Unemployment Committee of Inquiry was established to analyse how best the government could respond to it (NZPD, 1930).

During the 1928 General Election, the question of unemployment was a central election issue. The election was fought on Sir Joseph Ward's promise to borrow £70 million if his United Party was elected to form the next government to be used to fund public works to tackle unemployment (Fraser, 1952).[2] The 1928 election results left the Labour Party with the

1 The following numbers of men were given employment as relief workers by the Service: 1927:123; 1928:363 (NZOYB, 1931). These figures represent averages for each planting season.

2 For a full discussion of Sir Joseph Ward's 70 million pounds sterling loan promise, see Chapman (1969) p.48ff.

balance of power in Parliament.[3] Sir Joseph Ward, a surviving member of the Liberal Government, formed a minority government counting of the support of the Labour Party for his Government's survival. Eager to honour its election promise and to ensure the Labour Party's support, the United Government boosted job creation on public works. During 1929 the amount spent on relief under Public Works Department amounted to £665,715, compared with £284,427 for the previous year. The numbers given work rose from an average of 1,908 to 3,016 per month (AJHR, 1931 D-1). The Government also raised the rates of pay on country relief works from 12s. and 9s. for married and single men respectively to a uniform 14s. (*New Zealand Herald*, February 8, 1929). The percentage of relief workers under the Public Works Department increased to 27% of the Department's work force in 1929 but fell to 21% at the end of the year; the total number employed rising from 12,487 during 1928/29 to 14,292 in 1929/30 (Unemployment Inquiry Committee Papers, 1930, File Number, LE 1/1930/18, National Archives).

The State Forest Service intake was also boosted under Sir Joseph Ward's United Government. In January 1929 it employed 500 men, 24% being relief workers, but by the time of the planting season from May to September it had trebled its staff, 70% of whom were relief workers. During the summer months, when only the semi-permanent staff were usually retained, the Service continued to employ an average of 1,000 men each month, 70-75% of whom were relief workers (Unemployment Inquiry Committee Papers, 1930, File Number, LE 1/1930/18, National Archives). The increase in the percentage of relief workers may point to the substitution of relief workers for permanent staff. Although the United Government stepped up the placement of workers on relief works, more than 3,000 workers on average remained unprovided for every month in 1929 (Burdon, 1965). (See Table 11

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3 Labour and United could form a coalition government with Labour as the Junior partner; Labour could support, on certain conditions, a minority United ministry; Labour could vote with Reform to bring down United and force another general election. One option that was unthinkable was to support in any form a continuation of Coates' Reform Government. Most Labour MPs, including Fraser, believed that Ward and United had more sympathy for workers than Coates and Reform. Only Savage, Armstrong and, in a curious way, Holland argued that neither Reform nor United was preferable. Holland was ambivalent, at first unable to decide between rejecting both Coates and Ward, thus precipitating another election, or alternatively supporting Ward fully, though not in a formal coalition. Savage, on the other hand, argued that Labour should not risk another election until Ward and United had discredited themselves as completely as their predecessors and until the Labour Party could replenish its exhausted funds. In the meantime, Labour should allow Ward to form a minority ministry but attack it at every opportunity, presenting Labour as the sole real alternative (Gustafson, 1986: 135).

below on the highest weekly numbers of unemployed men on the books of the Department of Labour).

TABLE 11: NUMBER OF REGISTERED UNEMPLOYED, 1926-30 (HIGHEST WEEKLY FIGURES)[4]

Year	Number of Men Remaining on Register as Unemployed
1926	1,600
1927	2,000
1928	2,500
1929	6,264
1930	11,442

Source: Adapted from Yearly of Reports of various NZOYB, 1930-1936

On September 27, 1929, during a debate in Parliament on unemployment, Prime Minister Sir Joseph Ward, responding to Labour Party demands that the government should do more to alleviate unemployment, said in reply: "within the next five weeks there will be no unemployment in New Zealand of men capable of going to work" (NZPD, 1929: 217). His statement drew an immediate response. Many of the unemployed who had not registered swamped the Employment Bureaux of the Department of Labour to register in the hope of being offered paid employment by the government. Registered unemployment figures rose across the country. Whereas the figure stood at 2,466 on September 30, 1929 (AJHR, 1931 H-35: 40), it rose to more than 13,157 two days after the Wall Street crash, sabotaging attempts by the United Government to contain unemployment. As Sinclair remarked, "New Zealand could scarcely have been worse prepared to face it, despite numerous warnings" (1959: 254). The Government withheld the figures from newspapers, claiming that the figures were misleading (Robertson, 1978). The rapid rise in registered unemployment prompted Government to give urgency to the work of the Unemployment Committee of Inquiry. The

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4 All figures of registered unemployed men given in this chapter prior to the Unemployment Act 1930 were based on voluntary registration at the Department of Labour. Under the Unemployment Act 1930 all working men whether employed or were required by law to register. Registration under the Act served two purposes: first to ensure that all those who were liable for the payment of the unemployment levy did so; second, access to employment was based on one being registered.

Committee produced its final report late in 1930 which stressed the need to provide immediate temporary employment (AJHR, 1930 I-15). The report was significant in that despite the fact that the government did not accept all the recommendations contained in the final Report, it formed the basis of the Unemployment Act 1930.

Because New Zealand still had no unemployment benefit, the only relief available to those who were not placed in temporary employment was that provided by various charitable institutions (Belshaw, 1933). As unemployment mounted private voluntary provision assumed significance as a source of relief for those unable to find work. Publicly provided relief by the Hospital and Charitable Aid Boards was means tested and often was restricted to single/widowed women with small children or men who were medically certified as unable to work either due to illness or old age. However, at times of severe unemployment, charitable expenditure of the Hospital and Charitable Aid Boards was always above normal, which pointed to the fact that the eligibility criteria were relaxed during periods of severe unemployment. It was estimated that in 1926-27, a total of 2,497 involuntary unemployed persons received charitable aid amounting to £64,303, and in 1927-28, 3,670 persons received £87,497 (AJHR, 1926 to 1928 H-31).

THE UNEMPLOYMENT ACT 1930 AND UNEMPLOYMENT RELIEF

Attempts by the opposition Labour Party to have legislation passed to cover unemployed workers began in earnest in 1921. The Labour Party introduced three Unemployed Workers' Bills without success. The central objective of the Bills was for government to create work for all unemployed workers and/or pay a dole to those who could not be provided with employment. The Labour Party was pressing for legislation which if it had been passed could have recognised the right to work or sustenance.[5]

By 1930 mounting unemployment and pressure from the unemployed and the Labour Party finally forced the government to act by passing the Unemployment Act 1930 (Robertson, 1978). The Act represented a move towards a systematic approach to unemployment relief and in principle, the consolidation of the job creation policy. For the working class the Act

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5 For details of the Bills presented by the Labour Party, see Bills Thrown Out, 1921; 1926 and 1929.

represented at least in principle the attainment of the long standing ideal of 'the right to work or sustenance' (Sutch, 1966).

The Act was not welcomed by some Conservative Members of the Legislative Council. Mr W. Earnshaw, Legislative Member for Wellington condemned the Act on the grounds that:

> It strikes fundamentally across that spirit of thrift and self-reliance and determination which made our race succeed. Believing as I do that it is destructive of everything that goes to make up the moral and fibre of robust, self-respecting man - the man who wishes to develop his ego to fight the battle of life (NZPD, 1930: 19-20).

Mr Earnshaw went further to claim that:

> The state is drifting into the position of becoming the common employer, and when that becomes an accomplished fact we shall have played right into the hands of the extreme Labour Party - the party which demands that the state shall be the common employer of labour (NZPD, 1930: 18).

However, Mr Masters, Acting Leader of the Legislative Council, held a contrary view and argued that, "unemployment is a national question, consequently it demands a national responsibility" (NZPD, 1930: 11). The unemployed it was argued could not be held totally responsible for their unemployment and as such deserved some assistance from the state to see them through their predicament.

Under the Unemployment Act 1930 it became an offence for pakeha men aged between 21 and 64 to fail to register with the Department of Labour whether one was employed or not.[6] This pointed to greater state involvement in unemployment relief even though the Act catered mainly for pakeha males. Although the Unemployment Act was passed by the United Party, its implementation occurred under a Coalition Government with the Reform Party.

Under the Act an Unemployment Fund and an Unemployment Board were established. The Unemployment Fund was raised in part from proceeds of a compulsory unemployment levy of 30s. per annum levied on males aged

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6 "Females and minors, of under twenty years, were excluded, and so were Maori, defined as half or more than half Maori by descent. Under the 1931 Unemployment Amendment Act all wage and salary earners, except Maori, were liable to a general tax of one penny per 1s. 8s. of gross earning, though only men over twenty paid the unemployment levy, now reduced to 1. Women and minors were not, however, entitled to benefits" (Macrae and Sinclair, 1975: 36).

between 20 and 64 years. The government's contribution to the Unemployment Fund was a subsidy from the Consolidated Fund equal to one half of the expenditure of the Unemployment Fund (AJHR, 1931 H-35). The exclusion of private employers from making any contribution to the Unemployment Fund was based on a concern about business confidence, and the belief that private employers would be in position to create employment if their costs were kept to the minimum (Winch, 1969).

The Unemployment Board established to administer the Act consisted originally of eight members: the Minister of Labour as Chairman, two people appointed on his recommendation, two representatives chosen by workers' organisations, one representative each from employers in the primary and secondary industries, and one representative from New Zealand Returned Soldiers Association (AJHR, 1931 H-35). This rather broad based Board did not have a member representing the unemployed. Their interests were considered to have been represented by the trades unions, even though some would argue that has not always reasonably been the case.[7]

The first Board of eight members was found from the government's point of view to be cumbersome and in 1931 an amendment to the Act created a Board of five members, consisting of the Minister, the Commissioner of Unemployment (a civil Servant), and three members appointed by the Governor-General. At the same time a new ministerial portfolio, that of Minister of Unemployment was created (AJHR, 1931 H-35). The new Board members were all recommended by the government, whereas five members of the previous Board were nominated by their respective organisations.

The Unemployment Board's functions as stipulated under the Act were, firstly, to make arrangements with employers or prospective employers for employment of persons out of employment; secondly, to promote the growth of primary and secondary industries; and finally to make recommendations for the payment of sustenance allowances out of the

7 While union officials everywhere claimed to be deeply concerned about the circumstance of the jobless, their first interest was nearly always for their own membership. Many unemployed members tended to drop out of unions and because of the conflict of interest between the employed and the jobless, unions reflected the interests of those with jobs. For instance, most trades councils in the main centres had formed unemployment committees to run relief depots for the unemployed members but they did not provide for non members, nor did they allow the unemployed representation on the committees. Other than providing for their current members, trades councils were inactive on questions concerning the unemployed many of whom were no longer able to pay their fees or did not belong to any trade union (Stone, 1948).

Unemployment Fund for the unemployed who could not be placed into work (NZS, 1930).

In implementing the above functions the Unemployment Board was required to follow some government regulations which were not part of the Unemployment Act. These regulations stipulated that, firstly, all monetary relief must be worked for; secondly, job creation schemes were to reach those whose need was relatively greatest; thirdly the work performed must, where possible, be of a reproductive nature; (see Table 12) and finally, wages of relief workers were not to approach so closely to wages ruling in ordinary industry for comparable work (AJHR, 1932 H-35).

The third function of the Unemployment Board as stated in the Act, stood in contradiction with the first Government regulation in that while payment of sustenance was provided for without obligation to work under the Act, the first regulation proposed otherwise. There was also potential conflict between the second and fourth regulations because those whose need was greatest tended to have large families, and since the policy was to keep wages of relief workers as low as possible in most instances they were inadequate to cover the needs of large families. The Unemployment Board also failed to adhere to the third regulation from April 1931 following a rapid increase in registered pakeha male unemployment and its development into a long term problem. In its annual report of 1932 the Board admitted that: "Much of the work performed...in cities and towns does not stand the test of usefulness" (AJHR, 1932 H-35: 24). The regulations were significant in that they highlighted the government view of the Act and the continuing theme of linking relief to work.

The Unemployment Board, on taking over the organisation and coordination of unemployment relief was faced with a rapid increase in unemployment to dimensions hitherto unknown in New Zealand (see Table 11 above). Its position was further made more difficult as the government began to retrench public spending. In December 1930, the government had announced a suspension of work on four railway schemes, consigning workers to the pool of registered unemployed who numbered more than 11,000 at the time (Bassett, 1974).

At its first meeting on November 27 1930, the Chairman, and Minister of Labour, Mr S. G. Smith, appealed to all Mayors to form Local Unemployment

Committees. By the end of March 1931 there were 165 committees operating. Each committee included a representative from local organisations, such as the Manufacturers' Association and a Government officer from the Department of Labour or Post Office (AJHR, 1931 H-35). The functions of these committees included: liaising with the Unemployment Board and providing it with such information as: "the number of unemployed receiving relief work in their districts, average wages, the number for whom no work was found and the amount of funds needed" (AJHR, 1931 H-35: 7). Robertson (1978) argues that despite the significant role played by these committees in the functioning of the Unemployment Board, the relationship between the bodies was often fragile. One major source of conflict was the Unemployment Board's tendency to ignore the advice of these committees and its refusal at times to fund some job creation schemes that some of these committees proposed to the Board. (For the range of schemes implemented by the Unemployment Board between 1930 and 1935, see Appendix III).

Up to 31st March 1931 the wage rate on job creation schemes was 14s. per day for all men whether married or single (AJHR, 1931 H-35).[8] But as unemployment persisted marital status became an important factor in determining both rates of wages and the number of days work provided under Scheme No. 5. This difference in pay between married and single men reflected government complicity in fostering women's economic dependence on men. When unemployment relief was established for single women through the Women's Employment Committees, it involved a six-week course in cooking and sewing, and the expectation that the women involved would find domestic work in the homes of more prosperous families (Pearson and Plumridge, 1979: 133). It was also seen as a training for marriage. Women's relief was seen as a matter for private and public charity. It was generally considered more acceptable for women to seek charitable assistance but not so for able bodied men.

REACTION TO THE BOARD'S WORK SCHEMES

While welcoming the launch of Scheme No. 1, many local authorities, farmers, and private sector employers were not happy that the Board had set

8 For comparison of rates of wages of workers on job creation schemes to those in ordinary employment see Table 5 below.

the wages of all relief workers at 14s. a day (*Dominion*, December 2, 1930). The Local Authorities' concern was that they had to pay fifty percent of the wages under the scheme. The position of farmers; according to the *Dominion* article of December 2, 1930, was put as follows: "from rural interests have come condemnation of the rate 14s. a day (see Table 5 in the tables section) for relief workers as too high and as likely to divert labour from the farm to relief works". The *Dominion* editorial claimed that relief works constituted an artificial interference with the law of supply and demand. It was argued that relief works should remain true to their name - representing not permanent jobs for workers but a stop-gap until something better can be obtained (*Dominion*, December 2, 1930).

On the other hand the Unemployed Workers' Movement attacked the Board for paying workers wages which were below those set by the Arbitration Court (*New Zealand Worker*, December 10, 1930). However, despite the Unemployed Workers' Movement displeasure at the wage rate of 14s. per day for all workers; according to the figures of the *New Zealand Official Year Book of 1932*, the average minimum daily wage in the four principal districts of (Wellington, Christchurch, Auckland and Dunedin) for general labourers as at 31 March 1930 was only 14s. 6d. The Board was also criticised by unemployed workers for rationing the number of days men could work (*Red Worker*, December 1, 1930).

Trade unions at first did not voice any opposition to the wage rate of 14s. a day until Wellington City Council fired its labourers and immediately rehired them at the relief wage rate (Davis, 1991). The move jolted trade unions to join the campaign for all workers whether in temporary employment or not to be paid award wages. Relief workers continued to strongly object to piece-work rates of payment (Campbell, 1932).

The response to Scheme No. 2 from private citizens who were asked to create employment was, greatest in country districts (Belshaw, 1933). Robertson argues that the response in urban areas was unsatisfactory and claims that: "many people refused to use the scheme for fear of being accused of taking personal advantage of cheap labour" (Robertson, 1978: 36). The Alliance of Labour, the national body representing various trade unions, was critical of Scheme No. 2. It accused the Board of using public resources and the workers' own contributions to subsidise private work which did not contribute to the creation of additional employment opportunities. The

scheme was condemned by workers over its substitution effect of permanent workers by relief workers (*New Zealand Worker*, December 10, 1930).

The first three schemes launched by the Board represented temporary stop-gap measures rather than long term responses to prevent unemployment. The approach reflected the long held belief that periods of high unemployment were only temporary and that what was required therefore was to provide short term relief before workers returned to unsubsidised employment (Robertson, 1978). Practically the whole focus of these schemes was to provide immediate relief.

The failure of the Board to provide work to all who had paid the levy on Schemes 1 and 2 led to a demonstration on 23 December 1930 in Wellington organised by the Unemployed Workers' Movement (*Red Worker*, January 5, 1931). The Officials of the Wellington Unemployed Workers' Movement told the Minister of Labour, who was also the Chairman of the Unemployment Board, that: "we do not want charity or the dole. We demand the right to work and to be paid an adequate wage" (*New Zealand Worker*, December 30, 1930). Unemployed workers realised that the passage of the Act had not made a significant difference to the plight of the unemployed.

Early in 1931 the Board launched Scheme No. 4 involving the agricultural sector. Under the scheme the Local Unemployment Committees were delegated the responsibility of the selecting and placing of workers for employment. While employment under the scheme was productive and the response good, it was not long after the implementation of the scheme that claims of displacement of regular workers were made. It was claimed that ordinary farm labourers were systematically replaced by unemployed workers (*New Zealand Worker*, March 3, 1931). Mr H. T. Armstrong, Labour Member of Parliament for Christchurch East, claimed that:

> In some parts of New Zealand there are hardly any farm labourers engaged today except under the relief scheme. I myself know farmers who have employed men for years and years ... at the ruling wages for farm labourers and have now discharged those men and had been supplied with cheap labour by the Minister in Charge of Unemployment under his pernicious and vicious Scheme No. 4A (NZPD, 1932: 697).

The recycling of the unemployed through the scheme was evident from the figures given by the Minister of Unemployment in Parliament in September 1932. The Minister reported that between February 1931 and September

1932, 32,800 men had passed through the scheme, while another 10,000 were still employed (NZPD, 1932).

While the Board gave leeway under Scheme No. 4 that the actual wages to be paid were to be determined mutually between employment providers and relief workers, its subsidy acted as a benchmark on the wages employers were expected to pay relief workers. The Board's 25s. per week subsidy limit for married men under Scheme No. 4 was criticised by New Plymouth Local Unemployment Committee. "It was asserted at a meeting that this was an attempt to bring wages down to a permanently low level, and that no married man could clothe and feed his family on 25s. weekly" (*New Zealand Herald*, March 10, 1931). Farmers paid men given employment on average 18s. 6d. a week for single men and 30s. for married men (Robertson, 1978). Many workers were aware that some farmers took advantage of the Board's schemes and high levels of unemployment in order to pay relief workers such low wages. One worker claimed that: "there were cases where farmers obviously had plenty of money, they were just using us for cheap labour" (Simpson, 1990: 119). The average minimum weekly wage for general farm hands as at 31 March 1931 was 69s.0d. and had fallen to 45s. 5d. by 31 March 1932 (NZOYB, 1933).

On February 9, 1931 the Board launched Scheme No. 5 in conjunction with Local Authorities who were given the responsibility to organise work and provide tools and supervision for unemployed workers in their areas. A budget of £150,000 was made available to cover the period between February 9, 1931 and March 31, 1931 when the scheme was supposed to have been phased out. The Board had planned to phase out the scheme at the end of March 1931 but this did not materialise as no alternative scheme(s) had been put in place. The Board decided to extend the scheme to the end of April 1931 (*New Zealand Herald*, March 16, 1931).

However, the Board's planned phasing out of the scheme at the end of April was not possible given the rapid growth in unemployment. While there were 17,002 registered unemployed at the date of commencement of Scheme No. 5, the number had risen to 38,028 by the end of March, 1931. There were approximately 25,000 men working under Scheme No. 5 during the last week of March, 1931 (*Manawatu Evening Standard*, April 1, 1931).[9]

9 These figures were for registered unemployed males under the provisions of the Unemployment Act 1930.

As unemployment mounted, on 10 April 1931 the Government announced the suspension of the activities of the Board and that of Scheme No. 5 for fourteen days between 11 April and 25 April 1931. The suspension was justified by the Government on the grounds that it was to allow certifying officers an opportunity to reclassify the unemployed (NZPD, 1931). The Government asked Local Authorities to create as much work as possible while the scheme was under suspension.

When the scheme resumed operating on 27 April 1931, the United Government had reconstituted the scheme, wages were reduced and new eligibility rules on the scheme were brought into operation (AJHR, 1931: H-35). Significant among these was that the unemployed who had some money in savings accounts were excluded from job creation schemes until they had used up all their savings. In addition the Board adopted the policy of 'no levy, no relief' (*Manawatu Evening Standard*, April 30, 1931). The rates of wages paid on Government relief works were reduced from a uniform 14s. a day to all men to 12s.6d. per day for married men and 9s. per day for single men. These wage rates were based on two days' work per week for a single man, three days' work per week for married man with two children and four days' work per week for a married man with three or more children (AJHR, 1931 H-35).

The government did not only reduce wages for relief workers but also introduced a stand-down week in each four-weekly period covering all workers under Scheme No. 5. The result was that, "able-bodied unemployed were driven to public and private charity, and this has blurred the line of demarcation between the unemployed and the unemployable" (Campbell, 1932: 102). Responding to complaints over low wages and the insufficient number of days men were given employment under Scheme No. 5, the Board said that the term 'wages' as applied to payments received by relief workers was a misnomer, and that:

> the benefits available through the present machinery can, in fact, be only 'scales of relief', awarded in terms of work and varying in their availability according to the level of finances in hand and the degree of individual need (AJHR, 1932 H-35: 12).

The representative of the Unemployment Board in each locality was directed to re-examine the eligibility of individual applicants for relief from time to time in the light of possible changes in their family responsibilities or other relevant factors likely to affect their entitlements to relief. The unemployed

were expected to supplement their relief by every means within their power. They were required, for example, to cultivate vegetable gardens either on their own property or on land made available to them for the purpose by Local Authorities (Dymock, 1990). According to the Minister of Employment, "it was not the Government's intention that people should be able to live upon relief works; if relief work were made too comfortable men would not look for alternative work" (Lee, 1939: 247). Lee alleges that the Minister of Employment made this statement while there were more than 79,000 registered unemployed men. The Reform Member of Parliament for Gisborne suggested that:

> ... let the single men get out into the country. Let them get their food if they can get nothing else. There is plenty of work in the country, but not sufficient money to pay for it at full rates. But many of the single men want to stay in the town where they can attend the pictures ... (NZPD, 1931: 1032).

Thus urban unemployment was blamed on single men who were thought to had been reluctant to accept employment in country districts. Robertson (1978) notes out that the Board often complained that many relief workers failed to find alternative work.

The Minister of Unemployment and Chairman of the Unemployment Board reminded unemployed workers' organisations, which were demanding that the Board increase the number of working days, that: "The act was never passed for the purpose of finding a full week's work for every man who came to the Board for employment" (NZPD, 1931: 1024). Thus while the emphasis was on work, the government was not prepared to commit sufficient resources to ensure that enough work was created for all those who had paid the levy and who had come to depend on job creation schemes for themselves and their families' livelihood. Scheme No. 5 proved insufficient to take on all of the unemployed and highlighted the impractical aspect of the Government's policy of *no work, no pay*. Government dedication to balance the budget resulted in a reduced scale of financing than was needed to contain unemployment and alleviate the suffering of those thrown into the pool of the unemployed.

The dominance of Scheme No. 5 among the schemes initiated by the Unemployment Board was demonstrated by the fact that of the total relief payments from the Unemployment Fund, up to 31 March 1932, which amounted to nearly £2,530,000, more than £2,244,000, or 89 percent was

spent on Scheme No. 5 (AJHR, 1932 H-35). The significance of the scheme remained basically unchanged despite attempts to transfer single men under the scheme to camp schemes between 1932 and 1935.

TABLE 12: NUMBER OF MEN EMPLOYED ON VARIOUS CLASSES OF WORK UNDER SCHEME NO.5

Class of Work	December 1931	March 1932	June 1932	September 1932
Reproductive Work				
Land-drainage	2,700	3,250	3,700	3,150
General land dev	1,390	3,650	6,460	7,360
Erosion protection	985	1,160	1,700	1,920
Improvement of backblocks roads	1,900	1,760	2,180	1,860
Afforestation	800	285	675	985
Reclamation	555	335	950	1,130
Other	1,470	1,760	2,475	2,395
Non-Reproductive Work				
Improvement of streets, roads etc	19,300	16,885	18,200	19,620
Improvement of domains, parks & reserves	5,630	4,015	4,870	4,890
Improvement of schools & hospitals	3,270	2,990	2,940	3,495
Total	40,300	38,400	46,850	50,050

Source: AJHR, 1932 H-35: 14

TABLE 13: SUMMARY OF UNEMPLOYMENT RELIEF FIGURES AT 2 SEPTEMBER 1933

(i)	Workers engaged in industrial undertakings whose earning were subsidised from the Unemployment Fund	
	Building-tradesmen and building-labourers under Scheme No.10	4,595
	Farm workers	9,867
	Public works (mostly married men)	2,017
	Highway and backblocks roads	1,264
	Land-development	1,907
	Afforestation (single men's camps)	1,199
	Gold prospectors	3,852
	Miscellaneous	110
	Total in full-time employment	24,811
(ii)	Applicants for employment remaining on the registers of the Government employment exchanges	
	Men on register unplaced and ineligible[10] for relief under any of the Board's schemes for various reasons	4,517
	Intermittent workers, waterside workers, miners and goods-shed employees registered to get supplementary assistance under Scheme No.5	795
	Men remaining on register but who relief wages are supplemented for full-time employment	918
	Men on register provided work under Scheme No.5	47,586
	Total on part-time employment (less 918 reported on full-time above)	52,666

Source: NZPD, 1933 Vol. 236: 292

November 1931 saw the election of Coalition Government whose concern about the deficit led to the retrenchment in the Civil Service and dismissal of employees on public works (Lawn, 1931). The permanent employees of the Public Works Department was decreased from 12,061 in January 1931 to 8,591 in December (AJHR, 1932 D-1). The dismissed workers were redirected to relief works schemes which were already under pressure (Lawn, 1931). There remained a substantial number of unemployed who despite their eligibility could not be placed in employment under the Act because there were too few places on the schemes. The number of unemployed men registered at various official employment exchanges, the difference between the number of

10 One important reason for being ineligible for assistance was the requirement that to be eligible for employment under the Board's schemes the worker had to have been registered and out of work for 14 days or more.

registered unemployed remaining on the books and the number in partial employment under Scheme No. 5 indicates the number not provided for.

In 1932, the government commissioned a National Expenditure Commission composed of leading businessmen and economists to advise it on how best it was to respond to the continued economic crisis. The Commission, after examining Departmental estimates of expenditure, recommended a further ten percent reduction in salaries and wages of all public servants (AJHR, 1932 H-4: 15). The Government not only implemented this recommendation but also abolished the 50 percent subsidy on total expenditure of the Unemployment Fund from the Consolidated Fund. To raise the money that previously came from the Consolidated Fund, the government increased the unemployment tax on wages, salaries, and other income from 3d. to 1s. in the pound (NZPD, 1932). The withdrawal of the subsidy from the Consolidated Fund meant that the Unemployment Fund was entirely dependent on the proceeds of the 20s. annual levy and special taxation on wages, salaries and other income. Women still paid the unemployment tax but were still not eligible for places on the schemes or for sustenance if they were unemployed. The private sector still did not make any contribution to the Unemployment Fund.

Following the Commission's recommendation, relief workers' wages were reduced so that a single man now received 13s. 6d. a week for two days' work, a married man with two children, 28s. 11/2d. for three days' work, and a married man with three or more children, 37s. 6d. a week for four days' work (AJHR, 1932 H-35). These rates of pay were for a working day of eight hours. While the Government gave insufficient funds as a reason for inadequate provision for the unemployed Pakeha men, the financial statement of the Unemployment Fund presented in Table 14 below indicates that funds were available.

The second ten percent reduction of civil service workers' wages galvanised public service workers into action. On April 14, 1932 an organised protest march in Auckland called by the Post and Telegraph workers to protest against wage reduction was joined by thousands of unemployed workers (Morrell and Hall, 1957). Some of the unemployed marched under a banner which bore the following message for the Government:

GIVE US THIS DAY OUR DAILY BREAD
GIVE US THE RIGHT TO WORK

The City Hall, the destination of the protest march was soon filled up. When the unemployed were told that there was no more room, some tried to force their way into the hall and a scuffle with the police at the City Hall soon developed into a full scale riot (Edwards, 1974). According to Roth, "hungry men and women rushed through Queen Street smashing windows and looting stores" (1973: 51). The pent-up anger and frustration after years of unemployment exploded into an instantaneous riot. For nearly three hours, Queen Street was in the hands of rioters and shops on the street were looted from one end to another (*Auckland Star*, April 15, 1932). The riots were a sign of rebellion against a government which the rioters saw as having little interest in their wellbeing. Right-wing policy makers however denied the link between the frustration caused by poor conditions on relief works, demoralising work, low rates of pay, and the apparent inability of the Government to do anything to improve the situation. Instead the riots were blamed on "stirrers", particularly so-called communists. Members of the Legislative Council blamed dangerous left-wing ideas for the riots (NZPD, 1932).

The Coalition Government responded to the riots in Auckland by passing the Public Safety (Conservation) Act 1932 under emergency regulations. The Act empowered the government to proclaim a state of emergency when it considered that public safety was in danger, and to dismiss 'disloyal' public service workers (Roth and Hammond, 1981).

Following the riots certain improvements were made for relief workers under Scheme No. 5 in the four main centres. Their rates of pay were revised upwards so that a single man worked two days for 15s. a week, a married man with no children, two and half days for 25s. a week; a married man with one child, three days for 30s. a week, a married with two children, three and half days for 35s. a week; and a married man with three or more children, four days for 40s. a week (AJHR, 1932 H-35). The Government also abolished the one week stand down period under Scheme No. 5. Yet despite the fact the unemployed worked every week, instead of three weeks in every four, they were still worse off than when Scheme No. 5 was first launched in February 1931 (Robertson, 1978). The exclusion of relief workers employed under the same scheme from the revised rates of pay in secondary and small towns led

to a number of protests. In Gisborne relief workers went on strike (Robertson, 1979).

TABLE 14: ANNUAL RECEIPTS AND PAYMENTS OF THE UNEMPLOYMENT FUND 1931 TO 1933

	Year Ended 31 March 1931* £	**Year Ended 31 March 1932** £	**Year Ended 31 March 1933** £
Cash in fund at beginning of year		69,115	184,967
Receipts			
Levy	229,000	538,503	428,550
Wages-tax		490,053	2,471,028
Tax on other income		220,245	1,106,602
Subsidy from Consolidated Fund	159,247	1,118,753	
Miscellaneous	9	2,530	7,563
Total	388,256	2,439,545	4,864,759
Payments			
Job creation schemes	313,209	2,200,545	3,972.186
Loans		16,340	21,633
Sustenance			12,960
Rations of food			58,667
Administration	5,932	37,347	100,643
	319,141	2,254,232	3,788,540
Cash in hand	69,115	184,967	424,426
Total	388,256	2,439,199	4,212,966

Source: AJHR, 1936 H-35

* Period from 11 October 1930 to 31 March 1931

.. no funds were allocated

The financial position of the Unemployment Fund suggests that government failure to provide adequately for the unemployed was driven by an ideological stand rather than a lack of monies. As Sutch put it, "the workers of New Zealand had paid more money in the fund than what was actually used for unemployment relief" (Sutch, 1966: 67). The Government and its advisers were attempting to apply Say's Law: it was seen as necessary to reduce overall expenditure as prerequisite for economic recovery.

THE POLICY OF 'NO WORK, NO PAY' AND ITS CONSEQUENCES

Under the Unemployment Act 1930, sustenance allowances were to be paid for thirteen consecutive weeks where a contributor to the Unemployment Fund had been registered as unemployed for fourteen days at a labour exchange without being placed into employment. Workers' sustenance allowances were set at the following levels: 21s. per week for a contributor, 17s. 6d., for wife (or child minder for widowers) and 4s. for a child under sixteen years of age (NZS, 1930).

During the first week of December 1930, a deputation of representatives of the Wellington Trades and Labour Council, the Local Unemployment Committee, and Mr Robert Semple, Labour Member of Parliament for Wellington South, urged the Chairman of the Unemployment Board to pay sustenance allowances to men for whom the Board could not find employment (*New Zealand Worker*, December 28, 1930). Arguing that unemployment had reached its peak, the Board did not see such a move as necessary however and decided to postpone the payment of benefits.

The growth in the numbers of registered unemployed workers who remained unplaced in any of the existing job creation schemes prompted the Minister of Labour in January 1931 to observe that, "The payment of sustenance allowances was now inevitable but he hoped that the need for sustenance would only be temporary" (*New Zealand Worker*, April 9, 1931). The Unemployment Board had hoped to use the period to plan for long term job creation schemes. The Unemployment Board had split into committees to draw up new job creation schemes covering both the primary and secondary sectors (AJHR, 1931 H-35).

As preparations were being finalised to begin payment of sustenance allowances, the Prime Minister, George Forbes, personally intervened to insist that the policy be one of "no work, no pay" (Campbell, 1932: 101). In taking this stand, Forbes reversed the stated United Party policy which was either to place the unemployed on government work schemes or to pay sustenance for those who could not be found employment (Noonan, 1973). Simpson argues that: "the idea of a dole in New Zealand had never been envisaged as part of an insurance policy but merely as a handout from the Government that would be instantly exploited by the unscrupulous and feckless poor" (1990: 62). The Prime Minister's response was in effect an antidote against workers demands for State recognition of their 'right to work' or maintenance. His opposition to dole payments had support from those far removed from the prospect of being unemployed as demonstrated by the letter of Turkington of Auckland in Figure 9.

Rt. Hon. G. W. Forbes.
House of Representative
Wellington,

Dear Sir,

As a member of the United party I take the liberty of enclosing you a cutting from the N. Z. Herald which I agree with in every detail. As a person who has seen the effects of the Dole System in the old Country and if the results of the System work out here the same as at home I consider there is no attraction for people with Capital to come here and take up farming or any other primary industry

I am
Faithfully Yrs.
E. J. Turkington
19 Rawene Ave,
Herne Bay.
Auckland

Prime Minister's Office
7-AUG 1930

TRAGEDY OF THE DOLE.

BRITAIN'S GREAT PROBLEM.

BISHOP'S CALL FOR A POLICY.

[FROM OUR OWN CORRESPONDENT.]
LONDON, June 19.

"We are transforming a multitude of potentially admirable citizens into a mass of chronically idle, economically valueless and socially mischievous persons." The effect of unemployment and of the present methods of dealing with it was thus recently described by the Bishop of Durham.

"Every year," said Dr. Henson, "adds from the elementary schools a new generation of boys to swell the ranks of the unemployed. They are the finest human material in the world, and we seem to acquiesce in their debasement. There is a Nemesis for such folly."

Nearly twelve years after the Armistice, the bishop said, there was no occupation for close on 2,000,000 people. Old conditions of productive industry had largely passed away, and in the future industry would have to proceed under new and far more strenuous conditions.

"The main resquisite," said the speaker, "is not the tiding over of a difficult interval, but the creation of wholly new kinds of employment. When unemployment was known to be permanent, temporary expedients were indefensible. The unemployed ought to be so treated that their working capacity would be conserved."

"Is not the life more than food, and the body more than raiment?" asked the bishop, but the State provided food and raiment for men who stayed in bed until eleven to read the sporting news, who regarded unemployment as a normal life and got married on the dole. The problem did not concern alone the shiftless men who easily became unemployable, but a multitude of excellent workmen who bitterly resented their misfortune, and whose numbers were swelled every year by new recruits from the schools.

FIGURE 9: National Archives: L1 6/12/6

The policy of 'no work, no pay' remained a paradox in that it was based on two mutually exclusive goals: "balance the budget and provide no unemployment relief without work" (Noonan, 1973: 2284). The goal to balance the budget meant that the government had to retrench its expenditure, while at the same time the policy of no work, no pay could only be achieved through increased government expenditure.

The Government's tight control over the finances of the Unemployment Fund resulted in the Unemployment Board employing men on work which was "obviously for no other purpose than to give them at least the semblance of an occupation" (Burdon, 1965: 140). For example, men were employed chopping weeds from footpaths, trimming hedges, and in some cases shifting sandhills from one place to another (Sutch, 1966). See figure 10 below of men on relief works digging a ditch. From the point of view of the men on the schemes, it is likely that such trivial work was as depressing as a period on benefits without work (Robertson, 1976: 4).

Men and boys digging a ditch during the Depression. This is a good example of the way Scheme 5 jobs were designed to cost very little but provide work for as many people as possible.

FIGURE 10: Bassett, J. et al. 1987: 173

The Government's steadfast stand on the policy of 'no work, no pay' went against the recommendation of the Unemployment Committee of Inquiry which stated in its final Report that, "there will be many instances where for various reasons work cannot be found, and in such cases it will become necessary to pay sustenance allowances until such time as work can be found" (AJHR, 1930 H-11B: 6). The Government's position on sustenance allowances reflected the continued role of New Zealand governments in its somewhat extreme application of the work ethic. This was despite government reluctance to expand public works to absorb all of the unemployed.

The policy of 'no work, no pay' was in no way restricted to the able bodied unemployed men but was also applied to men in bad health who had not reached the retirement age. In Christchurch for some time:

> men under 65 who could not do heavy work had to report for light work. At one time 500 of these men were 'working' with one grubber and three shovels ... Some of these men suffering from asthma, arthritis, rheumatism and epilepsy took from 8 o'clock to noon to cover 2 miles to report for duty; one woman pushed her husband in a wheel chair ... and called for him again in the evening (Sutch, 1966: 136-137).

It was an attempt to reinforce the notion that men under retirement age should be in employment. Failure for any of these men to report for work meant they and their families were not provided with relief.

It was not until after the 1932 riots that the Coalition Government relaxed its opposition to sustenance allowances. Fearful of another riot the Unemployment Board begun to pay sustenance allowances to workers who met its criteria as defined below.

Class A: Men fit for any work in any place
Class A2: Men fit for camp (light work)
Class B: Men fit for any work in city or town, but not for camp
Class B2: Men not fit for camp, but fit for light work in town only
Class C: Men unfit for work of any kind

Classes A, A2, and B were accepted as the responsibility of the Unemployment Board; and Classes B2 and C as the care of Hospital Boards (AJHR, 1932 H-35). The classification of men was part of the struggle over maintenance for men of employable age. The Board pledged to pay sustenance to the value of ninety percent of the Scheme No. 5 rate of pay to those men for whom it had accepted responsibility and who could not be

placed in employment. Sixty percent of the sustenance payment was to be in cash, the remaining forty percent as rations (AJHR, 1932 H-32).

On September 3, 1932, the Unemployment Board had an apparent change of policy over sustenance payments and released a circular to labour bureaux advising them it wished to revert to the policy of 'no work, no pay'. However, on 10 September the Board reduced the sustenance payable to unplaced men to 50 percent of the Scheme No. 5 rate, intending to stop all payments after 1 October, 1932 (Unemployment Board Circular No. 163, 3 September 1932, File 1/1/12). However, the move was prevented by protests from Local Authorities, Labour Members of Parliament, and trade unionists, and so the sustenance provisions continued, meagre though they were (New Zealand Herald, October 4, 1932). It is worth noting that the Board's sustenance allowances were not based on the rates stipulated under the Act, but instead workers were paid using the low relief rates of pay.

The number of men receiving sustenance gradually grew so that after October 1933 the number of all unemployed males on sustenance without work varied between 1.2 and 5.6 percent. By September 1934 8.6 percent of the registered unemployed were on sustenance without work, 15.4 percent in March and 25.4 percent by November 1935 (AJHR, 1936 H-35). The rapid increase in 1935 reflected Government preparations for the General Election which was to be held in November 1935.

CONCLUSION

The employment policies of the United and Coalition governments departed quite significantly from those of their liberal predecessors. The United Government under the leadership of George Forbes after the death of Sir Joseph Ward in 1929 and the Coalition Government with George Forbes as Premier, perceived the problem of the depression as an economic one of falling export prices. Their goal was to stabilise the economy, and their actions were directed toward remedying the difficulties of farmers and balancing the budget. The "traditional economic wisdom...was that with rapidly rising unemployment ... it was necessary to live within one's financial means and balance the budget" (Lee, 1939: 226). The financial policy of first, the United Government and then the Coalition Government was deflationary. The result was soaring unemployment for which the government remained

reluctant to accept full responsibility. This reluctance was expressed firstly in the nature of provision of public works. There was a return to more punitive and 'less eligible' work, which was predominantly unskilled, low paid and frequently in undesirable, out of town locations.

Secondly, State reluctance to provide maintenance for the unemployed continued even after workers had paid for their own relief under the Unemployment Act 1930. As the Unemployment Fund financial statement in Table 14 shows, the failure to provide adequately for the unemployed was rooted amongst other things in the principle of self-reliance rather than lack of money to create work for even the unemployed pakeha men. The extent of the State's resistance to providing maintenance can be gauged by the fact that for a considerable period of high unemployment, maintenance payments to able-bodied men were withheld even when this contravened both the spirit and letter of the law.

However, despite the very considerable reluctance of these inter-war governments to provide either work or maintenance, provision of both became more comprehensive during this period. Crisis levels of unemployment, together with tremendous pressure from both inside and outside Parliament made this inevitable. Inside Parliament, the rapidly growing Labour party was making it difficult for governments to sustain non-interventionist approaches to unemployment. Outside Parliament, there was widespread popular support for a range of movements, from socialist to centre-left, which demanded urgent action to assist the unemployed. The Unemployed Workers' Movement was by far the most formidable organisation of the unemployed and undoubtedly helped to put across the plight of the unemployed. The combination of political pressure, demonstrations and riots, especially in 1932 had a marked impact on bringing about finally the demise of the policy of 'no work, no pay'.

The next chapter shows the tremendous changes in employment policy which were brought about by the popularly elected first Labour government. These changes were to remain in effect, with few modifications for half a century.

CHAPTER SIX

FROM UNEMPLOYMENT RELIEF TO FULL EMPLOYMENT POLICY, 1935-49

INTRODUCTION

The New Zealand Labour Party held very different views about the causes of unemployment from that the three preceding governments. During its four years[1] as the Parliamentary Opposition Labour urged the government to accept the premise that the economic and unemployment problems New Zealand was facing were a result of under-consumption, not over-production (Sinclair, 1959). In a speech on economic recovery in 1933, Mr Michael Joseph Savage, Leader of the Opposition, said, "It is not a question of more production. It is a question of increased consumption" (NZPD, 1933: 206). According to Savage economic policies should support social policies, not vice versa. "Social justice, must be the guiding principle, and economic organisation must adapt itself to social needs" (Sinclair, 1959: 263). In Parliament in 1934, Savage had appealed for the government to respond "to the anomaly of poverty in the midst of plenty [by injecting money in the economy through restoring workers' wages and implementing a public works programme], a policy not only economically, socially, and morally sound, but ... eminently and immediately practicable" (NZPD, 1934: 125, 127). Savage continually argued in his speeches that increased production without increased and redistributed purchasing power would only lead to a saturated market; a decline in demand, prices, profits, wages and employment; and ultimately to a snowballing recession (Brown, 1962). Condliffe (1959) claims that Savage had developed much of his practical knowledge from the work of Irving Fisher, and Keynes's early writings; although the principles of demand management were understood by sections of the labour movement from the late nineteenth century (Harris, 1972).

This chapter describes the employment policies during the fourteen years of the first Labour Government and how it dealt with unemployment. The chapter is made up of six sections. The first examines Labour's

[1] The Coalition Government had extended its term of office by one year on the grounds that the depression required the government to remain in office.

unemployment and employment policies as presented to the electors during the 1935 General Election and its policies soon after taking office. The second section discusses the body of legislation enacted by Labour as part of its fight against unemployment. The third section examines the impact of the public works programme launched by the Labour Government on levels of unemployment between 1935 and September 1939. The fourth section looks at the impact of the Second World War on unemployment, while section five looks at trends in unemployment between 1945 and 1949 and at measures taken by the Labour Government to consolidate the full employment achieved during the war.

THE LABOUR PARTY AND THE 1935 GENERAL ELECTION

By the time of the 1935 General Election many workers had become dispirited by the way the Coalition Government had required many of them to carry out what they viewed as useless work in return for a small wage from a fund which they had paid into. For Labour, as a working people's party, unemployment was one of its immediate concerns. The Labour Party's election statement on unemployment noted that:

> The workers to-day unemployed are our fellow-citizens who are out of work through no fault of their own. They are entitled to employment at a living wage. Failing such employment they should be paid a sustenance wage sufficient to provide the necessaries of life for them and their dependents. The conditions and pay of the men on relief works are a standing disgrace to the Dominion. The existing degrading system should be abolished at the earliest possible moment. The Party will organise productive development work for all who are able to do it, including present relief workers, unemployed women, and youth who are leaving our schools. Pending organisation of employment, the Party will immediately increase the present rates of pay for relief work (McIntyre and Garner, 1971: 319).

The Parliamentary Labour Party and its supporters believed that the state had a responsibility to provide work for all able to work but who were unable to secure employment through the labour market. The Labour Party's stated intentions in the area of employment was that:

> Pending the organisation of productive employment the Labour Government will immediately increase the present relief pay. The labour Government will organise productive development work, including Railway Construction, Public Works, construction of necessary roads and bridges in backblocks, assistance to local authorities to advance works, fostering of secondary industries. One of the first steps of the Labour Government will be to ensure a full share of the national production to those who are willing to work. New Zealand's standard of living will be determined in New Zealand by New Zealanders in accord with New Zealand's resources (Paul, 1946: 173).

The Labour Party's stated intentions in the area of employment and unemployment left no doubt that a Labour Government intended to implement reflationary policies to revive the economy and stimulate long term employment creation. It also reflected the Labour Party's determination to reduce the influence of foreign capital's (mainly British) and the British Government's hold on the country's economic policies (Field, 1939).

The election results gave Labour for first time in the history of the country an overwhelming majority in the new Parliament (Thorn, 1937). Of the 80 seats in the House of Representatives the Labour Party had held 24 in the 1931-1935 Parliament. After the November 27, 1935 election the Labour Party had 55 seats, (including those of two Maori members who joined the Party after the elections) against 20 seats for the Coalition and 5 held by Independents (Sutch, 1969).

The Labour Government's immediate response to unemployment was a Christmas cash bonus (Burdon, 1965). The Government set aside £100,000 for the unemployed, £20,000 to recipients of charitable aid, while £27,000 was made available for payment to Public Works employees in respect to Christmas holidays, and £5,000 was made available to church and other charities (Paul, 1946). In the distribution of the Christmas cash bonus, "no distinction was drawn between men and women, Maoris (sic) and Europeans in the individual payments" (Thorn, 1937: 5). Maori had for example:

> been given smaller pensions than the pakeha on the specious ground that their needs were less. Labour gradually brought their pensions up to the European level. Similarly ... Maori were given the same unemployment payments as the ***pakeha*** - previously they had been paid on lower scale (Sinclair, 1988: 275, italics in the original).

It was generally presumed that the Maori had the extended family to fall back on in times of extreme need. Sinclair claims that, "The Labour ministers, especially Peter Fraser, endeavoured by every means at their disposal to raise the living standards of the Maoris (sic) to the European level" (Sinclair, 1959: 272). The Minister of Employment announced in Parliament in April, 1936 that, "Maoris (sic) were placed on the same footing as the Pakeha in relation to eligibility for employment assistance" (AJHR, 1936 H-35:45). The Maori were finally being recognised as equals with the Pakeha working class ninety-six years after the signing of the Treaty of Waitangi. The abolition of lower relief payments to Maori was based on the Labour Government's policy that

there should be no discrimination in wages on the grounds of race among New Zealanders (Sutch, 1969).

The Christmas cash bonus was an example of the Labour Government's belief that, "in a depression, the Government had been at fault for cutting down its own spending so that it could balance the budget" (Oliver, 1974: 10). The injection of the Christmas bonus from the pockets of the unemployed into the general economy and the pledge of better pay all round created public confidence that things were getting better. For retailers the 1935 Christmas shopping period was the best for years (Hobbs, 1967).

The Labour Government broke the Coalition Government's legacy of being caught between the desperation of the unemployed and the continuous pressure of the working farmers on the one hand, and the strong protests of its banking and business supporters on the other, by measures which increased the state's role in economic affairs (Hunter, 1934). The Labour Government intervened in the economic and social development of the country more than any other New Zealand government had ever done (Lang, 1953).

LABOUR'S LEGISLATIVE MEASURES

Like the Liberal Government of 1890-1912, the Labour Government set to work on a legislative programme to implement its reforms (Paul, 1946). Legislation passed or amended by the Labour Government that sought to address the unemployment problem included:- the Employment Promotion Act 1936; the Finance Act 1936; the Industrial Conciliation and Arbitration Amendment Act 1936; the Factories Amendment Act, 1936, the Agricultural Workers Act 1936, and the Social Security Act 1938. These Acts formed the framework under which the Labour Government not only tackled the problem of unemployment but also made improvements in working conditions.

The Employment Promotion Act 1936 superseded the Unemployment Act 1930. The Employment Fund established under the new Act was financed through an employment tax of 8d. in the pound on wages, salary, or other income. In addition, a levy of 20s. per annum was payable by all workers (NZS, 1936). The levy and tax on income was used to subsidise wages for

those on job creation schemes and to pay sustenance allowances for those who could not be found work or were unable to work for one reason or another.

The Unemployment Board went out of existence on June 1, 1936. Its functions were transferred to the Employment Promotion Division of the Department of Labour (AJHR, 1936 H-35). The policy taken by the Labour Government to reduce unemployment was to place as many of the unemployed as possible in full-time employment at standard rates of pay. Under the Act rationed relief work was progressively cut down and replaced by full-time work (AJHR, 1946 H-11A).

The Industrial Conciliation and Arbitration Amendment Act 1936, restored full powers of the Arbitration Court which had been removed by the Coalition Government's amendment of 1931. The Court was empowered to make general orders fixing minimum wages both for men and women (NZS, 1936). On November 3, 1936 an order was issued by the Arbitration Court fixing minimum wage rates at 76s. a week for adult male workers and 36s. a week for adult female workers and a 40-hour week (*New Zealand Herald*, November 4, 1936).[2] The disparity of the minimum wages between that of men and women was rooted in the long standing treatment of men as 'breadwinners'. State encouragement of women's dependence on men was also evident in the minimum wage rate for women which was less than half that of men. Under the amended Act, it was specified for the first time that the male adult wage was to be based upon the needs of a man, wife, and three children (NZS, 1936). The Finance Act 1936 restored all cuts in wages and salaries imposed during the depression, so that the rates of wages payable under any award, industrial agreement or apprenticeship order could be restored to the rates prevailing before the Arbitration Court issued its general order on May 29, 1931 (Richardson, 1981).

The Labour Government moved to bring agricultural workers in line with the bulk of other working class groups following the passage of the Agricultural Workers Act 1936. The Act represented a significant development in the treatment of this class of workers (Sinclair, 1959). Despite their significant contribution to the economy, the conditions of employment agricultural

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2 Single women were seen as merely biding time until they were married and supported by their husbands. Married women were defined as just supplementing the family income, rather than making a vital and necessary contribution to it (Novitz, 1987:27).

workers had remained outside the Industrial Conciliation and Arbitration Act 1894. Farm wages, except those for a few groups such as shearers and harvesters, had never been fixed by collective agreements or Arbitration Court awards (Taylor, 1986). The Act set minimum rates of pay and required that farmers provide better accommodation for their employees (NZS, 1936). The Factories Amendment Act 1936 fixed a 40-hour week for factories workers. Before the passage of this legislation, agricultural workers had been at the mercy of their employers (Leathem, 1939). While both pay and conditions remained austere farmers immediately complained about rising costs of labour (Hill, 1974).

THE SOCIAL SECURITY SCHEME

During the last year of the Labour Government's first term of office in 1938 it passed the Social Security Act which signalled the emergence of an embryonic welfare state (Nash, 1943). The Social Security scheme was financed by an increase in the tax on wages and salaries from 8d. to 1s. in the pound. This became known as the social security contribution. This was later changed so that all workers were required to pay a levy of two and half percent on all incomes till the age of sixty (NZS, 1940). A 1s. charge in a pound was introduced on all company profits as business's contribution to the scheme (NZS, 1938). The money which was raised in this way was subsidised on a pound for pound basis out of the Consolidated Fund (Dymock, 1990).

The coming into force of the Social Security Act on April 1, 1939 resulted in a fundamentally new approach being taken to the whole problem of unemployment. Unemployment benefits were provided for the relief of those out of work through 'frictional' causes, and for whom no immediate work could be found (AJHR, 1946 H-11A). The Social Security Act also added a new dimension to unemployment relief in that, whereas only pakeha men had been eligible for assistance under the Unemployment Act 1930, women and Maori now became eligible for assistance under the Social Security Act 1938 (Ebbett, 1984).

Workers were required by law to start to contribute to the Social Security Scheme at the age 16. What was remarkable about the Social Security Act 1938 when compared to similar schemes in other countries at this time was the comprehensive and unified nature of the social protection envisaged in

the Act, "a single scheme covering everyone for every need" (Mendelsohn, 1954: 184). New Zealand became the first Western country to adopt a unified and comprehensive social security system, including unemployment benefits, family allowances, widows, and invalidity benefits, pensions at sixty, universal retirement allowances and universal free hospital, maternity and general medical services (Soljak, 1946). These entitlements were available to all New Zealanders not as charity but as a citizenship right (Paul, 1946).

Although the Social Security Act 1938 reduced the anxiety of workers over unemployment, unemployment benefits were pegged at very low levels which still reflected the application of the principle of 'less eligibility'. The limiting of weekly unemployment benefits of married men to 80s was punitive to large families (see Table 16 below). The unemployment benefit under the Act was not as generous as sustenance allowances of 1937. The maximum a worker could be paid in a week was less than what a worker with two dependent children received under sustenance allowance scheme (see Table 18 for comparison on page 11).

TABLE 16: SOCIAL SECURITY PAYMENTS FOR THE UNEMPLOYED (WEEKLY RATES, 1 JUNE, 1938)

Single Beneficiary under twenty years of age	10s
Married man	20s
Wife	15s
For each child under 16 years of age	5s

Constructed from information in *New Zealand Statutes*, 1938

Although the Labour Government came to office championing workers' right to work or sustenance, it maintained the principle of 'less eligibility' on unemployment benefit. The 1938 Social Security Act stated that:

> An unemployment benefit shall not in any case be granted of such an amount that the total amount received from all sources by the applicant and by wife and dependent children of the applicant will exceed £4 a week (NZS, 1938: 95).

Whereas sustenance allowances were tied as closely as possible to wages this was not the case with unemployment benefits. Thus even under the Labour Government, unemployment benefits were made as unattractive as possible.

It was considered that paying low levels of unemployment benefits acted as an incentive to seek employment in the private sector.

LABOUR'S RESPONSES TO UNEMPLOYMENT AND TRENDS UP TO SEPTEMBER 1939

The Labour Government's responses to unemployment were based on 'Keynesian' economic principles "on a scale sufficient to make the difference between continuing decline and reviving prosperity" (Sutch, 1971: 94). The Labour Government's primary goal, said a writer in Tomorrow, was "to turn capitalism quite painlessly into a nicer sort of capitalism which will eventually become indistinguishable from socialism" (April 16, 1937). The Labour Government policy was to take responsibility for creating conditions which were conducive to the expansion of employment opportunities both in the public and private sectors. On December 6, 1935, when the first Labour Government assumed office, there were 57,281 men aged between twenty-one and sixty-four years registered as unemployed with the Department of Labour under the provisions of the Unemployment Act 1930 (AJHR, 1937 H-11A). This figure did not include "unemployed Pakeha women and the unemployed Maori, male and female (who), were largely ignored by the authorities" (Gustafson, 1986: 162). The Minister of Labour indicated that when the Labour Government assumed office there may have been approximately 175,000 men, women and young people under 21 years of age affected by unemployment (NZPD, 1937). According to the Census of March 1936 the total population of New Zealand was 1,573,810 (NZOYB, 1936). If the Minister of Labour's estimates were correct, this represented an unemployment rate of more than 11 percent.

The Labour Government's programme to combat unemployment had by January 1937 (that is in little more than a year) reduced the figure of 57,281 registered unemployed Pakeha males to 37,820, representing a reduction of 19,426 (Thorn, 1937). Of the 19,426 reduction in the figure about 9,000 were employed in government departments as follows: public works 7,000, railways 1,500, mental hospitals 300, and miscellaneous 200. Over 10,000 had found employment in the private sector (Thorn, 1937). The high number of workers who had found paid employment in the private sector pointed to the fact that the economy was well on track to recovery. By June 1938, there were, in addition to about 8,000 persons classified as ill, only 8,721 registered

for sustenance and relief works (Ward, 1938). This provides compelling evidence against the view held by the Coalition Government that the provision of sustenance allowances would destroy employment incentives.

TABLE 17: MOVEMENT OF MALE REGISTERED UNEMPLOYMENT

		November 1935	November 1938	March 1939
(a)	Registered but ineligible for relief	1,825	507	649
(b)	Receiving rationed work-relief under Scheme No.5	19,610	519	77
(c)	Receiving sustenance without work	14,544	7,583*	7,256*
(d)	In full-time employment with the aid of subsidies from the Employment Promotion Fund	21,267	28,380	24,087
	Total	57,246	37,380	32,069

Source: AJHR, 1939 H-11A: 3

* Unfit for employment for health or other reasons.

TABLE: 18 RATES OF MAXIMUM SUSTENANCE ALLOWANCES IN 1937

Classification	Rate
Class A - Single men	20s
Class B - Married man, with wife only	35s
Class C - Married, with wife and one child	39s
Class D - Married, with wife and two children	43s
Class E - Married, with wife and three children	47s
Class F - Married, with wife and four children	51s
Class G - Married, with wife and five children	55s
Class H - Married, with wife and six children	59s
Class I - Married, with wife and seven or more children	63s

Source: AJHR, 1937-38 H-11A

Although the Labour Government provided sustenance payments, they were only used as an interim measure. This position was spelt out by the Minister of Employment when he said:

> Payment of sustenance to able-bodied on any scale whatever is not our objective. We shall not consider our work completed as long as the necessity exists for any sustenance payments being made...not until every able-bodied worker is rendering that service to the community to which he is best adapted (NZPD, 1936: 450).

In the 1939 Budget Statement, the Acting Minister of Finance and Prime Minister, Savage claimed that: "For the past year unemployment has been virtually eliminated and the people have enjoyed a state of full employment" (NZPD, 1939: 881). However, the Prime Minister recognised that the full employment which had been achieved at that point in time was still unsustainable in the long term when he said:

> We must look to industry for the only possible permanent solution of the unemployment problem. The present basis upon which we have reached a state of full employment cannot be anything but a temporary phase because it is not economically sound to keep so many men engaged permanently upon works (NZPD, 1939: 881).

Savage recognised the fact that employment based on public works required high levels of borrowing which could have an adverse effect on the economy.

The Labour Party had been advocating the development and protection of the manufacturing industries against foreign competition since 1928 as a way of stabilising employment (*Evening Post*, November 7, 1928). Tariffs and import licensing were an integral part of Labour's policy response to sustain high levels of employment. This policy was not without opposition. The introduction of exchange and import controls in 1938 were vigorously opposed not only by the National Party, but also attracted threats from Britain.[3] Savage backed the protectionist measures not only as essential to conserve foreign exchange but also as part of a longer-term plan, "to insulate New Zealand's dependent economy and to encourage industrial development and full employment" (Gustafson, 1986: 244). Nevertheless the Labour Party believed that both economic and employment stability could be achieved under a more rational and planned approach, and continued with its policies (Brooking, 1981).

In 1939 there were still more than 19,000 men who were either on subsidised employment or in receipt of unemployment benefits (AJHR, 1940 H-11A).

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3 "When New Zealand imposed import controls, Malcolm MacDonald, the British Secretary of State for the Dominions, immediately informed Savage ... that the British would retaliate against New Zealand unless it curtailed its expensive social services and cut its public works programmes. Savage was also warned that the injudicious utterances of some members of the Labour caucus about British investment in New Zealand might well make the renegotiation of loans more difficult and costly" (Gustafson, 1986: 244-245).

The figure of 19,000, representing 37 unemployed persons per 1,000 of the male working population, (a rate of 3.7%) was however regarded by economists at the time as an irreducible minimum (AJHR, 1946 H-11A). However, other prominent economists at the time suggested 1-2 percent as the minimum figure in a state of full employment (Parker, 1953).

The National Member of Parliament for Mataura, Mr T.L. Mcdonald, was not impressed with the Prime Minister's claim of full employment.

> They have, perhaps, enjoyed a state of full employment, but it has not been economic employment; it has been employment at the taxpayers' expense. Instead of the men being placed in private industry, they have been catered for by the state (NZPD, 1939: 22).

But as Burdon pointed out, the National Party was faced with a dilemma in that it could neither condemn the reforms that were being enacted publicly without incurring further unpopularity, nor accept them without being seen to have abandoned their professed principle that the market knows best (1965). Labour's substantial majority meant that National's opposition did not affect the Government's implementation of its policies and programmes.

Besides the abolition of relief wages, the Government also ensured that all those who could not be found work or were unable to work on health grounds were provided with sustenance allowances according to their marital status and number of dependents (see Table 18 above).

Labour's policies towards the unemployed broke with previously established tradition in several respects. The unemployed were no longer treated as if they were responsible for their plight. However, recipients of sustenance allowances were required to report in person twice each week to the Department of Labour to uplift the payment. This practice was intended to ensure that men in ordinary employment did not draw sustenance pay. Persons in receipt of sustenance payments were also required to make weekly declarations of their income for the week preceding that in which they received their sustenance allowances (AJHR, 1937-38). If they had earned any income, their sustenance allowance was adjusted accordingly.

In February 1936 the Labour Government abolished the disparity in rates of pay to relief workers between country districts, secondary towns, and the four large cities. Under this system relief workers in secondary towns had

received from 2s. to 3s. less per week than similar workers in the main centres of population, and country workers from 4s. 6d. to 6s. less (Thorn, 1937). (See Table 19 below for comparison of wage rates paid to relief workers per week on Scheme No. 5 under the Coalition Government and those paid under the Labour Government from June 1, 1936.) It should be noted that the rates paid under the Labour Government were higher than any paid by the previous government.

TABLE 19: COMPARATIVE WAGES OF RELIEF WORKERS UNDER THE COALITION GOVERNMENT AND LABOUR GOVERNMENT

	Coalition Government						Labour Government	
Class	**Country Districts**		**Secondary Towns**		**Main Centres**		**Rates from 1 June 1936**	
	s	*d*	*s*	*d*	*s*	*d*	*s*	*d*
A	12	0	14	0	17	0	21	0
B	21	0	24	0	27	0	38	6
C	25	0	28	0	31	0	42	6
D	29	0	32	0	35	0	46	6
E	33	0	36	0	39	0	50	6
F	35	0	38	0	41	0	54	6
G	37	0	40	0	43	0	58	6
H	39	0	42	0	45	0	62	6
I	41	0	44	0	47	0	66	6

Source: AJHR, 1936 H-11A: 6

In his Budget Statement of 1936 the Minister of Finance, Mr Walter Nash, highlighted the Labour Government's plan towards long term employment; "progress towards full employment must be made through the extension of our secondary industries and development of new industries and services" (NZPD, 1936: 265). Nash (1943) claimed that expansionary economic policy pursued by the Labour Government after taking office, brought a degree of economic activity accompanied by record production and employment unparalleled from previous recoveries.

According to the Minister of Finance, "the aim of the government was and is to organise an internal economy that will distribute to every person able and

willing to work the opportunity to do so" (NZPD, 1938: 606). The Minister of Labour was reported in the *New Zealand Herald* as saying: "There is plenty of work to be done throughout the country" (May 5, 1936). This view was generally shared by both the Cabinet and Labour caucus (Brown, 1946).

The Government had determined that the aim of any unemployment policy was not simply to relieve unemployment, but to create and stimulate full-time productive employment (AJHR, 1936). In May 1936, Mr Robert Semple, Minister of Works, presented to Parliament a three-year programme totalling £17.5 million for public works (NZPD, 1936). The programme was supported by the powerful Taranaki member of the Legislative Council, Mr R. Masters, who said that, the Coalition Government, "had done little to place the unemployed back in productive work" (*New Zealand Herald*, May 1, 1936).

Labour's programme of public works was not dominated by pick-and-shovel work as had been the case since the 1840s. A great deal of heavy equipment had been imported directly by the government for use on public works (Taylor, 1986). The reduction of 'pick and shovel' work further undermined the principle of 'less eligibility' so central to relief works of previous governments. Following the implementation of the public works programme, by the winter of 1936 most of the much despised public works' camps had been provided with recreation rooms, libraries, and in some cases cinemas, while living accommodation was greatly improved (Press, March 4, 1936). By contrast, under the Coalition only a few of the better-run relief-work camps had been provided with certain amenities. Many of the occupants of these camps had been existing on relief rates. Under the Labour Government they were placed on standard wages (Burdon, 1965).

The Prime Minister, Savage remarked at the close of the first session of Parliament on November 26, 1936 that, "less than a year after taking office the Government had...transformed the conditions under which public works were to be carried" (NZPD, 1936: 167). The improvement of working conditions and rates of pay was another way in which the principle of 'less eligibility' was undermined by the first Labour Government.

Although the Labour Government's responses to unemployment were based on the principle of universality, women's position lagged behind that of men, and gender discrimination continued. As Eve Ebbett remarks, for many New

Zealand women the Depression did not end with the election of the Labour Government in 1935 and the development of the social security programme in 1938. "The hard times lasted until the war began and jobs for obvious reasons became freely available" (Ebbett, 1971: 5). As men left for war, women were recruited into jobs for which they would not have been considered in peace time.

To assist unemployed workers to find paid employment in the private sector, the State Placement Service, a branch of the Employment Division of the Department of Labour, was established under the Employment Promotion Act 1936 (AJHR, 1946 H-11A). Table 20 below shows the number of male placements by the Service between 1936 and 1942.

TABLE 20: MALE PLACEMENTS IN PRIVATE SECTOR BETWEEN 1936-1942

Nature of Placement	1936 May-Dec	1937 Jan-Dec	1938 Jan-Dec	1939 Jan-Dec	1940 Jan-Dec	1941 Jan-Dec	1942 Jan-Dec	Total
Permanent	9,530	17,650	12,885	11,370	10,827	12.303	3,386	77,951
Temporary	5,384	12,051	9,416	8,569	9,224	9,207	2,056	55,907
Casual	4,329	17,092	17,354	12,879	11,262	10,293	1,561	74,770
Totals	19,243	46,793	39,655	32,818	31,313	31,803	7,003	208,628

Source: AJHR, 1943, H-11: 5

One of the most significant changes brought in by the Labour Government's response to unemployment was the shift in emphasis from providing only temporary employment to providing permanent employment by creating additional jobs. The Government began to transfer unemployed men from Scheme No. 5 to full-time public works jobs at standard wage rates (AJHR, 1936 H-35: 5). Scheme No. 5 had accounted for more than 80 percent of relief work provided to the unemployed under the Coalition Government (Robertson, 1978). At the beginning of December, 1935, the men employed on public works numbered 13,696, of whom 8,289 were employed under relief conditions. On December 11, 1936, public works employees had risen to 19,146, all of whom were on standard rates of pay (AJHR, 1937-38 H-11A). By 1939 there were more than 22,000 men engaged on public works (AJHR, 1946 H-11A). The public works programme included the completion of

railways, highways and roads, elimination of dangerous railway crossings, aerodrome construction, and public buildings (Thorn, 1937).

However since many of these projects were in country districts it was not seen as desirable to require married men to leave their families. Work under Scheme No. 5 continued to be rationed until 1937. In 1936 the Minister of Labour appealed to Local Authorities to create productive work for the unemployed under Scheme No. 5 (*New Zealand Herald*, May 5, 1936). According to the Department of Labour Annual Report of 1938, unemployment was not seen as a temporary phenomenon:

> The problem of unemployment today, and for future generations, may not be how to provide subsistence for persons out of employment, but how surplus labour may be absorbed in socially useful ways at rates of pay consistent with those enjoyed by the rest of the community (AJHR, 1938 H-11A: 11).

Under the Labour Government the state took the main responsibility for finding work for the unemployed. This represented a significant departure from the hitherto 'traditional' way of state responses to unemployment which had involved only the provision of short term employment.

The undermining of the principle of 'less eligibility' by putting relief workers on standard wage rates was condemned by the National Party Member of Parliament for Gisborne who complained that:

> work on public works has become more attractive than work in primary industries. relief jobs are altogether too attractive to-day. The government policy is absolutely ruining the moral fibre of our nation (NZPD, 1939: 6, 7).

Farmers joined the National Party's criticism of the Labour Government's programme of public works. The concern of farmers was that the Government by offering better pay and conditions on public works meant that workers had little incentive to seek private sector employment which offered wages below those on offer under public works.[4] The undermining of the principle of 'less eligibility' in relief works meant that farmers had to offer better wages to attract workers.

In September, 1937, the Government launched Scheme No. 16 in the building trades to train carpenters and bricklayers. See Table 21 for the number of

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[4] The farmers' position over the Labour Government's programme of unemployment relief is summed up by Taylor, 1986, pp.37-43.

trainees on the 4th April, 1942. Of the 47 contracts in operation in 1942, 45 were in their third year and two in the second year (AJHR, 1942 H-11A).

TABLE 21: SCHEME NO.16 SUBSIDISED APPRENTICES IN BUILDING TRADE

		Carpenters			
		Apprentices	Trainees	Bricklayers	Total
(a)	Contracts in operation	46	1	-	47
(b)	Contracts suspended	203	14	7	24
(c)	Contracts terminated	183	81	4	268
(d)	Contracts completed	166	27	12	205
(e)	Contracts cancelled	9	5	1	15
	Totals	607	128	24	759

Source: AJHR, 1942 H-11A

In 1939 the Labour Government extended wage subsidies to the Boot-Manufacturing Industry under Scheme No. 16A. By 1942, 23 men had been engaged under the scheme. The numbers of those still in employment under the scheme at 4 April, 1942 are given on Table 22 below.

TABLE 22: SCHEME NO. 16A SUBSIDISED WORKERS IN BOOT-MANUFACTURING INDUSTRY

Contracts in operation	10
Contracts terminated	12
Contracts expired	1
	23

Source: AJHR, 1942 H-11A

The Labour Government's provision of subsidies to manufacturing industry was part of its long-term plan to encourage the development of local industries in order to stabilise the employment situation. Though the numbers involved was small, the measure was intended to encourage the development of such industries.

Recognising the high rate of male youth unemployment, in July, 1937, the Labour Government launched the Youth Farm Training Scheme, "to engage

inexperienced unemployed single youths and men between the ages of eighteen and twenty-one years" (AJHR, 1939 H-11A: 5). The subsidy paid to farmers was limited to eight weeks, but farmers had to make a commitment to have the trainee(s) for at least four months. They were also required to accept liability for any workplace accidents, and to observe the provisions of the Agricultural Workers Act. The subsidy rates were 10s. a week for those aged between 18 and 19, 12s. 6d. between 19 and 20, and 15s. between 20 and 21. The scheme was terminated in March 1938 (NZPD, 1937).

In 1939, before the outset of Second World War the much despised Scheme No. 5, introduced under the Coalition Government in February 1931, was finally phased out and those employed under the scheme were absorbed under Scheme No. 13. Employment under the Scheme 13 was limited to four months' work in twelve (NZPD, 1938). What this meant was that a worker was only eligible for employment under the scheme for a period of four months in a year. The goal of the Government was that the men employed under Scheme No. 13 would be transferred to private employment as opportunities arose (AJHR, 1942 H-11A).

Workers employed under Scheme No. 13 were still classified as relief workers, whereas this term was no longer applied to workers given employment under the Department of Public Works. Workers employed under the scheme remained on the register of the State Placement Service. In launching Scheme No. 13 the Minister of Employment said:

> In order to give effect to the policy of placing all fit unemployed men in full-time work, subsidies are made available to local authorities - City and Borough Councils, River and Drainage Boards, School Committees, sports bodies and other social institutions not established for profit - for the full-time employment of registered and eligible labour at award rates of pay on developmental works which would not be put in hand without State assistance (AJHR, 1939 H-11A: 4)

Unemployment was no longer treated as an ephemeral characteristic of the economic system. From the time the Labour Government assumed office in December 1935, the Government programme was designed to achieve full employment. According to the Prime Minister, Savage: "to avoid the human misery of...large-scale unemployment, we must *plan* how to avoid it" (Sewell, 1938: 12, emphasis in original). The Labour Government believed that the effects of unemployment on workers and society could be minimised if the government committed itself to ensuring that as much employment as possible was created during a recession.

UNEMPLOYMENT AND THE WAR

Labour had three years and nine months in office before the start of the Second World War. Once war broke out unemployment gradually disappeared. In the pre-war years unemployment was not abolished, but it was greatly reduced (Hobbs, 1967). There were 19,000 registered unemployed men at the beginning of the war in September 1939. This figure was reduced to 13,000 by the end of 1940 and had fallen to less than 2,000 by 1942 (Baker, 1965). In July 22 1940 military conscription was introduced: until then military service had been voluntary. Many of the unemployed had either volunteered for military service or had been absorbed into industry to fill the positions of those who left for war (Condliffe, 1959). By 1942 job creation schemes ceased to exist (Baker, 1965).

The growth of the New Zealand military was spectacular; the peacetime strength of 3,000 personnel of the three services [Army, Navy and Air Force] in 1939 reached its peak in 1942 when 157,000 personnel were in the armed forces (AJHR, 1946 H-11A). At the beginning of the war New Zealand's male labour force was estimated to have been 520,000; in 1942 the figure had fallen to 396,000. At this point in time, 45 percent of all men between 18 and 45 years of age were in the forces (Paul, 1946). It was not until December 1943 that the male civilian labour force began to recover with the reduction in size of the armed forces. The total male civilian labour force in 1943 had risen to 406,000 (AJHR, 1946 H-11A).

In 1940 a War Cabinet was established consisting of three representatives of the Government and two of the Parliamentary Opposition. The Government members were the Prime Minister, Peter Fraser, the Minister of Finance, Walter Nash, and the Minister of Defence, Frederick Jones, with Adam Wallace Hamilton, then Leader of the Opposition, and Joseph Gordon Coates, a former Prime Minister, representing the Opposition (Baker, 1965). The War Cabinet was given full responsibility for all matters directly relating to the country's war effort, the ordinary Cabinet continuing to meet and to function as before in connection with all domestic matters (Nash, 1944).

Under the Emergency Regulations Amendment Act of May 1940, the Manpower Committee had the right to make civilians (both men and women) register for work, direct them into specific jobs, handle absenteeism and prevent workers from quitting (King, 1981). From June 1942 women aged 20

and 21 were required to register with the Manpower Committee. In 1942 all men from 18 to 59 and all women (without dependent children) from 18 to 40 were liable to be directed to a job (Registration for Employment Orders No. 4, 3 August 1942, 1942/239; No. 5, 24 September 1942, 1942/281, National Archives).

At the end of March 1943, there were some 110,000 people who were registered with the Manpower Committee. Some 36,000 women who were not ordinarily employed outside the home were employed in the war effort by September 1942 (Registration for Employment Order No. 6, October 1942, 1942/291, National Archives). At the outset of the war there were 180,000 women in civilian work; by 1942 the number had increased to 230,000. The ratio of women to men among those in full-time employment rose from 27:100 in 1936 to 34:100 in 1945 (Department of Statistics, 1946). As Sutch remarked: "the war had a liberating effect on women; they became more recognised as people who could contribute to economic life" (Sutch, 1969: 252). Women who had rarely been given the opportunity to do certain jobs other than nursing, teaching and other types of work that had been stereotyped as women's work were needed as agricultural labourers and process workers in factories (Ebbett, 1984). Under the threat of war, the ideology of women's place in the private sphere started to crumble, together with the association of men with certain jobs and women with others (Novitz, 1987). The Second world war had a lasting effect on policies toward the labour market (Baker, 1965).

The Annual Report of the Employment Division of the Department of Labour of 1942 stated, "war conditions have increased the general acceptability to employers of those types of men whom they would not engage in normal times" (AJHR, 1942 H-11A: 2). Despite this achievement, there was concern expressed whether full employment could be maintained once the war was over. The Director of the Organisation for National Development, Mr J. S. Hunter, wrote: "The most important single problem to be faced after the war is the maintenance of full and efficient employment of the Dominion's labour force" (Baker, 1965: 359). Baker said Mr Hunter's concerns were widely held by many bureaucrats and economists. Few thought that full employment in that demanding sense could be maintained after the war, but it was to continue both as a fact and as an objective of economic policy until the late 1960s (Rosenberg, 1977).

THE LABOUR GOVERNMENT AND THE IMMEDIATE POSTWAR YEARS

> At the close of Second World War, when the United Nations Charter was drawn up in San Francisco, New Zealand was prominent among countries that pressed for the inclusion of clause [A] under Article 55 which states that the United Nations shall promote: higher standards of living, full employment and conditions of social progress and development . . .

The Labour Government's response to the full employment clause of the UN Charter was the enactment of the Employment Act 1945 under which a Department of National Employment Service was established for the primary purpose of promoting and maintaining full employment (NZS, 1945).

The immediate postwar years in New Zealand were remarkable in that there was no unemployment as there had been after World War I. The work of absorbing the high proportion of servicemen into the labour force was achieved under the policy of full employment to which the Government had committed itself long before the war came to an end in 1945 (Sutch, 1966). The Labour Government was able to provide jobs without inflation by maintaining and controlling the demand for goods and controlling prices. The growth of jobs was further enhanced under the stabilisation programme adopted during the war and continued after the war (Condliffe, 1959). Table 23 below illustrates the trends in unemployment under the first Labour Government between 1938 and 1949.

TABLE 23: TRENDS IN UNEMPLOYMENT BETWEEN 1938 AND 1949

Year	Registered Unemployed Persons (000s)
1938	34
1939	19
1945	1
1946	1
1947-49	Negligible[5]

Source: Department of Labour, 1950: 7

The 1946 Annual Report of the Employment Division of the Department of Labour stated that, "wartime and immediate post-war experience has shown

5 Meant registered unemployment of less and 1 percent of the total labour force

to what a low level the number of unemployed marginal workers can be reduced if the aggregate demand for labour is sustained" (AJHR, 1946 H-11A: 74). For the year ended 31 March, 1947, registered unemployed totalled only 67 males and 7 females, including 43 semi-employable persons. Semi-employable workers were those who, by reason of physical disabilities or chronic ill health, were unable to perform work up to the standard of the physically fit (AJHR, 1947 H-11A).

A strategically placed observer in 1947, "compared the economy to a ship in full sail with every stitch of canvas set and very little freeboard" (Sir Arthur T. Donnelly, former Chairman of the Stabilisation Committee and Bank of New Zealand, cited in Condliffe, 1959: 99). The employment situation that came to prevail echoed Beveridge's assertion that full employment was supposed to mean, "jobs rather than men should wait" (1944: 21). Apart from the occasional use of job creation to absorb small pockets of winter unemployment lasting for a month or two, unemployment had become a depression memory (Baker, 1965). At certain times vacancies ranged from 12,000 to 37,000 and registered unemployed seldom more than a few hundred (LEG, 1967).

Periera writes: "between 1947 and 1958 inclusive the monthly average numbers of registered unemployed never reached 100...in the period 1951-1971 the official rate of registered unemployment never reached 1 percent of the labour force" (1985: 1). Thus the Labour Party's ideal policy of full employment was not only firmly in place at the time it was voted out of office in 1949 but had also been endorsed by the right wing National Party. In the postwar period, full employment had become accepted as a central part of economic and social policy (Ruth, 1950).

Chapman (1981) notes that as early as 1943 the National Party's election manifesto endeavoured to associate the party with full employment. Thus although National had remained opposed to the Social Security Act and wage increases under the first Labour Government, during the campaign leading to the 1943 General Election, National had promised to maintain existing levels of social security benefits and wages. (See Table 23 of weekly schedules of various social benefits). This was the first time that the National Party had publicly asserted that, if elected, it would not repeal the Social Security Act and reduce wage increases implemented under the Labour Government (Sutch, 1969). The National Party's U-turn on social security and wages was in

recognition that much of Labour's programme commanded broad public support (Condliffe, 1959).

The popularity of the first Labour Government's policies had committed successive governments to the policy of full employment. The patterns and institutions established long outlasted the Party's own period in power. It had set the terms of political debate and action for the next forty years (Chapman, 1981). The first Labour Government reforms were characterised by increased state intervention rather than state socialism. The Labour Government's legislation was towards the regulation rather than the nationalisation of capitalist enterprise (Condliffe, 1959).

When Labour lost power to National at the end of 1949, there was no sudden change in policy. The National Government had acknowledged the objects of the social security system, and its "initial preoccupation was with discharging promises and altering the balance of beneficiaries under the system rather than with transforming the system itself" (Jesson, 1987: 43). Rosenberg writes: "in the context of the policy of full employment, import controls enabled New Zealand to face fluctuations in overseas earnings without having to retrench employment" (1977: 48). The importance of import controls on full employment was stressed by a former Treasury official:

> Full employment requires that there be unsatisfied demand for local production. This unsatisfied demand will tend to turn, at least in part, to imports. If it is wholly satisfied by expenditure on imported goods, then there will remain no excess demand to maintain full employment internally (Schmitt, 1953: 99).

Rosenberg, (1978) suggests that the unprecedented record of full employment was achieved with the aid of Reserve Bank credit combined with income stabilisation measures and comprehensive import controls. The effect of import controls on the economy was that they helped to encourage expansion of output and employment with little inflation (Baker, 1965). Thus it was arguably no coincidence that the relaxation of import controls in the mid-1960s was followed by rising registered unemployment in 1967 and was only contained by the expansion of job creation schemes (Rosenberg, 1977).

CONCLUSION

While the Unemployment Act 1930 represented a first statutory unemployment relief, it was not until the coming to power of the first Labour Government in 1935 that the potential of the Act was fully implemented. The Labour Government's policy goal in the labour market was not only to provide short term relief but full-time employment at standard rates of pay. In so doing, the government undermined the principle of 'less eligibility' which had been a central aspect of unemployment policy since the nineteenth century. Labour not only accepted that the state had responsibility for the unemployed but also increased the number of permanent public sector employees as part of its commitment to the policy of full employment.

The Labour Government accepted the fact that it was necessary to maintain the purchasing power of the wage earner. The material welfare of the unemployed was not seen as separate from the rest of society, that is, the unemployed's problems were seen as society's problems. Its responses to unemployment epitomised different attitudes toward unemployment and the acceptance that government could play a significant role both in stimulating and creating employment during an economic downturn. The Labour Government's achievement was all the more significant given that Labour had to pursue its reforms amidst a very hostile local press and opposition from the British Government and foreign capital.

The outbreak of the Second World War made it easier for the Labour Government to promote the development of manufacturing industries and to allow it to exercise firm control over the economy to a degree which may not have been possible in peace time. The war made possible the attainment of the Labour Party's goal of full employment on a more sustainable basis. After the war, the Labour Government committed successive governments to full employment policy through the Employment Act 1945 whose central objective was promoting and maintaining full employment. The Act reinforced the Reserve Bank of New Zealand Amendment Act 1936 which among its other functions was to promote the economic and social welfare of New Zealand (NZS, 1936). Although full employment became a catch word in virtually all Western capitalist countries, New Zealand had particularly low levels of unemployment.

The next chapter examines the re-emergence of unemployment after nearly thirty years during which registered unemployment had not risen above 1%. Government responses are examined in the context of the two major parties having accepted full employment as an integral policy goal of government. The measures taken by the National Government between 1977 and 1984 are examined in the context of measures taken by the first Labour Government between 1935 and 1949. Maintenance of full employment had become an issue that was expected of government and the National Party despite its pro-market stand when unemployment began to rise the Government intervened in an attempt to maintain full employment.

CHAPTER SEVEN

THE RE-EMERGENCE OF UNEMPLOYMENT AND THE DECLINE OF STATE COMMITMENT TO FULL EMPLOYMENT POLICY, 1977-84

INTRODUCTION

The New Zealand welfare state which emerged in 1938 rested on new departures in economic and social policy - an increased state role in the management of the economy, especially with the aim of maintaining full employment; and citizen rights to protection against various risks. In order to maintain full employment, the New Zealand economy became 'closed' with domestic industry protected by border controls, and primary exports to the British market providing the principal source of overseas revenue (Davidson, 1989). Until 1984, the National Party was in power with only two single-term Labour Governments intervening in 1957-1960 and 1972-1975. Although these National Government's did relax many of Labour's protective policies, the trading relationship with Britain remained unchanged until 1973 when New Zealand lost its guaranteed British market with Britain's entry into the European Common Market (James, 1986). The loss of the British market meant that New Zealand had to undertake a massive reorientation of the marketing of its priority production. The country's position was not helped by the onset of the world-wide recession, exacerbated by the oil crisis of 1973 and 1979 (Davidson, 1989). The world recession saw export prices deteriorate and the trade deficit worsen. As a result registered unemployment increased (Jesson, 1987). By 1977 the government was faced with registered unemployment levels unknown in the postwar era.

In this chapter it is argued that the period 1977-84 was a watershed between the policy responses to unemployment which were a legacy of the first Labour Government (on one side) and which foreshadowed the markedly different policies of the fourth Labour Government of 1984. During this period unemployment rose to levels regarded as serious for the first time in nearly thirty years. This chapter focuses upon the responses of the National Government to unemployment between 1977 and 1984, and in particular on the extent and nature of job creation during this period.

It has been decided to divide state responses to unemployment during this period into two phases. These phases also coincide with National government's terms of office. Phase one was from 1977 to 1980 and phase two from 1981 to 1984. During phase one an attempt was made not only to provide temporary employment to the unemployed but also to maintain full employment (*New Zealand Listener*, September 1978). While the numbers of registered unemployed were still small attempts were made to place registered unemployed in positions commensurate with their qualifications (NZPD, 1978).

In Phase two, the state commitment to place as many of the unemployed as possible on either job creation or training schemes began to decline. The eligibility criteria for employment on job creation schemes were tightened with the introduction of a stand down period once a person's employment on any scheme came to an end (*Jobs and People*, 1981). Nevertheless, despite these changes the unemployed provided with employment under job creation schemes were paid award wages (*New Zealand Herald*, July 25, 1980).

PUBLIC REACTION AND STATE RESPONSES TO UNEMPLOYMENT

The rapid increase in registered unemployment[1] from 1976 caused concern among ordinary New Zealanders. Opinion polls, newspaper and broadcasting surveys and political party opinion polls indicated that unemployment was the number one concern of New Zealanders (*New Zealand Herald*, October 30, 1979). The ranking of unemployment as the major issue showed that full employment had become accepted as, "a fundamental national value ... cherished in New Zealand" (National Research Advisory Council, 1981: 61).

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[1] New Zealand did not begin to use the Household Labour Force Survey in use in many OECD countries since the 1970s until 1985 (OECD, Economic Survey, 1986/87). Thus during the period covered by this chapter, it was registered unemployment figures that were used as indicators of levels of unemployment.

To be registered as unemployed a person had to go to the local office of the Department of Labour and show himself or herself as willing to work and unable to find a job (Department of Statistics, 1971). Even though registered unemployed figures provide some indication of the extent of unemployment, they do not give the full picture for a number of reasons. Registration is voluntary and people register if they want to use the Department of Labour's placement service and/or are entitled to claim the unemployment benefit. Some people, such as those with employed spouses who are generally not eligible for unemployment benefit, and those who do not feel that the Department of Labour will help them find work, will not register and will not be counted as unemployed (RCSP, Vol. II, 1988). A more accurate measure of unemployment was that based on the 5 yearly census data, but it was collected too infrequently to give an accurate impression of unemployment trends.

Sir Robert Muldoon, then Prime Minister at the time remarked, "(the fact) that throughout all of this time unemployment in New Zealand was at lower rate than in most other countries of our type meant nothing to New Zealanders. As far as they were concerned it was higher than at any time since the depression of the 1930s and they did not like it" (Muldoon, 1985: 116). After the experience of the depression of the 1930s and the first Labour Government's success in achieving full employment, there had developed a belief in the right of individuals to paid work.

By 1978 registered unemployment in numerical terms rose to the highest level it had been since the great depression of the 1930s (Scott, 1978). In February 1978 registered unemployment was 18,654. In addition 9,347 people were employed in the public sector under the Temporary Employment Programme and 1,631 in subsidised private sector employment (*Labour and Employment Gazette*, 1978).

During phase one the government was striving to maintain full employment, despite the encroaching international recession (*Labour and Employment Gazette*, 1978). The National Government's position was summed up by the Minister of State Services, Mr D. Thomson when he said, "the Government will continue to fulfil its responsibilities to the commitment it has to the objective of full employment" (NZPD, 1979: 2013). The level of registered unemployment was thus kept down by the extensive use of job creation schemes. As a form of assistance to the unemployed, work on schemes was preferred to the payment of unemployment benefits (RCSP, Vol. III, 1988). This reflected what was by now a long tradition in New Zealand of prioritising public works as a response to unemployment.

However, public and government concern over rising unemployment was not shared by some employers. On the contrary, rising unemployment was welcomed by some employers; for example, Mr J. G. Russell told the *Evening Post* that, "more unemployment was highly desirable to discipline the labour force" (December 4, 1978). The New Zealand Manufacturers' Federation welcomed the rise in registered unemployment saying that, "unemployment would be good for people, and that if jobs were harder to secure the absence rate in New Zealand industry might fall as a result" (Robertson, 1976: 4). Unemployment was seen as a useful weapon to discipline trade unions, to keep wages rates down and to secure increased efficiency and productivity from the work force (*Evening Post*, September 17 1980). As the *Evening*

Post, editorial remarked, it was time that workers' demands were 'nipped in the bud' (December 4, 1975). The long period of full employment had put workers in a strong bargaining position, where they could command relatively good wages and working conditions.

Since the phasing out of job creation schemes in early 1940, there had been no notable programmes of job creation until 1976. In the late 1960s and early 1970s there were some small scale job creation schemes, but the numbers involved were very small (McGurk, 1989). As unemployment continued to rise, the Government Special Work Scheme was phased out and in its place the National Government launched the Temporary Employment Programme. The name of the scheme was indicative of government's view of unemployment as a temporary phenomenon. The government's perception had appeared to have validity at the time given the fact that 51 percent of the unemployed in February 1978 had been on the register for less than a month indicating that there was still a substantial turnover of workers as jobs were found. However, this percentage had declined from over 60 percent in 1977 as total unemployment rose (AJHR, 1978 G.1).[2]

Since unemployment was believed to be temporary, no new policy initiatives were put in place. The principal goal of the Temporary Employment Programme, according to the Minister of Labour, Jim Bolger, was: "to provide short-term employment for job seekers who cannot be placed in regular employment or under one of the private sector job-creation programmes" (*New Zealand Listener*, September 16, 1978: 24). Public sector job creation schemes were considered as a source of unemployment relief of the last resort. According to the Minister of Labour, Jim Bolger: "The Government believes it is essential to have New Zealanders off the State pay-roll and working in productive employment, adding to the economic growth and worth of the country" (NZPD, 1979: 341). The Minister's statement reflected the long standing belief that the most acceptable form of employment was in the private sector. However, despite the Minister's ambivalence over job creation schemes, rising unemployment and declining employment opportunities in the private sector, job creation schemes remained the only means the government had to contain unemployment.

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2 For duration, gender and age classification of the unemployed, see the Annual Report of the Department of Labour in the AJHR, 1978 G.1.

The organisation and co-ordination of job creation schemes was undertaken by the Department of Labour whose mission goal was stated as to promote and maintain full employment (NZOYB, 1981). Until 1977, the Department of Labour had largely acted as an information broker to buyers and sellers of labour (Dwyer, 1984). Now, however, the Department of Labour had to initiate job creation schemes in both the public and private sectors[3].

The significance of job creation schemes was clearly evident from the very beginning. In the government financial year 1977/78 job creation schemes accounted for 49 percent of all placements of registered unemployed persons in employment by the Department of Labour. By March 1979 job seekers on partly or fully subsidised employment schemes: "accounted for 52 percent of all persons either registered as unemployed or on government special work schemes" (RCSP, Vol. II, 1988: 548). Between 1978 and 1984 the number of jobs on job creation schemes as a proportion of the total number of jobs in the labour force rose from five percent in 1978 to more than eight percent in 1984 (Monthly Employment Operations, 1984).

The Temporary Employment Programme was also promoted as offering opportunities for some of the unemployed, "to acquire the work experience they needed to become more competitive in the job market" (AJHR, 1979 G.1: 18). This assertion signalled the beginning of the National Government's moves to distance itself from the problem of unemployment by viewing it as a result not of a lack of job opportunities but of a lack of appropriate and relevant skills and work experience of the unemployed.

The range of job creation and training schemes (see Appendix III and IV) indicates that the government view of unemployment at the time was that adult workers were unemployed due primarily to deficiencies in demand, while young people's unemployment was presented as a consequence of lack of work experience and/or skills. All workers given employment under the above schemes were paid wages that were comparable to those received by workers in permanent employment. The only exceptions were schemes that were targeted at the young people (those under twenty years of age) whose wages were not linked to union award rates. Two of the four private sector wage subsidy schemes were targeted at young people. The Department of Labour reimbursed participating firms in each case a certain percentage of

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[3] For the number and variety of job creation and training schemes introduced by the government between 1977 and 1984, see Appendix IV.

approved wages for giving employment to young unemployed workers referred by the department.

These schemes were also different from those targeted at the adult population in that their emphasis was on training rather than provision of employment. The primary goal of the schemes was to provide individual participants not only with temporary income support but also, ostensibly, the opportunity to acquire skills and work experience. The targeting of some schemes at young people was intended to correct the distributional problem of unemployment in which the young people made up a high proportion of the unemployed (Kirk, 1984). Arguably the central role of training schemes for the young (which were modelled on the Manpower Services Commission schemes in Britain) was to socialise the young to regard themselves as deficient in skills and to live on an allowance. The bulk of training given to the young was mostly in areas of 'confidence building', such as how to dress for job interviews, and how to present oneself (Korndorffer, 1987). Thus the focus was on attempts to correct the perceived individual limitations instead of providing the young with training which could have enabled them to get jobs at the end of their training.

Offering wage subsidies to private sector employers was to encourage them, "to provide additional permanent job opportunities" (Dwyer, 1983: 8). Private sector temporary employment schemes were preferable to the public sector schemes not only because all governments regarded the private sector as the legitimate source of employment, but also because the cost in terms of wages was not totally borne by the state as was the case with public sector schemes. Table 24 gives a summary of numbers of people provided employment under job creation schemes between 1978 and 1980.

TABLE 24: COMPARATIVE FIGURES OF PERSONS ASSISTED WITH EMPLOYMENT AND TRAINING UNDER THE TEMPORARY EMPLOYMENT PROGRAMME AND PRIVATE SECTOR SCHEMES BETWEEN 1978 AND 1980

Name of Scheme	No. of persons provided with employment during year ending 31 March 1978	No. of persons provided with employment during year ending 31 March 1979	No. of persons provided with employment during year ending 31 March 1980
Temporary Employment Programme	40,743	16,463	38,681
Farm Employment	7,868	3,940	3,536
Additional Jobs	4,869	3,522	4,844
First Job	1,655	1,151	-
Skill Promotion	1,309	1,032	-
Total	56,444	26,108	46,061

Source: Annual Reports of Department of Labour AJHR (1979) . G.1: 18 and AJHR (1980) G.1: 16

The year 1979 showed a significant drop in the number of workers engaged in various job creation and training schemes. This was despite an increase in the total numbers of the registered unemployed (see Table 25 below).

TABLE 25: TOTAL OF REGISTERED UNEMPLOYED AND PERSONS ON JOB CREATION SCHEMES DECEMBER 1978 TO DECEMBER 1980

	End of December		
	1978	1979	1980
Private Sector	8,230	4,770	5,194
Public Sector	21,376	23,317	15,424
Job creation sub-total	29,606	27,794	20,618
% of total	56.1	50.8	29.3
Registered unemployed remaining unplaced as % of total registered unemployed	23,144 43.9	26,889 49.2	49,854 70.7
Total registered unemployed	52,750	54,683	70,472

Source: Labour and Employment Gazette, March 1981

From the figures in Table 24, it is clear that the Temporary Employment Programme was the mainstay of the job creation policy in Phase One despite the fact that the government preferred private sector schemes. In 1978 for

example, the Temporary Employment Programme accounted for 72 percent of all placements in special employment and 63 percent in 1979 (AJHR G.1, 1979). Table 25 points to the fact that the government did not provide employment to all people who had registered. The highest proportion of unemployed workers placed under job creation schemes from the total registered unemployment was fifty-six percent in 1978. Thereafter the numbers placed in job creation schemes continued to decline reaching twenty-nine percent in 1980 (*Labour and Employment Gazette*, 1981).

The Department of Labour's priorities concerning the placement of the unemployed into employment was as follows. The first was to assist the unemployed into private sector permanent employment. The second was to assist the unemployed into private sector job creation schemes. The third (and lowest) priority was to assist the unemployed into public sector job creation schemes (AJHR, G.1 1982). The Department's priority list was indicative of what the government considered as legitimate sources of employment. The emphasis put on private sector employment represented a long standing belief that cut across party lines about what was considered as the most legitimate sources of employment.

In response to calls from local authorities and the Public Service Association (PSA) for the government to lift staff ceilings in the public service and to assist local authorities in creating long-term employment, the Minister of Labour's response was: "We don't see the public sector as a growth sector" (*Auckland Star*, November 20, 1982). This was another significant shift from the trend set by the first Labour Government which included the expansion of the public sector to create permanent employment. It pointed to a declining government commitment to use the Public sector to maintain full employment. However, by limiting state sector employment the government exacerbated the problem it sought to cure (Forer, 1980).

The policy of limiting the number of public sector employees proved an impediment in the fight against rising unemployment, as employment opportunities in the private sector continued to decline (Pereira, 1982). The PSA in the meantime was claiming: "that while staff ceilings are maintained across the public sector, 10 percent of its members are now temporary workers" (*New Zealand Listener*, September 16, 1978: 25). The PSA accused some government departments of sacking its members and then re-employing the same workers in similar positions under the Temporary

Employment Programme (*New Zealand Listener*, September 16, 1978). These allegations were similar to those of the early 1930s when, following government retrenchment, railway commissioners sacked many of the ordinary employees only to hire them as temporary workers (Sutch, 1966).

The PSA wanted the government to take on the 1,800 Temporary Employment Programme workers in various government departments as permanent staff. The Minister of Labour dismissed the suggestion saying: "It was never the intention of the Government when introducing the scheme to provide permanent work" (*New Zealand Herald*, August 16, 1980). This statement had been a recurring theme since the nineteenth-century except for the period of office of the first labour government. What was different during this period was that while the Government was expressing reservations about job creation, the number of those placed on job creation schemes continued to rise (see Table 25 on page 181).

DURATION OF EMPLOYMENT ON JOB CREATION SCHEMES

As was the case in the period prior to the election of the first Labour Government, job creation schemes were designed to provide short-term employment before workers moved into unsubsidised employment. Under the Temporary Employment Programme, employment on a project basis lasting between three and six months was made available to the unemployed who met the eligibility criteria (*Labour and Employment Gazette*, 1978).

The Minister of Labour, in response to a suggestion in Parliament from the Opposition Labour Party that the government should make Temporary Employment Programme workers permanent state employees, suggested that the scheme was, "intended to provide only short-term employment in the public sector for those job seekers who cannot readily find or be placed in unsubsidised employment" (NZPD, 1980: 3218). Thus the scheme in the Minister's view was only a temporary holding bay for the unemployed before they were absorbed into private sector employment.

SUMMARY OF PHASE ONE

At the onset of the world recession and the entry of Britain to the European Economic Community in the early 1970s, New Zealand governments still remained committed to the policy of full employment. By world standards New Zealand was still interventionist and had low levels of unemployment. Former Prime Minister, Sir Robert Muldoon, defended an interventionist state role in the economy when he said that, "The whole concept of government is based on intervention ... Any country which today allowed its economy to run completely free would get the worst of all worlds and go downhill very rapidly" (Muldoon, 1985: 119, 8). Muldoon "ignoring the advice of experts in the Treasury and Reserve, intervened incessantly to regulate the labour market, prices, interest rates, or whichever aspect seemed in most urgent need of attention" (Davidson, 1989: 311). The irony of Muldoon's stand was that the National Party had presented itself to the public for nearly fifty years as a Party which stood for free enterprise and opposed to state intervention in principle (Chapman, 1981).

The 'special' and 'temporary' notions of job creation schemes that had been so dominant before the first Labour Government was reaffirmed. But this reaffirmation was in the context of the belief that there could soon be a return to full employment. There was considerable expansion of employment opportunities in the public sector job creation schemes to absorb the unemployed (at award rates) despite the notion that private employment was more desirable. At the same time signs of changes in policies could be observed, similar to those being enacted overseas, especially in the United Kingdom where more emphasis was on youth and skills training.

PHASE TWO OF STATE RESPONSES TO UNEMPLOYMENT 1981-1984

In August 1980 the public sector job creation scheme, the Temporary Employment Programme, was split into four schemes. These were the Work Skill Development Programme, Project Employment Programme, Job Creation in the Voluntary Sector, and the Student Community Service Programme. Of these four programmes, it was the Project Employment Programme which became the mainstay of public sector job creation schemes. The most significant change from the Temporary Employment Programme to the Project Employment Programme was the modification

from an arrangement allowing comparatively adaptable public sector employee support and job creation to a more firmly bound format of project-specific and short-term work (*Labour and Employment Gazette*, 1981).

Davis (1991) writes that more than one thousand Temporary Employment Programme workers employed under the railways responded to the change in policy by going on strike. The government was forced to suspend the planned lay-offs of six hundred workers employed under the scheme which were scheduled to take place in January 1981. The Minister of State Services told the workers that they, "may continue in their jobs until permanent, unsubsidised jobs became available" (*New Zealand Herald*, October 11, 1980). The government's offer was subject to workers' accepting unsubsidised jobs as they became available and also on the union calling off further planned industrial action (Davis, 1991). What this meant was that workers were expected to accept the first job offer by the Department of Labour. It also however signified a backing down by the government, if only temporarily.

In Wellington, Temporary Employment Programme workers formed an Unemployed Workers Action Committee to spearhead opposition to the changes. At a meeting called by the committee and attended by 400 unemployed an impromptu march on Parliament was organised to protest against rising unemployment and declining numbers in job creation schemes (*The Evening Post*, 30 August 1980). The march on Parliament according to Davis (1991) was the first by the unemployed since the depression of the 1930s. The protesters marched under a banner which read:

Blame the System Not the Victim

The unemployed workers' view of unemployment is clearly spelt out in the Draft Unemployed Workers' Charter presented on the next page.

Draft

Unemployed Workers Charter

WE SAY THAT

- The disaster of unemployment is caused by the economic and political system that we live in.
- Unemployment is *not* the fault of unemployed workers themselves.
- Unemployment can only be solved by policies designed to serve peoples' needs, not private profits.
- Unemployed workers are part of the labour movement and their interests are the same as those of employed workers.
- While unemployment exists, the existence of unemployed workers must be recognised, and their rights and welfare promoted.

WE THEREFORE DEMAND

1. Government and public recognition of the extent and effects of unemployment.
2. Policies aimed at meaningful work available for all, regardless of sex, sexuality, race, age, marital status or disability.
3. Equal distribution of the wealth and lesure created by the new technology.
4. An adequate income for all unemployed workers.
5. No discrimination against unemployed and temporary workers.
6. No discrimination among beneficiaries due to race, sex, sexuality, age, marital status, nationality or disability.
7. Full rights and responsibilities as Trade Unionists.
8. Recognition and support of unemployed workers' groups by the government and trade union movement.
9. Free access to information on government dept decisions and policies affecting the unemployed.
10. Full information on all benefits and entitlements, published in all main languages used in NZ.
11. The protection of personal privacy and dignity of all beneficiaries.

FIGURE 11: Dole-Drums, June 1983

On 29 August 1980 at a meeting of the unemployed in Wellington it was decided to establish the Wellington Unemployed Workers Union whose stated major objective was to challenge government policies on unemployment. Figure 12 below which appeared during the campaign leading to the 1981 General Election had a clear message to the politicians about what those out of work wanted them to do.

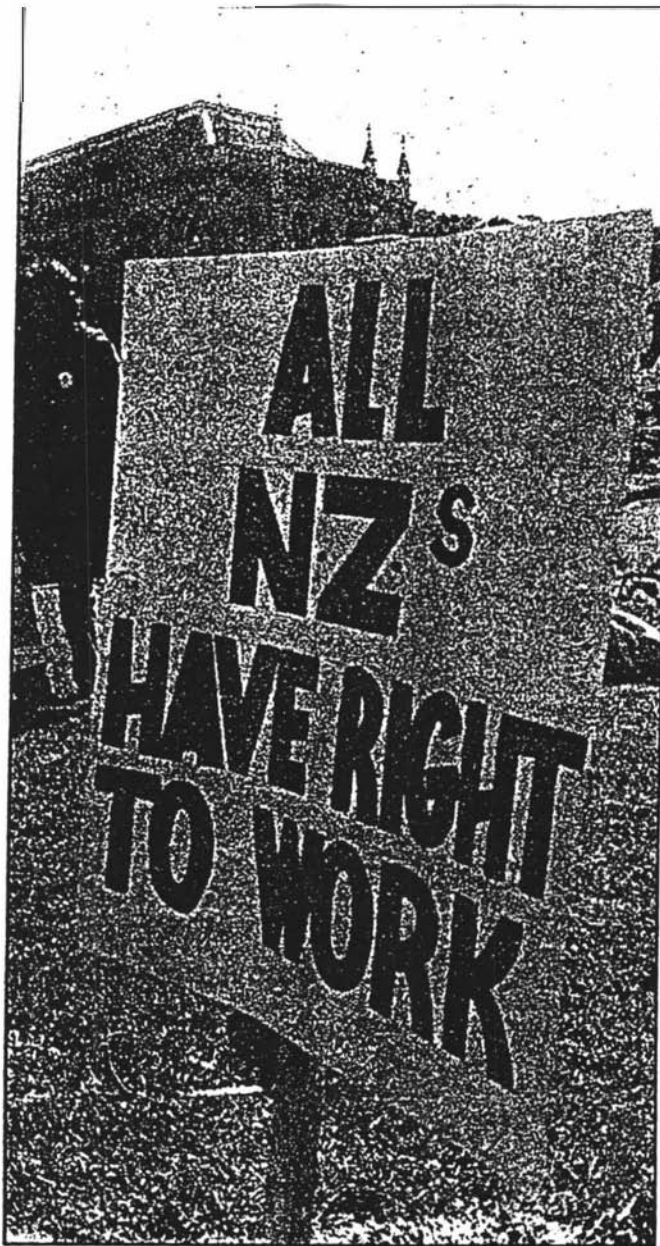

FIGURE 12: *NZ Listener*, November 7, 1981: 20

At the time that the government was tightening eligibility requirements on public sector job creation schemes, it put emphasis on the private sector for additional employment creation. Labour Party spokesperson on employment, Mr Burke, said, "the Government had again shown its expectation that the private sector should create all the jobs by encouraging a shift in emphasis from public sector job creation to the private sector" (*Auckland Star*, December 24, 1982). While government wage subsidies helped to reduce the cost of hiring new employees, this was in itself not sufficient to induce private sector employers to take on additional workers in an environment of declining profitability. The New Zealand Reserve Bank, for example, concluded from the study it undertook that the:

> fall in profitability between 1974 and 1980 may have induced a 3 percent decline in private sector employment which would have reduced employment in 1980 by approximately 19,000 jobs or 40 percent of the unemployment level in that year (*Reserve Bank Bulletin*, 1982: 200).

The point which the government failed to appreciate was that additional permanent job creation in the private sector was also conditional on profitability.

The temporary nature of employment for those fortunate enough to be placed on job creation schemes was a constant reminder that soon they would join their fellow workers on the dole. It meant that workers had no prospect of continuity and security of employment (*Auckland Star*, August 5, 1983). As unemployment was becoming long term[4] for some workers, state resources committed to job creation were declining. For example, while a total of $131,622,000 was spent on job creation schemes in the government financial year ended March 1980, the figure for the financial year ended March 1981 was $130,891,000 (NZOYB, 1982). At the same time unemployment was on the increase.

Responding to demands from the Labour Party in Parliament for the Government to create 'real jobs', the Minister of Labour replied that real jobs are not created by Government but by the private sector and that the responsibility of finding employment was primarily that of the individual and not of Government (NZPD, 1980). The Prime Minister, Mr Robert Muldoon, was quoted in the *Press*, June 17, 1983 as saying: "the solution to unemployment was to have more activity in the economy, taking unemployed people into jobs in the private sector. It was no solution to have more and better temporary job schemes". Thus the unemployed had to wait for economic recovery; in the meantime it appeared that the government was more than prepared to maintain them on unemployment benefits.

The Minister of Labour continued to insist that the solution to unemployment lay, "not on greater government employment, but greater State encouragement for employment creation in the private sector" (*Auckland Star*, November 20, 1982). Jim Bolger, reiterated:

> It is not the Government's intention to provide incentives to public sector employing authorities, including local authorities, to create additional permanent jobs. Any

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[4] Long-term unemployment during the period covered by this chapter moved from being defined as at least four weeks in 1974 to twenty-six weeks in 1983.

> incentives for the creation of additional permanent jobs will be limited to the private sector (NZPD, 1980: 3444).

Government reluctance to provide financial assistance to Local Authorities to promote employment creation meant that Local Authorities were constrained as to what they could do to ease unemployment. The National Government's long term economic and employment growth strategy at the time was underpinned by the seven year energy sector projects popularly known as the "Think Big" strategy (*New Zealand Herald*, July 14, 1980).

> In 1981 ... the National Party election booklet This is Your Future was in no doubt about the role the energy projects would play in creating jobs. These, it said, 'will' [not 'may' or 'should'] enable the creation of additional 410,000 jobs (New Zealand Listener, November, 1981).

However, according to an independent assessment made by the *New Zealand Economic News Service*, the number of jobs created year by year in the development phase was estimated to be "11,480, and estimates of permanent opportunities for employment arising in the operational and maintenance phase was put at 2,170" (July 1980: 8-9). After winning the 1981 General Election, the National Government, "conceded that it will now be much more difficult to create as many jobs this decade as projected in last year's election campaign" (*Press*, November 24, 1982). This amounted to an admission by the National Government that unemployment was no longer a short term problem.

Mr Beetham, Social Credit Political League Member of Parliament for Rangitikei, claimed that despite increased government subsidy to the private sector employers, "none of the Government's programmes has been able to increase the number of jobs available" (NZPD, 1982: 57). Fewer and fewer workers were able to move from temporary employment to unsubsidised employment as the labour market continued to contract. The response was a re-assertion of the principle of 'less eligibility'. The Deputy Mayor of Auckland told the *Auckland Star* that: "Some temporary employment scheme workers are not trying hard enough to find permanent jobs because there is not enough incentive" (*Auckland Star*, December 8, 1982). The Auckland City Council in a move to encourage workers to seek private sector employment proposed to reduce wages of relief workers to eighty percent of the award wage (*Auckland Star*, December 8, 1982).

The project nature of job creation schemes under phase two meant that central government subsidised job creation schemes within the Local Authority sector were hampered because of the six month duration of employment (Pereira, 1982). Under the six months rule a lack of continuity in employment became commonplace, with workers who had learnt something beneficial both to themselves and the employing Local Authorities obliged to return to the dole for a living if they had not found work elsewhere (O'Connor and Brown, 1983).

However, some private sector employers were expressing dissatisfaction at the wage subsidies given to Local Authorities to create work for the unemployed. The Contractors' Federation director claimed that: "Project Employment Programme workers were taking over many jobs previously done by contractors" (*Auckland Star*, June 7, 1983). Thus Government intervention in the labour market was seen as robbing the private sector of its legitimate area of business, especially so for the small to medium sized contractors.

The key administrative component of job creation schemes was the prerequisite for these schemes to be temporary so that the workers involved could be placed in unsubsidised employment at any time. In the private sector the restriction of subsidies to newly created jobs was difficult to manage and was inevitably somewhat discretionary. In terms of addressing the problem of unemployment, these schemes can best be described as 'holding operations' whose main achievement was the removal (though temporarily) of large numbers of people from the unemployment register.

As unemployment persisted it became apparent that a problem within the problem was emerging; that of youth unemployment. A variety of training schemes targeted at the young were introduced (Kirk, 1984). Under Phase two training was no longer only targeted at the young unemployed but was extended to adult unemployed workers. It was increasingly implied that unemployment could partly be explained by a lack skills on the part of some of the unemployed.

O'Connor (1983) argues that in 1981, when phase two of job creation schemes became operational, there was a growing difference between the 'official line' taken by Government on the nature of the unemployment problem and appropriate responses to it, and the actual experience of the unemployed.

Thus while the government continued to treat unemployment as if it was a temporary phenomenon which was to disappear as soon as economic growth was set in motion, workers were increasingly becoming concerned about being unable to find placements in existing job creation schemes and subsequently the difficulties of finding 'real' jobs (Dwyer, 1984).

TABLE 26: COMPARATIVE FIGURES OF PERSONS ASSISTED WITH TEMPORARY EMPLOYMENT UNDER PHASE TWO

Name of Scheme	No. of workers placed during year ended 31 March 1982	No. of workers placed during year ended 31 March 1983	No. of workers placed during year ended 31 March 1984
PEP	29,247	34,612	37,935
Work Skill Development	5,986	9,411	11,536
Winter Employment	913	1,008	516
Student Comm.	13,548	-	-
Voluntary Organisations			
Training & Work Rehab.	176	186	191
Farm Employment Scheme	3,782	3,880	1,285
Additional Jobs	15,467	16,361	7,311
First Job	1,403	-	-
Private Sector Employment	-	-	24,970
Total	70,522	65,588	85,464

Source: Various annual reports of the Department of Labour in AJHR, 1982-1984

- A modified scheme was incorporated into Project Employment Project Scheme not operational

As unemployment continued to rise, the government began to restrict employment on the public sector's largest scheme with the introduction of a stand down period in 1982. The stand down period at first was eight weeks. It was later extended to thirteen weeks (Dwyer, 1983). In 1983 the Minister of Labour announced that the "Project Employment Programme was to be reserved for people who have been unemployed for 26 weeks or more" (*Labour and Employment Gazette*, 1983: 4). The extension of the stand down period was an indication of government recognition that unemployment was

becoming a long-term structural problem which was unlikely to soon disappear.

The twenty-six week stand down was not received calmly by the unemployed. In Christchurch, "some 30 unemployed staged a sit-in at the National Party office, demanding that their call for jobs, equality and dignity be communicated to the Prime Minister" (Dwyer, 1983: 44). In Auckland the unemployed workers took to the streets to protest at the extension of the stand down period.

During the protest march, the protesters set up soup kitchens outside the Departments of Social Welfare and Labour (*Dole~drums*, May 1983). There was growing resentment amongst the unemployed towards a policy which overtly seemed to keep a pool of workers alternately unemployed and temporarily employed (*Dole~drums*, June 1983). The twenty-six week stand down period on the country's largest public sector scheme represented a fundamental shift in unemployment policy. In addition there was a growing gulf between government rhetoric about its commitment to full employment and its actions (*Dole-drums*, August, 1983). Manukau City Council's employment promotions officer Mr John McMahon said people were 'appalled' at the long stand down period (*Auckland Star*, December 8, 1982). In the first five months that the twenty-six week stand down policy applied the number of long-term unemployed increased from 15,242 in October 1983 to 15,945 in February 1984 (*Press*, April 14, 1984).

CONFLICTING VIEWS ON UNEMPLOYMENT

As unemployment persisted, there was a resurgence of the victim-blaming ideas which had typified the pre-1935 era. The media began to portray an image of the unemployed as, "work-shy, feckless wastrels, and dole scroungers" (*New Zealand Listener*, July 17, 1983). It was claimed that the unemployed were not trying hard enough to find employment (*Auckland Star*, December 8, 1982). Claims were made that good workers did not have much difficulty in finding work (*Press*, March 12, 1982). The National Member of Parliament for Gisborne Mr B. Bell, asserted that among the unemployed there was an unwillingness to work, a lack of motivation to go out and look for work (Wright, 1982). The Minister of Labour, Jim Bolger, was of the view that, "jobs are certainly available, although they are not as easy to find as in

days past" (NZPD, 1980: 4895). While the position of Jim Bolger was less clear, it was evident that he held the unemployed partly responsible for their predicament. Responding to the Labour Party spokesperson on Employment during a debate on unemployment in Parliament, Bolger, said that "the responsibility of finding employment was primarily that of the individual" (NZPD, 1980: 1367). What Bolger did not say was that it was the responsibility of government to ensure that employment opportunities existed for those who wanted paid work.

The 'blaming the victim' syndrome had filtered down to the grassroots of the National Party. National Party Rangiriri branch proposed that:

> people drawing the dole should be required to report daily at specific time, to a set place, the same as a person genuinely employed, and the dole should be deducted for each day missed (*Evening Post*, May 19, 1980).

There was suspicion about the unemployed most of which was based on the belief that many of them were content to get something from society for doing nothing. Thus the concept of a citizenship rights to protection against unemployment increasingly clashed with the prevailing liberal view of individual responsibility. A Wellington property magnate, Mr Bob Jones suggested:

> the State guarantee employment rather than guarantee an unemployment benefit ... the State could guarantee employment by creating large numbers of menial and unattractive jobs and paying the minimum wage (*New Zealand Herald*, October 30, 1979).

In other words, it was presented as important for the government to separate the unemployed into the 'deserving' from the 'undeserving' by providing unpleasant work. Jones' proposal was echoed in 1983 by the Auckland City Council when it proposed that, "the Government should cut the wages of relief workers to keep the pressure on the unemployed and temporary workers to find 'real jobs'" (*Dole~drums*, February, 1983). The suggestion was reminiscent of the treatment of the unemployed under Scheme No. 5 during the Great Depression - a measure which caused many workers forced to do menial work to "appreciate that trivial work could be just as demoralising as a long period of unemployment" (Robertson, 1976: 17). While there has been a long standing belief in New Zealand that 'generous' benefits could confirm the 'work-shy malingerers' in detesting to work, Pereira however notes that:

> unemployment benefits are neither earning related nor tax free ... the unemployment benefit at August 1982 was $137.96 a week for a married couple and $82.78 a week for a single person aged 20 years or over. The average full-time weekly wage earnings were $294 for men and $222 for women. The 'predators' were thus living on 28% of the average male wage if they were single, or 47% if they married (Pereira, 1985: 15).

Unemployment benefits were arguably not attractive enough to explain escalating unemployment. The unemployed were required to accept any job that was offered to them by the New Zealand Employment Service. Failure to do so could result in loss of unemployment benefits.

The 'blaming the victim' syndrome continued to grow despite evidence that the Employment Service was not able to offer jobs to many of the unemployed due to insufficient jobs on offer in the labour market. As Shirley points out:

> By the end of 1978 the registered unemployed numbered 40,000 but there were less than 2,000 job vacancies. By February, 1980, 56,000 were registered unemployed but there were still only 2,000 job vacancies (*Tribune*, June 29, 1980).

The National Research Advisory Council study confirmed Professor Shirley's view of unemployment as problem of deficiency in demand for workers. The report pointed to the fact that, "while the workforce increased by approximately 100,000 in the 5 years between 1974 and 1979, only 7,000 additional full-time permanent jobs were created" (National Research Advisory Council, 1981: 8). The growth in long term unemployment was one indicator that there were simply not enough jobs to meet the demand. (See Table 27 below on the growth of long term unemployment, that is 26 weeks and over).

TABLE 27: DISTRIBUTION OF REGISTERED UNEMPLOYMENT BY DURATION BETWEEN 1977 AND 1981

Duration of Enrolment	**1977 September**	**1978 September**	**1979 September**	**1980 September**	**1981 September**
Up to 4 weeks	4,510	7,964	9,539	17,433	12,727
%	55.9	32.6	36.4	41.0	27.2
4-8 weeks	1,511	5,082	5,420	8,041	8,993
%	18.7	20.8	20.7	18.9	19.2
8-13 weeks	1,066	4,280	3,966	6,387	7,611
%	13.2	17.5	15.1	15.0	16.3
13-26 weeks	705	4,804	4,468	7,186	9,124
%	8.7	19.7	17.0	16.9	19.5
Over 26 weeks	283	2,282	2,845	3,482	8,367
%	3.5	9.3	10.8	8.2	17.9
Total	8,705	24,410	26,238	42,529	46,822

Source: Labour and Employment Gazette, December 1981

With the introduction of the twenty-six week stand down period, the initial government goal of providing employment to job seekers who were said to be between jobs changed to an attempt to assist those who were becoming long term unemployed (O'Connor and Brown, 1983). The change in policy was however a paradox in that although the Project Employment Programme became a refuge for the long term unemployed, employment offered to these workers remained short term: six months at most, after which many of them returned to the dole (*Press*, April 14, 1984). The twenty-six week stand down period introduced an element of seeing some of the unemployed as being more or less in need than others. Whereas workers who were forced to depend on the dole were viewed by society to be performing no useful function to society, those lucky enough to obtain subsidised employment had their wages supplemented by the state according to the appropriate wage rate.

By 1983 it was increasingly becoming clear that there were some serious doubts by many of the unemployed about the government view of job creation schemes as 'bridge' to permanent employment (O'Connor and Brown, 1983). If employment problems were temporary as the government wanted to believe, then job creation schemes which provided temporary employment might have been useful to bridge a fairly limited gap. However, O'Connor's study of the outcome of the Project Employment Programme in Auckland found that only about 15-25% of workers on the scheme were able to find permanent employment (1983).

Despite the limiting of placement on the Project Employment Programme to those who had been unemployed for twenty-six weeks or more the government position was that, it was "not prepared to provide indefinite wage subsidies for jobs..." (*Jobs and People*, 1981: 22). What was ironic about this statement was that it was made at the time when "between May and August 1981 total employment in the private sector dropped by 8,563, and after allowing for changes in the numbers on job creation schemes in the private sector, the total employment decline...was 11,812 jobs" (*Labour and Employment Gazette*, 1981). By 1982 the number of active job-seekers out numbered notified job vacancies by eighteen to one (*Labour and Employment Gazette*, 1982).

Table 28 below shows the rapid growth in unemployment and the fact that job creation was expanding.

TABLE 28: TOTAL REGISTERED UNEMPLOYED AND NUMBER ON JOB CREATION SCHEMES ON MONTHLY BASIS BETWEEN MARCH 1981 AND JANUARY 1984

Month	Total Registered Unemployed*	Total on Job Creation Schemes	Percentage of Total Registered Unemployed
1981			
March	47,464	15,700	33.08
April	46,676	17,457	37.40
May	46,022	18,910	41.09
June	46,926	20,418	43.51
July	48,455	22,705	46.86
August	47,596	24,201	50.08
September	46,822	25,455	54.36
October	45,967	25,833	56.10
November	56,314	26,758	47.51
December	50,237	26,571	52.90
1982			
January	50,773	25,830	50.87
February	50,167	27,159	54.14
March	46,984	28,765	61.33
April	46,076	28,351	61.53
May	45,140	28,594	63.34
June	47,000	30,318	64.51
July	48,487	31,247	64.44
August	50,474	32,144	63.68
September	51,797	32,394	62.25
October	55,424	32,046	57.82
November	63,205	32,908	52.06
December	69,658	34,291	49.23

1983			
January	74,053	33,756	45.58
February	76,371	33,231	43.51
March	72,770	32,613	44.82
April	73,870	33,507	45.36
May	74,930	34,589	46.16
June	76,868	35,856	46.65
July	79,337	36,386	45.86
August	78,343	37,260	47.56
September	76,963	38,877	50.51
October	74,656	40,266	53.93
November	78,475	43,689	55.67
December	81,062	47,478	58.57
1984			
January	83,597	48,126	57.57

Source: Labour and Employment Gazette, March 1984

* All figures are based on voluntary worker registration under the Social Security Act

While the number of unemployed catered for was going up, so was the number who remained on the register. As a result the increased numbers on job creation schemes had little impact on the overall levels of unemployment (except of course that unemployment would have been worse without the schemes). The trend appeared to have had been a function of the need to provide incentives to the unemployed to seek unsubsidised work; and it was also partly driven by fiscal considerations. The use of job creation to alleviate unemployment was more costly than it was to maintain the unemployed on unemployment benefits, as adults given work under job creation schemes were paid union award wages which were higher than unemployment benefits.

SUMMARY OF PHASE TWO

While the number of job creation schemes continued to grow as did the number of workers on job creation schemes, significant changes took place. The international recession saw a continued decline of private sector employment opportunities and the relative growth of long term unemployment. Between 1980 and 1984 registered unemployment had risen from 0.9 percent to 4.1 percent of the total force. Although the policy shift in emphasis from job creation to training began to gain prominence during the period covered by this chapter, "the National Government, under Muldoon's leadership, had attempted to maintain New Zealand's ... welfare state, and neoliberal sentiment in the party, which had been growing since 1978, was suppressed" (Davidson, 1989: 311). Prime Minister, Sir Robert Muldoon prevented the threat of neoclassical revolt in his Government when he sacked from cabinet Derek Quigley, leader of the National Party's free marketeers. Although full employment ended under the Muldoon administration, Muldoon was still committed to its ideal (Jesson, 1987).

CONCLUSION

The attempts by two National Governments to retain what had become traditional policies, that is, to maintain full employment took place in the context of the move to free market by America and Britain. As Jesson remarks, "Muldoon's aim was to hold together a society being undermined by a turbulent world economy" (Jesson, 1987: 55). What differentiated the National Governments' responses to unemployment from those of the first Labour Government however was that job creation schemes did not have as their primary goal the creation of permanent employment in the *public* sector. Instead National held to their traditional view that employment opportunities, if provided by the state, ought at least to place greater emphasis on the private sector.

National governments tended to subscribe to the belief that unemployment was merely a temporary phenomenon, and that therefore the nature and scale of provision of public works should reflect this belief. There was an assumption that in the longer term the number of employment opportunities in the private sector would increase and match the number of people seeking work. But as unemployment persisted and the number who could not be

found work continued to increase, so did the propensity of politicians and the press to the blame the unemployed for their predicament. Punitive policy measures appeared which implicitly suggested that the unemployed had lost the will to work.

At the time when National lost office to the fourth Labour government, unemployment was seen by voters as being at unacceptably high levels. The expectation in 1984 was that Labour would at least preserve, and more likely extend, existing job creation schemes. Instead, the policies which Labour followed were to make those of National appear social-democratic by comparison, and were to create levels of unemployment which made the figures for 1977-84 appear trivial in retrospect.

CHAPTER EIGHT

THE SHIFT IN STATE POLICY EMPHASIS FROM JOB CREATION TO TRAINING AND BENEFITS AS THE MAINSTAY OF STATE RESPONSES TO UNEMPLOYMENT, 1984-90

INTRODUCTION

Although the policy shifts which occurred under the two National Governments prior to 1984 provided an indication of new directions, they were mild in comparison with the dramatic rapidity and extent of changes which occurred under Labour between 1984 and 1990. The only periods of change comparable in extent were the 1890s under the Liberals and the 1930s under the first Labour Government. However, this time the changes were in the opposite direction.

Under the fourth Labour Government the financial market was deregulated and all controls on foreign exchange transactions were removed. The New Zealand dollar was floated. The economy was opened to the international market, most barriers to import and foreign investments were removed, and almost all supports to industry and agriculture were removed (Collins, 1987). Almost all internal subsidies, supports, regulations, and restrictions were removed. State controls on prices, wages, rents and interest rates introduced by the National Government to fight inflation were removed. In the latter part of its term of office, the Labour Government applied monetarist policies to control inflation. Specialised sales taxes were replaced with a comprehensive goods and services tax (Jesson, 1987). State-owned enterprises were formed from restructured government departments, required to pay taxes and dividends and to operate like private companies. Government departments were to charge for their services at commercial rates and state monopolies were opened up for competition (Boston and Holland, 1987). There was extensive privatisation of state-owned enterprises.

The extensiveness of the reforms and the speed of their introduction caught the Labour Party rank-and-file membership by surprise (Livingston, 1990). However, the extraordinary power the New Zealand constitution places in the

hands of the executive allowed the Labour Cabinet to implement radical reforms, and to render ineffective the opposition from groups who had been central to the party's success at the polls (Davidson, 1989).

A powerful group within the Labour Government believed that the best course to follow was to let outcomes emerge through the interplay of free market forces. This pro-market posture start from the belief that a free enterprise system and reliance on market forces was going to produce the most efficient outcome from the process of structural adjustment (Douglas, 1980).

A major feature of this change was a much less interventionist approach to employment policy. As we have seen, job creation programmes had been the mainstay of employment policy in New Zealand since the earliest days of colonisation.

This chapter examines the fourth Labour Government's abandonment of job creation in favour of training and benefits as the mainstay of state responses to unemployment. The chapter comprises six sections. The first section briefly sets out the background of Labour's economic and social policies. The second section, in more detail, examines Labour Government's perception of unemployment and what was required to tackle it. The third describes the Labour Government's social and economic policies and the role of Treasury and the private sector. The fourth section looks at the shift in policy emphasis from job creation to training, including the implementation of the ACCESS Training Schemes and its results. The final section analyses the implications of the shift in emphasis from job creation to training.

BACKGROUND TO THE FOURTH LABOUR GOVERNMENT'S ECONOMIC AND SOCIAL POLICIES

According to Margaret Wilson (who was Labour Party President between 1984 and 1987) since the defeat of the first Labour Government in 1949, there had been a long-standing conflict within the party over the type of economic policy that was to be followed to consolidate the welfare state.[1] Wilson

[1] For detailed discussion on the split between the two factions, see Wilson 1989, Chapter 5. For principles set out in the party's constitution, see New Zealand Labour Party (1984, rev. ed.) *Constitution and Rules.*

suggests that the conflict became apparent in 1977 in the struggle for control of the party executive and the parliamentary leadership between those members who supported an economic policy that emphasised an active role for the state and those who tended to favour a market-led approach to economic policy (Wilson, 1989). By the 1980s the faction which advocated a market-led approach was gaining ground against those who were in favour of a neo-Keynesian approach to economic management (Jesson, 1987).

It has been argued that the proponents of the market-led faction, led by Roger Douglas who assumed the finance portfolio, seized control of economic policy, supported by Treasury and Reserve Bank officials, the latter having formulated the policy which was arguably imposed on the Cabinet by Douglas (Jesson, 1987: 123; Collins, 1987: 16). Within the Government there was, however, a willingness to entertain a greater use of market forces. Wilson maintains that within the Labour Party Caucus prior to the 1984 General Election there was an acceptance of the need for economic restructuring:

> While some of us believed that there was sufficient evidence to establish that a totally free market could never achieve the principle of economic and social justice, we could see that a more...market-oriented approach was needed after years of State centralistic policies under National (Wilson, 1989: 72).

Oliver (1987) argues that the final formulation of the free market policies adopted by Roger Douglas as Labour's Opposition Finance spokesperson prior to 1984 coincided with views that were being advocated by Treasury advisers.

THE SOCIAL AND ECONOMIC POLICIES OF THE FOURTH LABOUR GOVERNMENT AND THE ROLE OF TREASURY AND THE PRIVATE SECTOR

It has been argued that within days of the election of the Labour Party in July 1984, a 'bureaucratic coup' took place (Jesson, 1987). The 'bureaucratic coup' thesis is based on the claim that most of the important economic reforms undertaken by the Labour Government were not contained in its election manifesto. The economic and employment policies which Labour implemented were largely contained in the Treasury post-election briefing paper, Economic Management, which expressed the views of Treasury and the Reserve Bank of New Zealand.

In the briefing paper of 1984 to the Fourth Labour Government on labour market assistance programmes for the unemployed, Treasury proposed that such assistance should be based on the following recommendations:

> First, the subsidies should be targeted to those facing serious adjustment problems in the labour market. Unemployment duration would seem to be the most reasonable proxy to identify this group.
>
> Secondly, the programmes should be cost-efficient in reintegrating these people into the work force; and
>
> Thirdly, the subsidies should be consistent with flexibility in labour markets and should not inhibit medium and long term policies aimed at removing rigidities (Treasury, 1984: 246).

The key terms in Treasury's recommendations were 'cost-efficiency' and 'rigidities'. Cost-efficiency meant, in effect, reducing costs associated with measures catering for the unemployed. It was assumed that job creation was an expensive way of catering for the unemployed; although this view did not take account of the value of the work done.

Treasury's first recommendation was not new, the National Government had began to target placements on the Project Employment Programme in 1982. At the time of the election of the Fourth Labour Government in July 1984, employment under the scheme was only available to those who had been unemployed for twenty-six weeks or longer. The second recommendation concerning cost-efficiency in reintegration of the long-term unemployed into the paid workforce reflected a view of governments that job creation schemes provided poor value for money, because they sometimes displaced existing workers.

Removal of 'rigidities' meant weakening the factors which prevented wages from falling as unemployment rose. The third Treasury recommendation thus implied reducing the role of trade unions and government in matters pertaining to wages and contracts of employment. For example, the Reserve Bank argued that the rise in real wages was a major contributing factor to the growth in unemployment (Bascard and Clements, 1989). The belief that 'excessively' high wages caused unemployment was not at all new. The same theory was used by economists in the 1930s to support their claim that unemployment could only be solved by cuts in wages and that reflationary measures would not work.[2] The main fault of this theory is that it ignores the

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[2] For detailed discussion of this point of view, see Pigou, A.C. (1933). *Unemployment.*

fact that wage cuts can be deflationary and may lead to further unemployment. Moreover during the postwar period of full employment wage rises did not appear to be a problem.

The view that the New Zealand Employers Federation was also influential upon policy development during this period is demonstrated by the fact that many of its recommendations to governments were translated into policy (see Federation pamphlets of 1980, 1988, 1990). The Federation (1988) blamed the role of the trade unions in maintaining wage levels for the continued rise in unemployment, arguing that trade unions, through monopolistic power were, in given situations able to impose through the medium of collective bargaining outcomes that were unsustainable by business. The theory was that if trade unions pressed for wages which were inconsistent with productivity and international competitiveness then employers would either suffer a profit squeeze or face greater international competition, with the result that workers would be laid off and unemployment would rise.

Organisations such as the Employers Federation, Business Roundtable and Treasury tended to exaggerate the power trade unions could have, especially in times of recession, and to understate their own power. It may be argued that while trade unions have provided workers with some collective strength to compensate their individual powerlessness; this collective strength has been dependent on existing labour laws and whether unemployment has been high or not (Hill, 1981).

State interventions in the labour market which deviated from the criteria outlined by Treasury were considered as undesirable and counter-productive. The prevailing view was that government interference was unnecessary, because the market would create work for most of the unemployed:

> The majority of people who become unemployed remain out of the work force for relatively short period indicating that they are unlikely to be facing serious problems in adjusting to labour market conditions. These individuals would normally be picked up by the labour market without government intervention to place them on work programmes. To provide help over and above the unemployment benefit is, therefore, unlikely to be cost-efficient and may delay a return to lower levels of unemployment (Treasury, 1984: 245-246).

Treasury and Employers' Federation were opposed to job creation on three grounds: First, job creation policy was seen as resulting in 'deadweight': that is, those jobs would have been created even in the absence of the subsidy.

Secondly it may have resulted in displacement: that is, jobs which are lost elsewhere in the economy through the competitive process as a result of certain employers receiving financial assistance to encourage them to recruit from the unemployed. Finally, it was argued that it could lead to substitution, that is, those jobs which are provided for the target group, for example, long-term unemployed but would otherwise have gone to non-priority groups among the unemployed (Treasury, 1984; New Zealand Employers' Federation, 1988). These arguments provided the rationale for the shift in policy emphasis from job creation to training and unemployment benefits as the mainstay of state responses to unemployment.

Despite the steady increase in long-term unemployment the view continued to be promoted by Employers Federation and Treasury officials that a considerable amount of unemployment was voluntary. At the same time as blaming the unemployed for unemployment levels the government was quietly moving away from its pre-election promises of returning New Zealand to full employment.

The economic reforms that were ushered in were incompatible with measures that were needed to fight unemployment, which was at postwar record levels. According to Blyth there was "little or no **immediate** emphasis on maintaining the old objective of full employment" (1987: 5, emphasis in original). Sonja Davies (a representative of the New Zealand Federation of Labour) expressed the concern during the Employment Promotion Conference at what she referred to as, "recent statements by Government Ministers suggesting that full employment, as we know it, is no longer a realistic goal" (EPC, 1985: 59). The statements of Cabinet Ministers playing down the return to full employment appeared to have been intended to counter values and sentiments, developed in the post-war era, which put greater emphasis on individual and collective rights to employment.

The Labour Government's reforms were nevertheless presented by Roger Douglas as saving the country from inherited economic ruin. At the New Zealand Labour Party 69th Annual Conference in 1985, he said:

> We did not create the mess in the economy. We inherited that mess and we inherited the job of putting it right. We knew there would be pain in the short term. Our first task is the painful one of getting the economy back in balance. Our second task, as we get new growth, is to manage the rewards well on behalf of the people whose work and skills create that wealth. The present Government is a Labour Government, committed to Labour

> objectives. It's true we had to find ways meantime to meet these objectives within the constraints of economic mess National left us (New Zealand Labour Party, 1985: 23-24).

Thus from the point of view of Douglas the abandonment of interventionist policies was based on the belief that a strategy of market liberalisation was going to redress existing economic problems including unemployment. Instead Labour's promises contributed to the rise in unemployment and the Labour Party's alienation from many of its traditional supporters. Economic restructuring with its implications for unemployment was implemented despite opposition from trade unions and the possibility of undermining traditional union support (Livingston, 1990).

The shift in emphasis away from neo-Keynesian demand management economic policies was justified in part by the neo-classical assumption that the cost of economic adjustment (unemployment) was going to be confined to the short-term (Grimes, 1988). The Department of Labour 1987 post-election briefing considered the Labour Government's liberalisation measures as having only a "short term impact", on employment (Department of Labour, 1987: viii).

Prime Minister David Lange, in his Leader's address to the 69th New Zealand Labour Party Annual Conference stated that:

> Labour took office at a moment of crisis. The Government had to act immediately to secure New Zealand's future. Inside a year we have made the structural changes which will lead to economic recovery. Now we can consolidate and build a fair society on a sure foundation (New Zealand Labour Party, 1985: 49).

However Labour's policy changes, such as the removal of import controls and a reduction in tariffs had, in effect, themselves dampened any immediate hopes of reducing unemployment. While the first Labour Government was able to say in 1937 that the economic measures it had taken had helped to boost economic activities, the fourth Labour Government's economic policies had the opposite effect.

THE LABOUR GOVERNMENT AND ITS VIEW OF UNEMPLOYMENT

The Fourth Labour Government redefined the causes of unemployment away from a deficiency in demand to an economic adjustment problem en route to "a more efficient economy and a more just society" (Shirley, 1991: 21). There

was, according to the architect of economic restructuring Roger Douglas, no crisis, when he proclaimed in 1989 in reference to increased unemployment:

> The cause of much unemployment [is] fundamentally good news. Businesses throughout the country have rationalised to make better use of their resources. They have found ... that they can produce the same volume with fewer staff. Their productivity has risen dramatically. That is not disaster for New Zealand. It is the stuff prosperity is made of (*Dominion*, 9 February 1989).

Unemployment was arguably not being treated as a serious problem by policy makers, not because there was little unemployment, but because unemployment had been redefined as a residual and an individual problem, for which the Labour Government took no direct responsibility. In addition, the dominant group within the Labour Government appeared to largely accept the views of Treasury and of the New Zealand Employers Federation.

Treasury took the view that the failure to obtain employment had as much to do with unemployed workers' low levels of skill and productivity as with the scarcity of jobs (Treasury, 1984). It was argued that training and retraining could assist in increasing the employability of some of the unemployed workers. Unemployment was being redefined as an individual problem resulting from personal failure in a competitive labour market.

In addition to the alleged inadequacy of human capital among the unemployed, Treasury saw unemployment as partly a consequence of wages which were said to be too high and too rigid and prevented the labour market from 'clearing' (Treasury, 1984). Treasury argued that in a competitive labour market operating under 'ideal conditions' satisfactory employment levels could be achieved by workers adjusting the general level of real wages (Treasury, 1984). Thus unemployment, according to the Treasury analysis, was regarded as essentially voluntary in that work available at a competitive market-clearing wage was rejected.

According to the New Zealand Employers Federation employment and unemployment were caused by external non-market factors, the key culprits being individual 'choice', personal [in]efficiency, excessive power of trade unions and the extended regulatory role of the welfare state (New Zealand Employers Federation, 1988). The state, argued the Federation (1988), contributed to the 'rigidities' in the labour market through labour laws regulating the contracts of employment and laws supporting trade union monopoly over conditions of employment. In this respect it is worth noting

that while the scope of the Labour Government's market liberalisation strategy was a wide one, the labour market was not subject to the amount of deregulation that Treasury advisors, the New Zealand Roundtable and the New Zealand Employers Federation demanded. These organisations remained critical of what they considered to be the Labour Government's failure to deregulate the labour market. In an Employers Federation document released in May 1990 it was stated that:

> "the labour market remains one of the few sectors of the economy not yet deregulated or opened to competition. Yet the benefits of such action would be substantial" (1990: 4).

Arguably the Labour government was unwilling to completely cut itself off from the traditional support of the trade unions. It was not until 1990, with the incoming National government that the Employment Contracts Bill was introduced.

THE ECONOMIC SUMMIT CONFERENCES 1984

Labour had fought the 1984 election campaign on a theme of bringing New Zealand together. It promised a programme of economic and social reform based on goals formulated through 'broad-based understanding', consultation, negotiation and consensus.[3] In September 1984 the Labour Government fulfilled an election promise by organising a three day Economic Summit Conference (ESC). The conference brought together representatives from the trade union movement, business and employer organisations, representatives of primary sector industries and a number of community and welfare organisations (Wilson, 1989). However, the Labour Party Parliamentary wing used the conference not to seek the opinion of trade union representatives and rank-and-file members of the Labour Party, but to explain and to sell the economic reforms already in place (Livingston, 1990).

The economic reforms already implemented at the time of the conference were supported by private sector pressure groups such as the New Zealand Business Roundtable, New Zealand Employers Federation, Chambers of Commerce, and New Zealand Manufacturers' Federation (ESC, 1984a). At the conference representatives of these groups advocated far greater use of market forces to improve the efficiency of the economy (ESC, 1984a). The

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3 See New Zealand Labour Party, *1984 Policy Document*.

business and employer organisations were strongly in favour of the programme of economic liberalisation that was being implemented at the time. They argued that government regulations and involvement had only held back the economy and should be eliminated across the board.

Speaking on behalf of New Zealand Employers' Federation on the labour market, Mr G.B. Tait, said: "we fully endorse the Treasury statement that a new market-oriented wage fixing system would not only benefit the economy, but also alleviate unemployment" (ESC, 1984a: 56). Union negotiated wage levels were characterised as a disincentive to employers to create additional employment opportunities (ESC, 1984b).

Meanwhile the Federation of Labour and Combined State Unions took the objectives of economic management to be those listed by the Labour Party in its 1984 manifesto. According to Mr R.E. Burgess of the Combined State Unions:

> The people have elected a Government to implement a policy that was put before them during the general election campaign. The policy is not up for renegotiation ... The top priority is, and must be full employment. We cannot back away from the need to set in motion policies that have an immediate pay-off in terms of jobs. The second priority is the restoration of economy and social justice (ESC, 1984a: 53).

However, in the short-term at least the government economic reforms did not create conditions required for sustained economic growth and thus did not contribute to improving employment opportunities. The inability of Government reforms to bring about increased employment opportunities was acknowledged by the Labour Government when the Minister of Employment said:

> "achieving a substantial reduction in unemployment is likely to take some time. Meanwhile assistance will be provided to the unemployed through the unemployment benefit" (ESC, 1984b: 46).

The full employment objective was relegated to a lower standing. Employment growth was something to be achieved at some indefinite time in the future.

The proposals from the private sector appeared to have been influenced by international trends. Countries such as Britain, the United States of America and Australia had reverted to a more neo-classical set of economic postulates and policy prescriptions much earlier than New Zealand (McCarthy, 1989).

One argument repeated by the Labour Government and the private sector in this context was the 'inevitability' of the restructuring (Davidson, 1989).

THE EMPLOYMENT PROMOTION CONFERENCE

In March 1985 the Labour Government held an Employment Promotion Conference to fulfil another of its election promises. The Government arguably wanted to consult with representatives of the unemployed, the labour movement and community representatives on how best to tackle unemployment. In considering how job creation programmes were designed and implemented, "there was a widespread call for local community control" (EPC, 1985: 16). Although the abolition of fully-subsidised job creation schemes was not formally announced for another six months conference participants made it clear to Kerry Burke, the then Minister of Employment, that they were opposed to the planned shut-down of the Project Employment Programme and Work Skills Development Programmes both of which had been carried over from the National Government. Sonja Davies speaking on behalf of the New Zealand Federation of Labour observed, "This Government was elected on a promise of full employment and an economic policy that would serve the needs of people" (EPC, 1985: 61). Another speaker, Jane Stevens speaking on behalf of the unemployed said:

> "the Government's economic direction is not acceptable. I call on this government to honour the promises they made to unemployed people before the election" (EPC, 1985: 41).

Labour's 1984 election manifesto had pledged to return the country to full employment. In the short term Labour had promised to abolish the stand down period applied on job creation schemes (New Zealand ListenerP, 1984). In practice it did neither.

FROM JOB CREATION TO TRAINING

In late 1985 the Labour Government announced that fully and partially subsidised job creation schemes were to be phased out over a two year period. Their place was to be taken by training schemes, and job creation schemes were to be targeted to the disadvantaged among the unemployed (Brosnan et al., 1990). The central focus of state responses to unemployment

was articulated as being: "to achieve a more active approach to training and employment; increasing the emphasis towards accessible training and skill acquisition" (New Zealand Government, 1985: 4). This was in essence the Labour Government's employment policy. It clearly outlined the shift in policy emphasis from job creation to training. However the emphasis on training and skill acquisition was not linked to the kind of economic policies required to close the growing gap between unemployment and employment opportunities.

The Labour Government appeared to be opposed in principle to job creation policy. This position was reinforced by Treasury officials who argued that job creation was:

> "unlikely to increase significantly the economy-wide level of employment as they tend to displace employment from other activities (and) may delay a return to lower levels of unemployment" (Treasury, 1984: 245-246).

The position of New Zealand Employers' Federation was that jobs should be 'created' only in response to the decisions of consumers and that the labour market should be 'freed' from the 'constraints' of institutional inflexibilities imposed by government and by unions (1988).

Thus job creation schemes were considered not only wasteful but 'distorting' the operation of the labour market by giving employment to people who would have found jobs for themselves. Treasury used the 1983 study by the Department of Labour of the Additional Jobs Programme and the Private Sector Employment Incentive Scheme which showed that 65 percent of subsidised jobs under the schemes would have been created without a wage subsidy. The conclusion of the Department of Labour was that, "the subsidy suffers from a 'deadweight' effect because of this" (AJHR, 1984 G.1: 14). This was not necessarily true of public sector job creation schemes, but the government used the evidence to justify discontinuing virtually all job creation.

In June 1985, the Minister of Employment announced some, "major new directions for employment and training assistance programmes". These were intended as, "a major shift away from the essentially welfare based approach of the present schemes...to a more positive, developmental approach centred on systematic training" (Press Release, June 15, 1985). The new measures announced included three components. The first was the Job Opportunity Scheme (job creation), which provided a partial wage subsidy to

employers in both the private and public sectors who took on persons registered as unemployed for ten consecutive weeks or for any sixteen weeks in the preceding six months. Higher subsidies were payable for the long-term unemployed. However, due to the continued rise in long term unemployment, the Working Group on Employment Policy observed that:

> "what is clear is that, operating within its present budget the uptake of the scheme has fallen significantly below the originally envisaged ratio of assisted population, as the eligible population has increased" (1988: 16).

The Government fiscal policy aimed at tightening state spending clashed with the need to assist the long term unemployed to subsidised employment.

The second component comprised the MANA Enterprises and Pacific Island Employment Development Scheme (enterprise allowances). These schemes were set up in recognition of higher rates of unemployment among the Maori and Pacific Island communities (see Table 29 below). The schemes were designed "for the communities themselves to spend money allocated under the schemes on promoting viable, unsubsidised employment" (New Zealand Government, 1985). The MANA Enterprises was under the control of the Maori Development Board. That of Pacific Islanders was under the control of Pacific Island Employment Development Scheme. The schemes aimed to strengthen the economic base of New Zealand's Maori and Pacific Island community and to improve employment opportunities by assisting them to develop skills and establish viable business enterprises. Grants and loans were disbursed by the Maori Development Board and the Pacific Island Employment Development Board (NZOYB, 1988-89).

The third was the Community Employment Investigation Scheme which was targeted at regions hard hit by structural unemployment and was designed to explore options for alternative employment within their region. Under the scheme funding of up to 90 percent of investigation costs was made available to individuals and groups who wished to explore new employment and business proposals which would increase their chances of securing unsubsidised employment (AJHR, 1987 G.1: 43).

TABLE 29: AVERAGE UNEMPLOYMENT RATES BY ETHNIC GROUP, 1987-90

Average for Year Ended March	European-Pakeha	NZ Maori	Pacific Group	Other	Total
	%	%	%	%	%
1987	3.2	10.8	6.1	3.4	4.0
1988	3.5	10.8	8.3	4.1	4.3
1989	4.9	14.8	18.8	7.6	6.2
1990	5.6	18.2	18.3	8.4	7.1

Source: Department of Statistics, 1992: 79

State concern about the high rate of unemployment among Maori and Pacific Islanders may have reflected the fact that in March 1987 the New Zealand Maori made up 6.3% and Pacific Island Polynesian 2.8% of the labour force. These figures had declined to 4.6% and 2.3% respectively in March 1989 (Department of Labour, 1990). However, this was a period when the Maori renaissance was at its height, and when no government could afford to ignore statistics of this kind.

At the same time as the launching of the Training Assistance Programme in 1985 all existing training schemes inherited from the previous government were abolished. Up until the beginning of 1986 training was still largely targeted at the young who had left school and who were registered with the Department of Labour as unemployed. Training was provided under two schemes: School Leaver Training and Employment Preparation Scheme and the Young Persons Training Programme both of which were continued before July 1984. The primary object of the Training Assistance Programme was to broaden the two existing schemes as well as to add an adult retraining component into one, much enlarged, framework. The Assistance Programme, according to the manual, was to train workers and prepare them for employment, either directly or indirectly:

> The end goal of training is employment. However for some trainees it will be necessary to provide intermediate steps towards the end goal; for other trainees progress towards employment will be more straightforward and direct (Department of Labour, Circular No. (0): 2).

The launching of the Training Assistance Programme involved not just a restructuring of existing training schemes for the unemployed but also the replacement of Department of Labour training schemes.

The new scheme had several key features. Firstly, it was available for registered unemployed people of all ages who were considered as requiring training or retraining. Secondly, participants under the scheme were given training in non-apprenticeable skills which were assumed to be in demand in local labour markets. Thirdly, participants were paid training allowances, instead of award wage rates which had been applicable in job creation and some training schemes inherited from the National Government (Labour and Employment Gazette, 1986). By paying training allowances instead of wages the government intended to lower the wage expectations of trainees so that any wage offer that was above the training allowance looked like a relatively good wage.

The impact of the shift in policy emphasis from job creation to training is clearly demonstrated in Table 30 which shows the trend of monthly average on job creation schemes between 1984 and 1988. The table shows a significant decline in the number of people on job creation schemes, especially from after 1985. Thus while unemployment remained high those provided employment on creation schemes continued to decline.

TABLE 30: UNEMPLOYMENT AND SUBSIDISED EMPLOYMENT SCHEMES, 1984-1988

Monthly Average	Registered Unemployed	On Subsidised Employment Schemes	Total Registered Unemployed Plus Workers on Subsidised Employment
1984	66,534	43,171	109,705
1985	53,180	35,581	88,761
1986	67,201	19,199	86,400
1987	88,098	9,083	106,264
1988 (to June)	104,938	5,018	109,956

Adapted from Monthly Abstract of Statistics, 25/7/88, Table 5.03

The change from wages to training allowances was amplified by the policy of 'less eligibility' in that rates of pay for the trainees were made considerably less than the prevailing wage rates in ordinary employment (but still slightly

higher than unemployment benefits). This was in effect a return to the policies of the pre-1936 period when unemployed workers on job creation schemes were normally paid wages which were lower than to those paid in ordinary employment. Unemployment benefits were cut for teenagers and means tested against parental income (Brosnan et al. 1990). The fourth Labour Government appeared to hold the view that the payment of award rate of wages to workers on job creation schemes was a disincentive to workers seeking and accepting low wage unsubsidised employment.

TABLE 31: TRAINING OPTIONS UNDER THE TRAINING ASSISTANCE PROGRAMME AND NUMBERS IN TRAINING AT 31 MARCH 1987

Type of Training	Numbers in Training
Training in employment	1,386
Institute-based training	4,202
Supervised operator training	1,904
Training in community organisations	9,379
Job exploration	43
Job search group	13
Other courses	351
Total	17,278

Source: AJHR, G.1 1987: 49

The total number of unemployed workers given training and retraining in the financial year 1986/87 was 53,224. Except for those on Training in Employment, trainees were paid a training allowance which was set at 10 percent above the unemployment benefit. Those on the Training in Employment scheme were paid appropriate wages by employers, while the government gave employers subsidies towards the cost of training (AJHR, 1988 G.1). Table 32 below gives the destination of trainees under the Training Assistance Programme after completing their training.

TABLE 32: OUTCOME OF THE TRAINING ASSISTANCE PROGRAMME BETWEEN JULY 1986 AND JANUARY 1987

Outcome Following Training	Percent of Trainees*
Unsubsidised employment	17
Subsidised employment	8
Returned to the Training Assistance Programme	23
Returned to School, or went to Tertiary Education	1
Enhanced job readiness	29
Subtotal	79
No identified outcome (including 'outcome unknown')	21
Total	100

Adapted from AJHR, G.1 (1987) Department of Labour Annual Report: 49

* These percentages have been rounded off.

While the majority of trainees were assessed as 'job ready', the declining job opportunities saw these trainees join the growing pool of the unemployed, because there were no jobs to go to. As Table 32 above shows only a small proportion (17%) obtained unsubsidised employment between 1986-1987 after they left the scheme.

The shift in policy emphasis from job creation to training was completed in 1987 when the bulk of employment assistance fell under the ACCESS Training Scheme. In the context of this study, the state responses to unemployment shifted the emphasis from attempts to have people in jobs, "to a desire to restructure the labour market and improve the level of vocational training" (RCSP, 1988: 699). This was justified on the grounds that job creation schemes did not constitute a long-term solution to unemployment.

The shift in policy emphasis from job creation to training was exemplified in comments by the Minister of Employment, Philip Goff who when he introduced the Access Training Scheme Bill, said that:

> The creation of employment is a function of wider economic management, and the creation of jobs for full employment can be achieved only by generating real and sustainable growth in the economy. The growth will result from the reform and restructuring in the economy by the Labour Government to turn-around and remedy the

> National Government's legacy of high borrowing, persistent high inflation, a large deficit in the balance of payments, huge Government overspending, poor returns on New Zealand's investment, low productivity, and low and often negative growth (NZPD, 1987: 9239).

In effect, what the Minister offered the unemployed was the vague promise that an efficient free market economy would eventually relieve unemployment (Jesson, 1989).

The launch of the ACCESS Training Scheme completed the shift in policy emphasis from job creation to training which had began in 1985 following the launch of the Training Assistance Programme. As the Working Group on Employment Policy remarked, the government's primary response to unemployment was now to be found: "in the context of addressing the perceived vocational skill deficiencies of the unemployed [with] a heavy emphasis... placed on targeted broad-based training through ACCESS" (Working Group on Employment Policy, 1988: 15). The launching of the ACCESS Scheme followed closely from and was consistent with the policy direction established by the Government that, "job subsidies cannot be relied upon to add much to the total stock of jobs available" AJHR, 1987 G.1: 41). However, what the Government failed to acknowledge was that training had no direct impact upon the number of job that were created in the economy either. In fact the move from job creation to training may well have added to unemployment because the move from payment of award wages exacerbated the downward deflationary spiral.

The primary goal of the ACCESS Training Scheme was stated as follows:

> ACCESS training is targeted to the needs of people identified as being at disadvantage in the labour market. Its broad goal is to improve the prospects of such disadvantaged individuals and groups in the labour market while making best use of resources. Within the overall goal, the Government has identified a number of more specific goals:
> (a) to ease individual entry or re-entry into the labour market, by enabling them [the unemployed] to acquire vocational skills;
> (b) to enhance the individual's ability to enter or re-enter the workforce, by promoting the acquisition of skills, necessary for working life;
> (c) to provide a skill base for further vocational development, which will enhance the long-run employment and earning potential of participants (AJHR, 1987 G.1: 44).

Implicit was the Government's view of the cause of unemployment, and its solution. People were said to be unemployed because they lacked marketable skills. Nowhere was there recognition of the fact that there were simply not enough jobs for the number of people wanting paid employment

(McGurk, 1989). This was at the time when 30% of the registered unemployed were classified as long term unemployed (26 weeks and more being the official definition of long-term unemployment) (AJHR, 1988 G.1).

The pro-market faction of the fourth Labour Government had succeeded in undermining the job creation policy and in shifting the blame of unemployment from the state to the unemployed themselves. As the ACCESS Training Scheme was phased in the number of people engaged in subsidised job creation schemes fell from over 15,000 in January 1986 to 741 in June 1987. Meanwhile those on partially subsidised schemes fell from 11,652 in January in 1986 to 7,895 in June 1986. (See Table 33 below on numbers of workers on fully and subsidised assistance employment programmes between 1987 and 1989).

TABLE 33: WORKERS ON FULLY AND PARTIALLY SUBSIDISED EMPLOYMENT

Month	Fully Subsidised Assistance Programmes	Percentage of Total Registered Unemployed	Partly Subsidised Assistance Programmes	Percentage of Total Registered Unemployed
1987				
January	1,943	2.2	6,187	7.0
February	1,672	2.1	6,402	8.0
March	1,309	1.7	6,724	8.6
April	1,009	1.3	6,969	8.8
May	806	1.0	7,297	9.2
June	741	0.9	7,895	9.4
July	585	0.7	7,978	9.0
August	477	0.5	7,553	8.4
September	392	0.4	6,819	7.4
October	347	0.4	6,039	6.9
November	325	0.3	5,350	5.1
December	316	0.3	4,686	4.4

1988				
January	290	0.3	3,885	3.6
February	294	0.3	3,339	3.3
March	269	0.3	2,927	2.9
April	227	0.2	2,744	2.7
May	219	0.2	2,716	2.6
June	244	0.2	2,801	2.5
July	293	0.2	2,982	2.5
August	306	0.2	3,338	2.6
September	321	0.3	3,749	2.9
October	294	0.2	4,275	3.2
November	270	0.2	4,041	2.7
December	69	0.0*		
1989				
January			5,071	3.1
February			5,833	3.8
March			6,653	4.5
April			7,242	5.0
May			7,788	5.0
June			8,229	5.5
July			8,175	5.5
August			7,720	5.2

Source: Hansard Supplement: Containing Written Questions and Answers for Period 10 October to 19 December 1989

* All fully subsidised job creation schemes were phased out.

It can be seen from the above table that although fully subsidised job creation schemes were completely phased out by December 1988, partially subsidised job creation continued and even expanded somewhat during 1989. It may be argued that because the partially subsidised schemes were mainly located within the private sector, and the subsidies were paid to employers, these schemes were not such a source of hostility to a pro market government as the fully subsidised schemes, which had been based upon direct provision in the state sector.

TABLE 34: NUMBER OF TRAINEES ON ACCESS TRAINING PROGRAMME, 1987-1989

Month	Total	As Percentage of Total Registered Unemployed
	1987	
April	212	0.27
May	472	0.59
June	784	0.93
July	2,550	2.89
August	3,893	4.32
September	10,075	10.99
October	10,071	11.44
November	10,071	11.08
December	6,671	6.84
	1988	
January	8,340	8.22
February	12,046	11.98
March	11,625	11.42
April	12,486	12.37
May	12,675	11.94
June	13,168	11.58
July	13,981	11.69
August	12,806	10.15
September	14,270	11.13
October	14,155	10.88
November	13,224	9.69
December	8,854	5.92

	1989	
January	10,852	6.87
February	14,231	9.36
March	13,500	9.19
April	14,122	9.83
May	14,042	9.78
June	12,276	8.43
July	14,501	9.80
August	13,578	9.17

Hansard Supplement: Containing Written Questions and Answers for Period 10 October to 19 December 1989

Despite the rising numbers (despite seasonal variations) of unemployed people catered for on ACCESS, the overall number of unemployed people given assisted work or training fell after 1985 from 51,956 in 1985 to 18,725 at the end of 1988 (Shirley, et.al. 1990: 86). The share of the special employment assistance budget for fully and partly subsidised schemes fell from 89% of the total budget in 1984/85 to 12% in 1987/88 (AJHR, G.1 1985). At the time that the fourth Labour Government assumed office in July 1984, fully subsidised job creation schemes accounted for 35.1% and partially subsidised job creation schemes accounted for 29.2% of the total registered unemployed. The number on ACCESS training programmes rose from 212 in April 1987 to more than 10,000 in November 1987. Increased training served to offset part, but by no means all, of the decline in fully-subsidised employment (RCSP, 1988). With the launch of the ACCESS Training Scheme, the Government committed itself to the view that unemployment was an adjustment problem originating on the supply-side of the labour market.

ADMINISTRATION AND IMPLEMENTATION OF ACCESS SCHEMES

The ACCESS Training Scheme was different from past unemployment related training schemes administered by the Department of Labour. Except for matters pertaining to overall funding and appointment of training providers, the actual implementation of the scheme was vested in twenty-two committees, called Regional Employment and ACCESS Councils (REACs).

These Councils were given powers to control all aspects of training in their respective regions. However, the devolution of responsibility from the central government to the committees was criticised by elements within the Labour Party at the 71st New Zealand Labour Party 1987 Annual Conference:

> If [by devolution] we are talking about empowering people, about giving people genuine opportunities to have a say in the decision making that affects their lives then we welcome that. If in fact we are talking about the devolution of the type we have seen through the shambles of the REACs ... then we want no part of that type of devolution (New Zealand Labour Party, 1987: 24).

The devolution as implemented under the REACs was in response to demands of the Employment Promotion Conference participants held in March 1985 who had called for more community involvement in the running of unemployment assistance programmes. However, devolution of the ACCESS Training Scheme to REACs was, according to some, nothing more than an attempt by the Government to incorporate a populist appeal without giving the community groups any real power (Livingston, 1990).

In recognition of the disproportionate unemployment among Maori, a separate but complementary Maori delivery system was established which provided approximately 20% of ACCESS training (NZOYB, 1987). The delivery system operated through the Board of Maori Affairs and Maori regional and tribal authorities. Maoridom had been calling for more control over resources so that they could develop their own solutions to the problems faced by Maori people (AJHR, 1987 G.1).

The role of the REACs, according to the Government, was to provide "the best understanding of prevailing and anticipated local market conditions and knowledge of the needs of local unemployed people" (New Zealand Government, ACCESS transition and training, 1986: 6). Half the members of each REAC were representatives from employer and trade union groups, with the remaining members drawn from a range of people representative of the community. It was the duty of each REAC to determine priorities for ACCESS training by assessing and identifying both the training needs of trainees and demand for skills within their regions (Labour and Employment Gazette, 1986).

THE ACCESS TRAINING SCHEME AND ITS RESULTS

Training providers were required to assess the position of their trainees one month after completing their courses. Trainees were assessed using a five point classification system: Firstly, unsubsidised employment; secondly, further education and training; thirdly out of the labour force [their position unknown]; fourthly unemployed; and fifthly not known (Hansard, 20 April to 11 May 1989). Table 35 below provides the destination of ACCESS trainees between 1 April 1987 and 7 March 1989 one month after completing their training from each of 22 REACs.

TABLE 35: UNSUBSIDISED EMPLOYMENT OUTCOMES FOR EACH REAC BETWEEN 1 APRIL 1987 TO 7 MARCH 1989

	Unsubsidised Employment	
Region	**Number**	**Percent**
Northland	934	19.6
Auckland/Takapuna	1,992	29.6
Manukau	1,390	23.3
Waikato/Thames Valley	1,507	20.3
Bay of Plenty	1,201	21.1
Tongariro	383	14.0
East Coast	311	18.6
Hawke's Bay	1,560	33.2
Taranaki	758	18.5
Wanganui	238	17.0
Manawatu	629	23.9
Horowhenua	122	13.8
Wairarapa	215	17.7
Wellington	929	18.8
Marlborough	252	24.2
Nelson Bays	462	24.0
Canterbury	1,846	28.6
West Coast	143	21.2
Aorangi	376	16.8
Otago	697	21.8
Southland	621	16.4
Total	16,457	22.4

Source: Hansard Supplement: Containing Written Questions and Answers for Period No.2 1989: 593

The destination of ACCESS trainees in the twenty-three month period covered in Table 35 above showed some variation, but on average only 22% of trainees were able to find employment one month after completing their training. The commencement of operation of the ACCESS Training Scheme was accompanied by rising registered unemployment. Whereas registered unemployment stood at 78,769 in April 1987, when the scheme became operational it rose to 106,000 in December 1987 and reached 162,000 in December 1988 (NZPD, 1989). Table 36 below gives the national figures on the destination of ACCESS trainees between November 1988 and February 1989.

TABLE 36: DESTINATION OF ACCESS TRAINEES BETWEEN NOVEMBER 1988 AND FEBRUARY 1989

1 Month After for Training	**November 1988**	**December 1988**	**January 1989**	**February 1989**	**Total for 1/4/87-7/3/89**
	%	%	%	%	%
Unemployed	29.44	31.99	35.61	31.75	30.11
Employed	23.54	24.04	22.38	22.79	23.56
Further Training	23.46	28.05	25.97	27.03	30.23
Out of Lab. Force	5.51	5.74	5.52	6.16	5.09
Not Known	9.20	9.27	10.52	12.0	10.0
Total	4,698	4,354	5,325	4,791	65,326

Source: McGurk (1989)

Whether trainees found employment depended on the local economic environment that they emerged into, at least as much as the nature of the training they undertook (McGurk, 1989). For instance, in the Wairarapa, 50 percent of ACCESS graduates returned to the unemployment register one month after finishing their training, while only 21% of Auckland trainees were in the same position. Although 31% of Auckland ACCESS graduates found employment one month after completing their training, only 13% of trainees in Horowhenua were able to find employment (Shirley et al., 1990).

While there is no question about the significance of training and retraining in enhancing individual workers' employment prospects, unemployment could not be significantly reduced by training in an environment of declining employment opportunities. Notified vacancies between 1986 and 1988

continued to fall while the figures of registered unemployment continued an upward trend (See Table 37 below).

TABLE 37: ENROLMENTS, NOTIFIED VACANCIES AND PLACEMENTS

Year Ended 31 March	1986	1987	1988
Enrolments	246,885	378,605	408,242
Notified Vacancies	95,084	90,105	85,599
Placment into Notified Vacancies	62,946	61,892	58,678
Fully Subsidised Placements	37,590	11,699	1,033
Total Placements	100,536	73,591	59,711

Source: AJHR, 1988 G.1: 35

The Labour Government's stress on the supply side of the problem, specifically on trying to give the unemployed workers marketable skills, did not seem effective in lowering unemployment levels. In addition, more and more money had to be put into paying benefits for people who were unemployed. However, instead of admitting the limitations of the scheme, the Minister of Employment, Phil Goff, announced in July 1988 a $41 million increase in funding for an 'employment package':

> Fundamental to a sustainable improvement in employment is our ability to turn around a 20-year record of poor growth, low productivity and high inflation.
>
> Low inflation, falling interest rates, a reduced rate of company and individual taxation and a more favourable exchange rate for exporters will all contribute positively to this goal, he said.
>
> The Government's macro-economic policies are the key to reduced levels of unemployment. They must, however, be complemented by education and active labour market policies to help individuals adjust to change (Press Release 21 July, 1988).

The precepts of neo-classical thought and the ideas of supply-side economics which dominated Treasury's policy proposals were clearly laid out by the Minister in this statement. Absolved from the blame for unemployment, which lay in previous governments and the sluggish economy, the role of the state was to provide training to assist economic development, although not to intervene to such an extent that the self-regulating economic mechanisms were disturbed.

The Department of Labour, responding to the low numbers of ACCESS trainees who were able to find employment, stated in its annual report to

Parliament that, "changes in employment and unemployment were the major issues external to the department which arose in 1987" (AJHR, G.1 1987: 37). At this stage, the ACCESS Scheme had been in operation for one year. ACCESS as a state response to unemployment, had proved ineffective in achieving its primary goal, of easing entry or re-entry into the labour market for some of the unemployed. It had instead become "a short term holding pen for the unemployed" (Swain, 1986: 18). In conditions of a contracting labour market, training had the function of legitimating unemployment by shifting the blame from the state to the unemployed themselves. As Geoff Bertram remarked: "training makes good sense when jobs are opening up to utilise the trained workers - but not so much sense when employment is falling and the trainees are merely released back into unemployment" (RCSP, 1988: 4). Further, the bulk of the 'training' given was in name only and it is debatable whether much of it deserved the title of training at all. The small proportion finding employment is even more telling, because presumably the trainees wanted employment and would have taken it if it was available.

Treasury, recognising the dismal outcome of the ACCESS Training Scheme, argued that the timing of the launch of any employment and training assistance programmes was crucial to their success:

> If expenditure is made too much in advance of an upturn then the improvements in human capital will have eroded again by the time of the upturn. If expenditure is made too late, then the Government reinforces the cycle of demand for labour, possibly largely wasting public funds (Treasury, 1988).

Thus Treasury were in effect acknowledging that training as a response to unemployment could only have been effective if it was accompanied by strong growth in demand for labour in the economy. Treasury went on to spell out its assessment of the role of the ACCESS Training Scheme: "In New Zealand's circumstances, this suggests that the expansion in ACCESS may not have been optimally timed but that the programme may now be coming more into its own as employment opportunities start to open out again" (Treasury, 1988). So, according to Treasury, the impact of ACCESS lay in promoting job skills at a time when jobs would be to be plentiful as a result of an economic upturn. What Treasury did not mention is that the country had been waiting for the economic recovery for nearly five years, and was still waiting. There was no evidence that a 'hands off' approach to macro economic policy would mean an early end to the recession or swift reduction in levels of unemployment.

Attempts to redress the crisis arising from the failure of many trainees to find employment were partly reflected in the moves in 1988 towards the provision of subsidised employment for long-term unemployed on the Restart Scheme (AJHR, 1989 G.1). Worker placements on the partly subsidised Job Opportunities Scheme launched in 1985 were also boosted. Employers both private and public, who gave employment to workers who had been registered as unemployed for 10 consecutive weeks, were given a wage subsidy of $100 per week per worker for 6 months. Employers who provided work to workers who had been unemployed for longer periods received a wage subsidy of $150 per week per worker for three months reducing to $100 for a further three months (AJHR, 1987 G.1).

IMPLICATIONS OF THE SHIFT IN POLICY EMPHASIS

Two Labour governments, 1984-87 and 1987-90 abandoned the political commitment to full employment adopted at the close of Second World War under the policies of the first Labour Government. This was demonstrated by a shift in policy emphasis from job creation which had existed since 1840 to training, and the provision of unemployment benefits as the mainstay of state responses to employment. After 1987 less emphasis was put on fully and partially subsidised job creation schemes. Those which continued to be funded were targeted at the groups who were identified as having difficulties in securing paid work for one reason or another. Those identified by the Department of Labour as long term unemployed continued to grow (see Table 38 below) despite government continued attempts to provide work for this group through the Job Opportunities Scheme and Restart. Table 38 presents trends in length of unemployment measured from one week to over fifty-three weeks.

TABLE 38: UNEMPLOYMENT BY DURATION BETWEEN 1987 AND 1990

Average for Year Ended March	1-4 Weeks (000s)	5-8 Weeks (000s)	9-13 Weeks (000s)	14-26 Weeks (000s)	27-52 Weeks (000s)	53 Weeks and Over (000s)	Not Specified (000s)	Total (000s)
1987	14.2	7.5	6.2	9.0	7.6	4.6	14.8	64.0
1988	14.7	9.0	6.2	9.4	9.6	5.9	14.4	69.3
1989	17.2	12.9	11.6	13.8	16.4	11.8	14.0	97.7
1990	19.5	13.1	11.7	16.5	18.6	17.9	14.0	112.0

Source: Department of Statistics, 1992: 79

The basic assumption was that unemployment could partly be explained by deficiencies in human capital among many of the unemployed workers. As Johnston (1983) remarked; training measures involve the individualising of unemployment: the causes of unemployment are seen to lie in the individual and this was presented as inadequate human capital and/or proper work habits. This was despite the fact that unemployment is a problem of the inability of the economy to generate enough work (since unemployment disappears at times of high demand for labour).

The tendency after 1984 was to focus on the capacities and qualities of the unemployed workers, as opposed the inability of employers and the state to provide work. The position of the Labour Government was that in a dynamic, modern economy, workers must constantly adapt to changes in the economic environment through training and retraining.

For the Fourth Labour Government, training measures adopted were consistent with the liberal macro economic policies of the time. They did not disrupt the economy by generating inflation, they did not involve excessive state expenditure, and were portrayed as assisting in the restructuring of the economy which was eventually to create enough jobs (Swain, 1986). As Mabbett puts it, "an objective of the changes in economic policy initiated in 1984 was to reduce expenditure on employment creation and maintenance" (RCSP, 1988: 589). The Royal Commission on Social Policy[4] expressed concern that, "since 1985 the amount spent on employment and training programmes has declined by 25 percent in real terms. Now more is spent on the unemployment benefit. We believe that more resources should be committed to the development of active labour market policies: to positive rather than negative responses to unemployment" (1988: 33).

The policy of government had shifted emphasis from attempts to promote full employment, a creation of the first Labour Government to a prioritisation of policies to reduce inflation. The consequence was reduced output and increased levels of unemployment. Rudd points to the fact that there was, "a massive increase in unemployment beneficiaries - from 20,850 in 1979/80 to 139,000 in 1989/90" (Rudd, 1991: 153). See Figure 10 on the growth of

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4 The Royal Commission on Social Policy was set up in 1987; in the context of strong objections to policy directions. Its brief was to discover what kinds of policies New Zealanders wanted. Its Report, published in April 1988, showed that there was still overwhelming support for social democratic policies. The Report was ridiculed by politicians and then ignored.

numbers on unemployment benefits and the cost involved between 1980 and 1991.

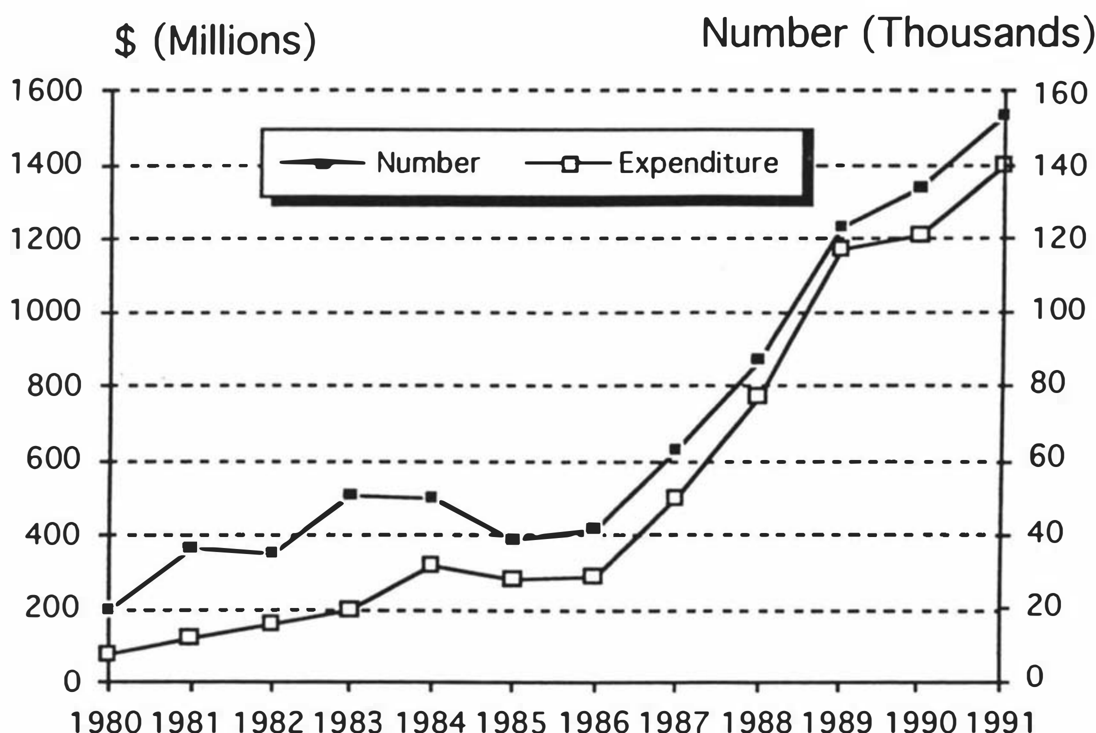

FIGURE 10: UNEMPLOYMENT BENEFITS AND THEIR COST

Source: Department of Statistics

Cuts in spending on employment programmes occurred with a fall in the number of places in temporary employment. In March 1979, 52 percent of the unemployed were on partly or fully subsidised employment schemes. In March 1985, only 45 percent were catered for. By March 1987, this figure had fallen to 20 percent (RCSP, 1988).

The Labour Government's economic reforms put emphasis on the free market as a vehicle to meet its economic goals. This meant the abandonment of the job creation policies which were demanded by its traditional supporters. The New Zealand Official Year Book (1988: 445) noted that:

> In New Zealand presently there is no explicit unemployment policy, instead the government prefers to stress more positive measures thus focuses on an employment strategy which aims to address unemployment. The main agenda for the government then is: broader economic policies to promote economic growth; improvements in labour market flexibility; and provision of assistance to unemployed, especially those disadvantaged in the labour market. The government's approach is based on the premise that a growth in the number of jobs is most likely through a more responsive and growing economy, rather than creation of job subsidies.

Contrary to their official aims, however, the market-led policies of the Labour Government had generally undermined the productive sector thus contributing directly to the fifty percent increase in unemployment which occurred between 1988 and 1989. By 1989 unemployment reached the highest level recorded since the depression of the 1930s (Shirley et al., 1990). The Labour Government's free market policies were to a large extent responsible for the dramatic rise in unemployment. The Labour Government had accepted the view that unemployment was inevitable if other primary economic objectives such as containing inflation were to be achieved. As a result, reducing the level of unemployment became secondary despite the Government continuing to claim a commitment to full employment.

While the first Labour Government considered unemployment benefits as an option of the last resort, the fourth Labour Government embraced it as a cheaper alternative to creating work for the unemployed. This represented a significant shift in state policy towards unemployment in New Zealand. Although unemployment benefits became available to all citizens, under the Social Security Act 1938, they had not been considered as the principal policy response to unemployment until this point in time.

CONCLUSION

Traditional Labour Party policy goals which were based on Keynesian economics and greater social equality were no longer seen as guiding principles of government policy by Labour governments after 1984. The social and economic employment policy decisions of the Government relied on minimal government intervention and on maximum individual responsibility. As in Britain unemployment was in principle accepted as a "short term cost" of economic restructuring, and was seen as necessary in restraining inflation.

The liberalisation of the New Zealand economy involved a fundamental and historic shift in policy-making on a number of fronts, including the abandonment of job creation policy. There was a reversal of the New Zealand state's 30 year long role of accepting responsibility for unemployment, and for cushioning its effects. The Government's attempts to contain inflation, the size of the budget deficit and the aggregate level of public expenditure led to the shift in policy emphasis from job creation to

training, retraining and benefits (Boston, et al, 1991). In addition job creation schemes, with their award rates of pay, were thought of as preventing reductions in wage levels in the paid workforce.

However, as the available evidence shows, the shift in policy emphasis from job creation to training and benefit did not contribute to the promised creation of extra jobs needed by the unemployed. Training did not lead to employment for most trainees. The government's view of unemployment as an 'adjustment' problem was flawed, because unemployment was not the result of the characteristics and behaviour of the unemployed themselves, so therefore no amount of 'adjustment' by the unemployed could create more jobs. Rather, unemployment was a result of a combination of the policies of the Labour government and of the policies of New Zealand's overseas trading partners.

CONCLUSIONS

INTRODUCTION

This thesis has examined changes and continuities in patterns of provision of work for unemployed pakeha men by the state in New Zealand since 1840. In so doing it has examined the competing ideas and assumptions about work and human nature, and the origins of those views, which have informed both the policy makers and those who have challenged governments with varying degrees of success. In particular there has been a focus on the tensions between the assumptions embedded in the principle of 'less eligibility' and those which have informed the notion of the 'right to work'. At the heart of this debate has been the question of how far it is Labour and Employment Gazetteitimate for the state to intervene in the labour market.

The study provides an example of social policy in a country which for most of the historical period covered was a British colony, and at the time of writing is still a part of the British Commonwealth. In some ways the ideas about work and the social policies which have developed have very closely reflected those from Britain, and there are clear examples of 'political learning', but in other respects they have been modified considerably. Because of this, it invites implicit comparisons with other colonial nations such as Zambia and also with the colonising nation, Britain.

The thesis has begun by tracing the origins and development of the often competing ideas about work and human nature which have most strongly influenced employment policies in New Zealand. Although much of the remainder of the thesis has been concerned with the growth and eventual demise of job creation as the main state response to unemployment in New Zealand, it also illustrates the use of specific ideas to either justify or challenge the policies which were put in place. This relationship between policy and ideas is discussed in a little more detail in the next section of this conclusion.

Chapter Two has examined the provision of public works by the New Zealand Company, acting on behalf of the state, during the early colonial settlement period, in the 30 years after the signing of the Treaty of Waitangi. The chapter shows clearly the force of competing ideas and interests at work

between the Company and the settlers. Most of the settlers had left Britain, where they had lived under the constant threat of unemployment and the workhouse, having been promised regular work, and were determined that the promises would be kept. The Company, despite having made the promises, and despite having selected settlers who were regular workers, would have preferred not to have the expense of meeting their obligations. Arguably, the Company was forced to keep its promises to the male immigrants (although not to the women) because the men were prepared to resort to violence against the representatives of the Company in order to have their demands for paid work met.

In Chapter Three, it has been shown that there was greater formalisation of the provision of public works by the state in the twenty years between 1870 and 1890. Public works were expanded considerably following the 1870 Immigration and Public Works Act, the aims of which were to encourage further immigration and to develop the country by building roads and railways. However, public works were also expanded considerably in the mid 1880s as a response to high levels of unemployment. At this stage in New Zealand's colonial history job creation by the state had become a state response to unemployment that was acceptable to both working men and the majority of policy makers.

The liberal reforms that were introduced in the 1890s, some of which are described in Chapter Four illustrate a more 'scientific' approach to unemployment in this period. The influence of the extension of the franchise to many working men was reflected in the composition of the 1990 Liberal government and some of its policies. Although the state did not intervene to the extent of deliberately influencing the overall demand for labour, there were attempts to make policies towards the unemployed more streamlined and efficient. The adoption of employment exchanges, to avoid the necessity for workers to tramp for days in search of work, provides a good example of this approach, as does the cooperative works scheme, which cut out the profits of sub contractors and gave the working men an incentive to both earn more and be more productive.

Whereas the period covered by Chapter Three was one in which there was an large expansion in the *extent* of public works provision, Chapter Four shows innovation and diversification in the *nature* of assistance provided by the state to the unemployed.

Chapter Five shows the way that during the recession that followed World War I, governments were elected which were on the whole opposed to state assistance to the unemployed, and which created punitive conditions on public works schemes; for example by abandoning the cooperative works schemes and strongly maintaining 'less eligibility' in terms of pay and conditions. Despite this, the scale of provision of public works for the unemployed continued to increase. However, it may be argued that this expansion was in part a reflection of the way that the principle of 'no pay without work' was upheld until 1930.

The next chapter (Chapter Six), which describes the employment policies that followed the election of the first labour Government in 1935, provides insights into the extent to which change can occur and be retained for long periods even under a capitalist system, when there is still a great deal of powerful opposition to the changes being made. Although economic orthodoxy and many powerful business interests opposed the changes made under Labour, the policies had tremendous electoral support.

The move to a full employment policy under the first Labour government departed from earlier policies in certain major respects. Firstly, it included macro economic policy and a planning approach to the level of employment in the nation, instead of a purely reactive approach to unemployment. Secondly, it did not attempt to place the blame for unemployment upon the unemployed themselves, but instead took upon itself far more responsibility for creating sufficient work. In line with this mode of thinking, the diferences in pay and conditions between public works and ordinary employment were much reduced, and benefits were payable for those who could not be found work. Thirdly, the formal distinctions between unemployed men and women, pakeha and Maori in terms of eligiblity for assistance from the state were removed.

Chapter Seven shows how even after fifty years, and during two terms of government by National during the 1970s and early 1980s the principle of full employment and methods of maintaining it which had been established by the first Labour government were kept largely intact. This was even despite the world recession and the fact that some of New Zealand's most influential trading partners were moving back to the kind of belief in the superiority of the free market which had dominated the economic policies of the 1920s and 1930s. This period covered by this chapter can, however, be described as a

watershed, in which policy makers who believed in the unfettered market gained more strength, and to an extent their policies reflected this.

Nonetheless, it was following the election of the fourth Labour government in 1984 that the most dramatic changes took place. As has been shown in Chapter Eight, the changes which took place in employment policy between 1984 and 1990 were of as great a magnitude as those which occurred under the 1935 Labour government - but in reverse.

Whereas the first Labour government had introduced import restrictions to protect the jobs of New Zealand workers, the fourth Labour government almost eliminated them, thus effectively forcing New Zealand workers to compete with those in third world countries. While the first Labour government greatly reduced unemployment, the fourth Labour government raised it to levels unknown since the inter war depression. Unlike the first Labour government, which had taken on a high level of responsibility for finding work for the unemployed, the fourth Labour government, even while it was enacting policies known to increase unemployment, reinstated the notion of individual responsibility for finding work. Finally, whereas the first Labour government and those before it has placed enormous emphasis on public sector job creation schemes as a means of dealing with unemployment, the fourth Labour government virtually abandonned job creation and replaced it with low grade training and allowances.

Although before 1984 party political ideology had made a significant difference to the nature of provision of public works for the unemployed, this difference appeared to be shattered after 1984. In 1990, however, the election of a National government which was even more keen to promote 'less eligibility', individual responsibility for finding work and greater freedom for employers showed that party political differences did still play a part, and suggests that what occurred in the 1980s was a massive general swing to the political right, in which the Labour government played a full part. In its post election in 1990 and in its 1991 Budget the National government cut unemployment, sickness and carers' benefits, introduced the Employment Contracts Act, which was designed to substantially reduced the power of trade unions, and raised the costs to consumers of health, education and state housing.

It may be argued that the ideas that were espoused by Labour in 1984, and the interests which they represented, had existed in New Zealand from the earliest stages of colonisation; and had remained present, but to some extent latent, throughout the social democratic period which had begun with the first Labour government. We now turn to a more detailed examination of the links between employment policy and ideas about work in New Zealand.

THE INFLUENCE OF IDEAS ABOUT WORK

Ideas are important, not only because they influence social policies, but also because they provide groups in society with a means to justify their actions and to promote their interests. In addition, expressed and recorded ideas also provide a useful barometer for the social policy historian with which to guage the power of particular groups at particular times. A large part of this thesis has thus been devoted to an examination of the competing ideas about work, the interests they have represented and the ways in which which these have influenced employment policies in New Zealand.

A number of ideas about work which have influenced employment policy in New Zealand during the part century and a half originated in ancient Greece and Rome. These included the notion that work is an unpleasant activity, fit mainly for inferiors, and is a means to an end rather than an end in itself. Perhaps unsurprisingly these views were expressed and recorded by citizens: a section of society which was able to rely on the unpaid work of women and slaves.

Classical ideas about work were subsequently modified in medieval and renaissance Europe, and in the course of the industrial revolution, but not completely transformed. For example the notion of work as a moral duty, and the concept of the dignity of labour became fused with earlier ideas. However, work continued to be seen as a means to an end (whether the end was moral salvation, material wealth or social status) rather than something good in itself. Moreover, for the most part these dominant ideas about work continued to represent the views and interests of a wealthy elite.

A number of themes emerge from an examination of the history of ideas about work. These ideas in earlier societies have included the notion that citizens, or the rich need not work. In a capitalist society this view has

continued in the form of the belief that employers' capital, like labour, is a factor of production which works for them. During the period of New Zealand history covered by this thesis it has been assumed by governments that private employers make an essential contribution by providing the only 'real' work through their investment, and that this must not be undermined by large scale or long term state provision of work or benefits.

One of the main concerns of members of dominant groups in society from ancient times has been the fear that the lower orders would prefer idleness rather than work. There were good reasons for this concern. Firstly, work was recognised as a useful means of maintaining social order. This was because of the inevitable conflict of interests resulting from structural social inequality coupled with the fact that subordinates were usually more numerous than the elite. It had long been believed in ancient Greece and Rome and also in pre industrial Britain that able bodied men who were not kept occupied by regular work could be a threat to social order. The provision of public works in New Zealand on a relatively large scale from the 1840s onwards also reflected a fear that able bodied immigrant males, who had been led to expect regular work and a higher and more secure standard of living than in Britain, might well prove to be a threat to social order. The provision of work by the state helped to meet the demands of working class males, but also kept them occupied and so acted as a form of control, in a way that income maintenance could not have done as effectively.

A second reason for the fear of idleness amongst the lower orders has been that dominant groups have required the work of subordinates in order to maintain their own idle and privileged position. A widespread refusal to work could effectively cause the collapse of a social and economic system.

Not surprisingly, therefore, those ideas about work and human nature derived from earlier times which influenced social policy most strongly in New Zealand included the fear that workers would avoid certain types of employment in the private sector (for example on farms) if they were guaranteed the alternative of work or maintenance from the state. The principle of 'less eligibility' was adapted from nineteenth century British social policy in order to ensure that the less pleasant jobs in the private sector seemed comparatively attractive. For the same reason maintenance by the state in New Zealand was not provided until the 1930s for the able bodied

unemployed; and even after that a wide replacement ratio was used to ensure that benefits were substantially lower than wages. Although the direct provision of work on public works schemes was the mainstay of state responses to unemployment for most of the period covered in this thesis, the work was in general made 'less eligible' through lower wages, poorer conditions of work, social stigma and less security of employment.

The drive to maintain social order and work incentives also intersected with previously existing notions of proper gender roles. Despite the efforts of the New Zealand Company to recruit mainly families and couples, the population of early colonial New Zealand contained a population imbalance in favour of young single able bodied males. Consequently priority and preferential treatment (for example in terms of higher pay and employment in more desirable locations) on public works schemes were given to married men for much of New Zealand's history, especially for those married men with children. This was at times explicitly used as an encouragement to young men to marry. The responsibility for maintaining a wife and children was regarded as a major factor in turning unruly young single men into hard working and law abiding citizens (Shannon, 1986: 25).

The denial of places on public works schemes to unemployed women for the first century of colonisation helped to enforce women's economic dependence on men, and to precipitate women into marriage. There was thus a division between 'men's welfare state', which was based largely upon wages and their role as breadwinner (Bryson, 1992: 188) and women's welfare state in which women were socially constructed as dependents: either of men, or in the absence of a man, upon private charity. As part of this process the ancient division between the 'public' world of male citizens and the 'private' world of women was maintained. Male citizens who were employed or on a job creation scheme received a wage and were in the main regarded approvingly as 'independent' (despite their dependence on a wage) whereas the women performed work unpaid and were seen as dependants and as less than citizens.

As in earlier times, social divisions were thus fostered not only along lines based on inequalities of wealth but also along those of gender and ethnicity; and the dominant ideas supported and justified these inequalities. Working class pakeha men, although treated as the social and economic inferiors of the large scale owners of land and capital, were nevertheless a relatively

privileged group compared with women and Maori in colonial New Zealand. They, after all, shared the same ethnic origins and were of the same gender as the policy makers. Their unemployment was thus seen as problematic and worthy of some degree of state action where that of women and Maori was not.

Despite a long history of ideas justifying social divisions based on ethnicity as well as gender, colonial New Zealand governments were less overtly racist in their expressed views than they were sexist. Maori were promised full rights as British citizens in 1840 under the Treaty of Waitangi (Miles and Spoonley, 1985). Unlike women, Maori were not systematically used as unpaid workers in colonial New Zealand. However, instead Maori were left to struggle for a living largely unsupported, having been progressively deprived of most of their land, without state assistance in the form of public works, for almost a century before they were finally included. The exclusion of Maori from public works in the late nineteenth and early twentieth centuries and from a range of other benefits including free education and old age pensions was justified, ironically, on the grounds that individual Maori were presumed still to have title to communally owned Maori lands.

By the late 1980s the issue of the unequal treatment of unemployed Maori appeared, superficially at least, to have been resolved or even reversed. High levels of registered unemployment amongst Maori and Pacific Islanders led them to be regarded as groups whose position as disadvantaged job seekers justified giving them priority in obtaining places on ACCESS schemes. However, this apparent change was not designed to overcome causes of poverty and inequality amongst Maori and Pacific Islanders, as it took no account of the effects on Maori of being disposessed of tribal lands or of the effects of continuing discrimination by employers against both groups.

The sets of ideas described above chiefly represented the powerful interests of white, male, large scale owners of land and/or capital, and thus, not surprisingly, their views of work and human nature have proved remarkably hardy, even when no evidence has existed to show their veracity. These views still underpin much of employment and income maintenance policy in New Zealand at the time of writing. Their views about what was desirable in term of the organisation of work were not the only ideas which were available to potentially influence the employment policies of the colonial government, however.

Maori ideas about work were in many ways contrary to those of the British colonists. Maori organisation of work was more communal, and certainly the rewards from work tended to be communally owned and consumed. Work was not performed either solely for oneself or for a master, but for the entire social group. There was no profit motive. Although all members of a tribe or sub tribe were expected to contribute to the necessary production of goods, there was not a work ethic, and in fact there was no clear distinction between 'work' and the other social activities in which people were expected to take part. However, Maori attitudes to work were treated as undesirable and irrelevant by the colonising nation, and made virtually no impression on the employment policies of the colonial government.

The ideas about work of the British dominant class were challenged to somewhat greater effect by some working class pakeha males. As in Britain, New Zealand Socialists, Chartists and Marxists argued that under the right conditions work can be not only a means to an end (producing essentials and creating a social identity) but also an end in itself. The desire to work was portrayed as a fundamental human need, a creative drive which represents an essential part of what it is to be human. It was argued that to remove creativity from work, or to deny people the opportunity to work is to separate or alienate people from an essential part of their humanity. As a consequence the demand for the 'right to work' was a powerful slogan in both Britain and New Zealand in the late nineteenth century. It was argued that since capitalism, as an inherently unstable system, has created unemployment, the state, as the agent of capitalism should therefore take responsibility for creating work for the unemployed.

Not all working class pakeha males subscribed to socialist ideas. Many were clearly concerned to 'better themselves' and further their own individual or small group interests rather than that of their class. Nonetheless, despite the mixture of motives, the settlers who came from Britain tended to be relatively politically aware and well organised (Davidson, 1989: 40; Sutch, 1966).

CONTINUITIES, FLUCTUATIONS AND CHANGE IN JOB CREATION POLICY

Continuties

Job creation was the main means of dealing with unemployment that was used by the state in New Zealand during the whole of the period between 1840 and 1985. There were a number of reasons for this. One was that the schemes were demanded by unemployed men and favoured by left wing politicians. The reason for this was that large scale provision of work by the state reduced unemployment, and so improved the bargaining position of all workers and prevented wage levels from falling sharply in a recession.

However, despite the criticism levelled at state provision of work for the unemployed, job creation was also more acceptable to conservative policy makers than any of the available alternatives. Public works had a number of advantages from the point of view of even right wing policy makers. The schemes, under certain conditions, helped to maintain the work ethic, and the work habits of the unemployed; were at times used as a 'test' of genuine willingness to work. They could be made special and temporary so as not to compete with private employment so that they did not threaten the existing social order. Providing only limited numbers of places and restricting eligibility for places enabled policy makers to 'divide and rule' the unemployed by deciding who was 'deserving ' of assistance and who was not.

In an unstable economy with a high proportion of seasonal work, job creation by the state helped to smooth out the dips in the demand for labour. Morover, in New Zealand public works were also used extensively to ensure that necessary work was done cheaply, for example under the provisions of the 1870 Immigration and Public Works Act.

The main areas of disagreement between policy makers over public works were over the scale of provision and the pay and conditions under which the work was performed. Predictably, until 1984 there were clear political party divisions over this issue, with conservative governments favouring limited provision and 'less eligible' conditions, and liberal and labour governments favouring a more generous approach.

Fluctuations and Changes

The existence and strength of working class demands for work, whether through sporadic outbursts of violence, voting behaviour or organisation in trade unions and unemployed workers' rights groups, had a significant impact on employment policies. To a considerable extent these help to explain the fluctuations in the extent and and type of work provided on job creation schemes up until the mid 1980s.

There were expansions in the provision of public works, for example after riots and demonstrations. These gains were often very temporary and sometimes followed some time later by a tightening up of policies. However, the election of governments with more working class representation in 1890 and especially in 1935, resulted in more lasting changes.

Until the mid 1980s the main long term pattern of modification of the relationship between the state and the unemployed was one of gradually increasing state intervention in the labour market and of more comprehensive assistance with finding work. This was not a uniform or straightforward process and was not accomplished without resistance from determined opponents of state involvement in the labour market. Nevertheless, from 1935 onwards the state in New Zealand played an openly direct role through demand management and import controls in creating more employment, as well as taking responsibility for creating work for the unemployed. This policy, as we have seen, was completely reversed by the fourth Labour government.

A number of reasons can be put forward to help explain the shift from job creation to training which occurred after 1984. One is that traditional areas of job creation such as road and railway building, were virtually completed by 1940. Thus, by the time of the next recession in the late 1970s it was more difficult to find work for the unemployed which did not compete with private sector employment. Another reason was that the New Zealand government had adopted the policy of pursuing economic policies of creating a free market and low wage economy in which priority was given to restraining inflation. This meant that reduced state intervention in terms of job creation, and the move to low grade training and payment of a small allowance, on the lines already adopted in Britain, fitted better with Labour's economic goals.

The question of whether there were real changes or merely fluctuations in job creation policy after 1984 is one that could be debated at some length. Clearly, from the point of view of those whose lives were affected by the policy reversals which occurred, these were indeed drastic changes. Yet at the same time, the policies which were enacted by Labour and the ideas which were used to justify them were in no sense new. Many of the ideas used were as old as inequality itself.

COMPARISONS AND CONTRASTS

Although this thesis has not been intended to be a work of comparative social policy, it was inevitable that my own position as a temporary visitor to New Zealand from Zambia would be reflected in the thesis. As a consequence the reader is also likely to make comparisons.

As we have seen, the New Zealand Company deliberately set out to recreate English society. Thus to a very considerable extent, and on a continuing basis, the nature and extent of state intervention in the form of employment policies in New Zealand strongly reflected policies in Britain. Nevertheless, despite this for most of the period covered by the thesis there have been some major differences in the extent of provision of public works in New Zealand. For example, as in Britain, for a large part of the the period under review public works were provided with great reluctance, based on the view that state intervention in the workings of the labour market ought to be limited. In both countries job creation schemes catering for the unemployed were normally seen as special and temporary and as an unavoidable response to a crisis situation, and were usually made 'less elibible' in terms of pay, status, job security, skill requirements and working conditions.

One of the main differences between New Zealand and Britain (until the mid 1980s) in terms of job creation was the extent to which job creation was relied upon as a response to unemployment. Both countries officially outlawed the provision of state cash benefits to the able bodied unemployed during the second half of the nineteenth century. However, whereas in Britain destitute unemployed workmen and their families were obliged to enter the workhouse in the absence of any other state provision, many unemployed workers in New Zealand had what was undoubtedly the somewhat better option of a place on public works schemes.

It is relatively easy to provide reasons why, in the nineteenth century, when although New Zealand was a British colony, its policies towards the unemployed diverged from those of Britain in this significant respect. The clear need for roads and railways to be built (and built as cheaply as possible) coincided with strong and sometimes violent demands for paid employment by immigrants who had been promised regular work, and who had left Britain because of the constant threat of the workhouse.

During the early twentieth century up to 1935, policies towards the unemployed in Britain and New Zealand diverged again, although with less positive results for New Zealand workmen this time. Whereas from 1911 onwards an increasing proportion of workers in Britain was covered by National Insurance against unemployment, and in addition uninsured workers were increasingly able to obtain 'outdoor relief' (cash benefits instead of entering the workhouse); the principle of 'no pay without work' for able bodied unemployed workmen was adhered to rigorously in New Zealand. State insurance against unemployment has never yet been adopted in New Zealand. As a result, workmen in New Zealand who could not be provided with places on job creation schemes still had no form of state support even during the crisis years of the early 1930s. This reluctance by policy makers in New Zealand to provide income maintenance for the unemployed can perhaps be explained by the fact that there was still a relatively high proportion of the unemployed being provided with work by the state, and that there was still more road and railway work which needed to be done.

By contrast it is somewhat harder to say with complete certainty why, in the 1980s when New Zealand's economic and social links with Britain were arguably much weaker (to the extent that, at the time of writing, the New Zealand government is seriously contemplating making the country a republic), New Zealand should have adopted unemployment policies so strikingly similar to those adopted by the Manpower Services Commission in Britain a few years earlier. These, morover, broke with traditions in employment policy established in New Zealand during the course of almost a century and a half. As we have seen, the state in New Zealand, as Britain had done in the late 1970s and early 1980s, largely abandonned waged job creation in favour of training schemes which paid only a small allowance (RCSP, 1988). A further convergeance of policies took place in that for the first time in New Zealand, during the late 1980s the payment of unemployment benefits was officially given priority over the provision of work by the state.

It may be argued as a partial explanation, that pressure from international organisations upon a small nation such as New Zealand is greater now than it was in the mid 1930s, when the first Labour government was able to break away from the economic orthodoxies still being practiced in Britain. Nonetheless, because we do not yet know the long term trends in employment policy, the policy changes of the late 1980s and early 1990s may have to be left to future historians to more fully explain.

Zambia, as another British colony provides some stark contrasts with New Zealand in terms of employment policy, but also some similarities. Zambia was colonised by the British from the 1890s onwards, but the main aim of the British South African Company, on behalf of the British government, was to extract copper, zinc and then lead, rather than to recreate British society.

Nonetheless, a British-style system of government was imposed when the British Colonial Office took over in 1924. Following this, and to cope with the impact of the inter-war depression, unemployment benefits and partially subsidised old age pensions were introduced, but these were only paid to white settlers. African people were expected to return to their home villages for support if their paid employment came to an end or when they became too old to work. However, it was made more difficult for rural Africans to support extra people, because, as in New Zealand, British people had obtained much of the most fertile and accessible land, for example that which was closest to the railways. The African people had meanwhile been pushed back into the less accessible areas.

When Zambia gained independence in 1964, the state benefits system was gradually phased out. The current situation is that there are no state job creation schemes and no unemployment benefits for anyone who becomes unemployed. Some employees receive redundancy pay from their firm if their job ends. However, this does not assist the four fifths of the population who are not employees. Half of the population of Zambia is engaged in agriculture, growing a mixture of cash crops and food for their own consumption; but if their crops fail they receive no state assistance. Most of the remainder of the population are self-employed small traders and artisans, who also receive no help from the state if the work which provides their livelihood dwindles or dries up.

The comparison between Zambia and New Zealand suggests that the provision of British-style state welfare for the unemployed (and those unable to work) is dependent on the existence of a large number of British settlers, and that the allocation of benefits has been conducted on very racist lines. It appears that the difference in the scale of provision of assistance to the unemployed can be explained mainly by the fact that the British settled New Zealand on a greater scale. On the other hand, there have clearly been many similar assumptions made by policy makers in the two countries; particularly the notion that the indigenous people can simply return to their tribal lands and their own people when they are not required by the state.

CONCLUSION

The men who promoted the colonisation of New Zealand envisaged the recreation of nineteenth century English society, together with the same ideas about the organisation of work and appropriate divisions of work based on gender and ethnicity. What they wished to see was not only the transplanting of social divisions in the organisation of work based on class, gender and ethnicity, but also the extension of the prevailing attitudes to work, including the protestant work ethic. However, New Zealand never became identical to English society despite the strong links; and was also unique amongst British colonies in the way that it dealt with unemployment. One reason for this was that the immigrant population was determined that there should be certain changes from British policies toward the unemployed. The study shows how the state has responded to demands for the 'right to work'.

This thesis has shown that in New Zealand employment policies were mainly directed towards a particular group -working class pakeha males- who have been both in a position of class conflict with owners of capital, but have also been able to maintain a priviLabour and Employment Gazetteed position compared with women and Maori.

There was little evidence of paheha men joining forces with women and Maori to campaign for the 'right to work' of these groups. At the same time there is no doubt that employers and the state refrained from fully using their power to weaken the position of pakeha males in the work force by promoting the cheaper labour of women and Maori. To this extent the policies of job creation which prioritised pakeha males can be regarded as

evidence of a degree of collusion, based of gender and ethnicity, which has cut across class lines, and which in the long term weakened effective class unity. Job creation thus involved a compromise by the working men as well as by the state.

Critical social policy theory has had an ambivalent attitude towards social reforms such as job creation, regarding them simultaneously as a response to working class demands and thus as a victory for working people but also as a means of diverting potentially revolutionary protest into 'safe' channels which do not significantly alter the existing distribution of capital, wealth, status, power and priviLabour and Employment Gazettee. Moreover, it has been argued that whilst state welfare programmes can undoubtedly act to improve material living standards, they can also be seen as intrusive and as controlling the lives of those who are being assisted, and as often acting to reinforce social divisions based on gender and ethnicity (Pascal, 1986; Bryson, 1992). Consequently, as Gough (1979) has pointed out, academics may find, particularly in a recession, that they are in the position of both attacking and defending state welfare.

Ambivalence about the long term benefits of state welfare is inevitable because on the one hand the kinds of state intervention described in this thesis have in many repects improved the quality of life and standard of living of the poorer sections of society. Thus, in the depths of a long depression it is tempting to see another period of social democratic reform as providing the only hope of a long term solution for unemployment. On the other hand, however, there needs to be extreme scepticism about palliative measures which can be used to maintain and strengthen the system which creates inequality and unemployment. Therefore, academics need to retain a vision and a keen critical awareness of short term improvements with long term potential for genuine changes, especially those which will have broad popular support, when examining social policy alternatives.

Postscript

Public works were the main means of providing a livelihood for the unemployed in New Zealand from 1840 until after 1985, when they were almost entirely phased out in favour of unemployment benefit and training schemes. The reasons for the extensive use of public works and also the dramatic policy reversal in the 1980s are to some extent a matter for some conjecture; however a number of contributory reasons may be put forward.

It may be argued that public works were adopted initially because of a partial coincidence of interests of the New Zealand Company and the (male) British immigrants. The Company desired that roads be built to allow the development of and access into the new colony, but was hampered by relative absence of private capital to provide private employment for the settlers. At this stage, there was no major concern that the provision of public works would compete with private enterprise. At the same time the immigrants, who had come to the new country with fresh memories of the workhouse system in Britain were determined that the Company should keep its promise of providing work. In a country where the agents of the Company and of the state were in a vulnerable and unprotected position, the male settlers were in a position to ensure that the promises of work were to a large extent kept.

Throughout the period 1940-1985 there were also tensions and conflicts of interests which affected the extent and type of public works provision. There were always opponents of job creation, notably farmers, who feared that the provision of work by the state would force wages upwards or make it impossible for them to get a supply of workers to do the less popular jobs, such as seasonal work. One major source of tension for policy makers was between on the one hand maintaining a 'reserve army of labour' to keep wages and conditions at a minimal level whilst on the other hand maintaining a viable work force - the day to day and generational reproduction of labour power. Another concern was to maintain the 'legitimacy' of the state by providing assistance to the unemployed, without giving the impression that it was the responsibility of the state ratther than the individual to find employment. Nonetheless, even amongst the business interest in Parliament there was a recognition that public works could help to retain the work ethic, as well as maintaining social order by keeping the unemployed occupied. Overall the weight of interests was stacked in favour of the provision of public works.

By the mid 1980s, however, the situation had changed in a number of important respects, which appear to have been sufficient to tip the

balance away from job creation as a major response to unemployment. Firstly, during the 1980s there was enormous pressure on New Zealand to fall into line with the other western nations - especially the English speaking ones, and cut public spending and reduce wage levels. During the 1970s, workers on job creation schemes were being paid award wages; which sparked criticism from right wing politicians and some employers that wages generally were being held at an 'artificially' high level as a result of the schemes, and that state spending, and therefore taxes were too high. Secondly, it was argued that state funded schemes were now competing with private employment, and thus displacing workers who would have been provided with work by the market. These arguments had been used extensively in the United kingdom, and it may be argued that despite New Zealand's earlier divergence from Britain in its public works provision, there was now a great deal of 'political learning' taking place. Finally it may be suggested that workers in the 1980's were in a less favourable position to resist the extensive changes that were taking place. Whereas the early settlers had a particularly keen insight into the problem of unemployment, had taken major steps to avoid it and had direct access to decision makers, the workers of the 1980s had been protected from unemployment for half a century and had no direct access to policy making. Thus although protests did occur against the major changes in the mid 1980s these were largely ineffective.

The history of job creation in New Zealand is also to a large extent a history of power struggles and conflicting material interests. These have been expressed in a variety of ways: through political parties in and out of office, through direct action and through informal means. The least powerful groups (except during a number of renaissance and liberation movements) were women and Maori, who were also the groups least catered for until the 1970s. However, by the end of the period in question even most Pakeha males were no longer provided with work by the state when unemployed. A number of questions still remains. Are the current employment policies sustainable, given their social and economic costs? Will the working people of New Zealand be able to resist current policies which are creating permanent high unemployment and a low wage casual labour market with underemployment for many; and jobs with higher wages but damagingly high workloads for other workers? The lessons of history show that in New Zealand the greatest changes have occurred after the election of governments with a committment to creating work for the unemployed. The current popularity of the Alliance, which has policies strikingly similar to those of the first Labour government, and the vote in favour of Mixed Member proportional representation in the 1992 and 1993 referendums suggest that a peaceful return to full employment is still possible.

APPENDICES

APPENDIX I

Unemployment Act 1930

An ACT to make Provision in relation to Unemployment

BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:-

1. This Act may be cited as the Unemployment Act, 1930.

2. In this Act, unless the context otherwise requires, -

"Board" means the Unemployment Board constituted under this Act:

"Contributor" means a person obliged in accordance with this Act to contribute by way of levy to the Unemployment Fund:

"Fund" means the Unemployment Fund established in the Public Account in accordance with this Act:

"Levy" or "unemployment levy" means the levy imposed in accordance with this Act.

3. (1) There is hereby established in the Public Account a separate account, to be called the Unemployment Fund.

(2) There shall from time to time be paid into the Unemployment Fund the moneys following:

(a) The net proceeds of the unemployment levy imposed by this Act, after deducting such amount (if any) as may be prescribed in respect of the cost of collection of the levy and in respect of expenditure incidental thereto:

(b) All moneys payable to the fund by way of subsidy out of the Consolidated Fund, as provided in the next succeeding subsection:

(c) Any other moneys that may be appropriated by Parliament for the purposes of the fund, or that may otherwise be lawfully payable into the fund.

(3) There shall from time to time, as the Minister of Finance directs, and without further appropriation than this Act, be paid out of the Consolidated Fund into the Unemployment Fund, by way of subsidy, an amount equal to one-half of the expenditure out of that fund.

4. (1) For the purpose of bringing this Act into effective operation forthwith after the passing thereof, or at the earliest practicable date thereafter, the Minister of Finance is hereby empowered, without further appropriation than this section and on such terms and conditions, not inconsistent with this section, as he thinks fit, to advance to the Unemployment Fund, out of the Consolidated Fund, such amounts as he from time to time determines. The amounts advanced under this section and for the time being outstanding shall not exceed in the aggregate the sum of one hundred thousand pounds.

(2) No interest shall be payable out of the Unemployment Fund in respect of any moneys advanced from the Consolidated Fund pursuant to this section.

(3) All moneys advanced from the Consolidated Fund pursuant to this section shall be repayable out of the Unemployment Fund to the Consolidated Fund as and when the Minister of Finance determines. Any amount or amounts so repaid to the Consolidated Fund shall not be included in the expenditure of the fund for the purpose of computing the amount of the subsidy payable pursuant to the subsection three of the last preceding section.

5. (1) There shall from time to time, without further appropriation than this Act, be paid out of the Unemployment Fund all moneys required to be expended for the purposes of this Act in accordance with the provisions hereinafter contained.

(2) No moneys shall be payable out of the fund except by direction of the Minister of Finance, acting on the recommendation of the Unemployment Board hereinafter constituted.

(3) If any question arises as to whether the moneys required for any specific purpose are properly payable out of the fund, it shall be determined by the Minister of Finance on the recommendation of the Board.

6. (1) Every male person who, being ordinarily resident in New Zealand, is at the commencement of this Act of the age of twenty years or upwards, and every such person who attains that age after the commencement of this Act shall, unless exempted from the operation of this section in accordance with the next succeeding section, be liable to an annual levy of thirty shillings as a contribution towards the prevention and relief of unemployment in accordance with the provisions of this Act. Every male person of the age of twenty years or upwards who arrives in New Zealand after the commencement of this Act with the intention of becoming resident therein shall be liable to all instalments of levy that become due after the date of his arrival.

(2) The levy shall be payable in equal quarterly instalments due on the first day of the months of March, June, September, and December respectively in each year, the first such instalment being due on the first day of December, nineteen hundred and thirty. Any contributor may, in his discretion, on the payment of any instalment of levy, pay in advance any subsequent number of instalments.

(3) In the case of a person who attains the age of twenty years after the commencement of this Act, the first instalment of levy payable by him shall become due in accordance with the following provisions:-

(a) In the case of a person whose birthday is in the month of March, June, September, or December, as the case may be, the first instalment of levy shall be due on the first day of that month:

(b) In the case of any other person, the first instalment of levy shall be due on the first day of March, June, September, or December, as the case may be, first occurring after the date of his birthday.

(4) Every person who makes default for more than one month in the payment of any instalment of levy under this section, or, in the case of a person absent from New Zealand on the due date of any such instalment, who makes default in the payment of such instalment for more than one month after his return to New Zealand, commits an offence, and shall be liable on summary conviction to a fine of five pounds, and shall also be liable without conviction to a penalty of sixpence for every month or part of a month after the first month for which such payment is in arrear.

(5) All fines recovered under this section shall form part of the Unemployment Fund; all other penalties received under this section shall be

paid into and form part of the Post Office Account in respect of any additional administrative expenses that may have been incurred by reason of the default of the contributor.

7. (1) The following classes of persons shall be wholly exempt from payment of the unemployment levy, namely:-

(a) Every person for the time being in receipt of a war pension under the War Pensions Act, 1915, in respect of his total disablement:

(b) Every person for the time being in receipt of any pension under the Pensions Act, 1926:

(c) Every Native within the meaning of the Native Land Act, 1909:

Provided that any such Native may, with the consent of the Board, elect to become a contributor to the Unemployment Fund, and shall thereupon become subject to the same obligations and entitled to the same benefits as other contributions.

(2) The following classes of persons shall be exempt from payment of the unemployment levy to the extent herein provided, namely:-

(a) Every person who on the due date of any instalment of levy and for at least one month thereafter is an inmate of -

(i) Any public hospital under the Hospitals and Charitable Institutions Act, 1926, or any mental hospital within the meaning of the Mental Hospitals Act, 1911; or

(ii) Any public or private charitable institution established for the relief of aged, needy, or infirm persons, or of persons requiring medical or surgical treatment; or

(iii) Any prison, reformatory institution, or Borstal institution:

shall be exempt from the payment of that instalment of levy:

(b) Every person who on the due date of any instalment of levy is enrolled as a student of any University College, technical school, secondary school, or other educational institution and who is not in receipt of salary or wages shall be exempt from the payment of that instalment of levy.

(3) In addition to the classes of persons hereinbefore referred to, the Governor-General may by Order in Council, on grounds of public policy, exempt wholly or in part from the payment of levy under this Act any persons or classes of persons specified in such Order.

8. If in any proceedings taken under this Act for failure to pay any instalment of levy within the time limited by this Act, the defendant alleges that he is exempted in accordance with the last preceding section from the obligation to pay such levy, the burden of proving such exemption shall be on him.

9. (1) The annual levy or any instalment thereof payable under this Act shall be paid in manner to be prescribed by regulations, being either by way of cash paid at any money-order office or to any Postmaster or other person authorized to receive the same and to give a valid receipt therefor, or by means of revenue stamps cancelled in the prescribed manner by the person liable for the payment of the levy.

(2) All instalments of levy that are not paid on the due date or within one month thereafter shall constitute debts due and payable to the Crown, and shall be recoverable in any Magistrate's Court accordingly.

Registration of Male Persons for Purposes of this Act.

10. (1) Every male person ordinarily resident in New Zealand, who on the commencement of this Act is of the age of twenty years or upwards, whether such person is liable to the payment of the unemployment levy under this Act or not, shall, within one month after the commencement of this Act (or, in the case of any such person who is absent from New Zealand at the commencement of this Act, within one month after his return to New Zealand), furnish particulars in the prescribed form and manner as to -

(a) His name in full:

(b) His full residential address, and his business address (if any):

(c) His occupation or calling:

(d) Such other particulars as may be required.

(2) Every male person ordinarily resident in New Zealand who attains the age of twenty years at any time after the commencement of this Act, whether such person is liable to the payment of the unemployment levy under this Act or not, shall, within one month after attaining the age of twenty years (or in the case of any such person who is absent from New Zealand), furnish particulars in the prescribed form and manner as to the matters specified in the last preceding subsection.

(3) Every male person of the age of twenty years or upwards who, after the commencement of this Act, becomes resident in New Zealand shall, within one month after the date of his arrival in New Zealand, furnish particulars in the prescribed form and manner as to the matters specified in subsection one hereof.

(4) The particulars required under this section shall be furnished to a Postmaster or to some other person authorized to receive the same, and shall thereupon be registered in the prescribed manner. On the completion of such registration the person registered shall recieve a certificate of registration in the prescribed form.

(5) A copy of every such certificate of registration shall be forwarded by the person by whom the certificate is given to the Secretary of the Post and Telegraph Department at Wellington, who shall cause to be compiled a register of all persons registered in accordance with this Act.

11. Every person who, being required to furnish particulars for registration in accordance with the last preceding section, fails to furnish such particulars within the time limited in that behalf by that section, or who furnishes particulars that are false in any material respect, commits an offence, and is liable on summary conviction to a fine not exceeding fifty pounds.

Unemployment Board

12. (1) For the purpose of assisting in the administration of this Act there shall be established a Board, to be called the Unemployment Board.

(2) The Board shall consist of -

(a) The Minister for the time being charged with the administration of this Act, who shall be the Chairman of the Board:

(b) Two members to be appointed on the recommendation of the Minister, of whom one shall be appointed as the Deputy Chairman of the Board:

(c) One member to be appointed from among persons nominated in the prescribed manner by organizations of employers engaged in the primary industries of New Zealand:

(d) One member to be appointed from among persons nominated in the prescribed manner by organizations of employers engaged in the secondary industries of New Zealand:

(e) Two members to be appointed from among persons nominated in the prescribed manner by organizations of workers:

(f) One member to be appointed from among persons nominated in the prescribed manner by the New Zealand Returned Soldiers' Association (Incorporated).

(3) The members of the Board, other than the Minister, shall be appointed by the Governor-General for a term of two years, save that any such member may be reappointed or may be at any time removed from office by the Governor-General for disability, insolvency, neglect of duty, or misconduct, or may at any time resign his office by writing addressed to the Minister.

(4) The powers of the Board dies, retires, or otherwise vacates his office, the vacancy so create shall, within two months after the occurrence thereof, be filled in the manner in which the appointment to the vacant office was originally made. Every person so appointed shall hold office for the residue of the term for which his predecessor was appointed, and no longer.

13. (1) In the absence of the Chairman from any meeting of the Board the Deputy Chairman, if present, shall preside thereat. In the absence from any meeting of both the Chairman and the Deputy Chairman the members present shall select one of their number to be the chairman at that meeting.

(2) At any meeting of the Board the Chairman shall have a deliberative vote, and in the case of any equality of votes shall also have a casting-vote. The decision of the Board on any matter shall be determined by a majority of the valid votes recorded thereon.

14. (1) Meetings of the Board shall be held at such times and places as the Chairman of the Board may from time to time appoint.

(2) At any meeting of the Board four members shall form a quorum, and no business shall be transacted unless a quorum is present.

(3) Save as expressly provided herein, the Board may regulate its procedures in such manner as it thinks fit.

15. For the purpose of assisting the Board in the proper exercise and performance of its functions and duties under this Act, the Board may from time to time associate with itself one or more persons who in its opinion are possessed of expert knowledge or other special qualifications of advantage to the Board, and every person so associated with the Board shall while such association continues be deemed to be a member of the Board, save that no person associated with the Board pursuant to this section shall be entitled to vote at any meeting of the Board.

16. The members of the Board, other than the Minister or officers in the service of the Government, shall, out of the Unemployment Fund, be paid such allowances as may from time to time be approved by the Minister of Finance, and all travelling-expenses reasonably incurred by them in respect of their attendance at meetings of the Board or otherwise in transacting the business of the Board.

17. The main functions of the Board shall be -

(a) To make arrangements with employers or prospective employers for the employment of persons who are out of employment:

(b) To take such steps as in accordance with this Act it considers necessary to promote the growth of primary and secondary industries in New Zealand, so that an increasing number of workers will be required for the efficient carrying-on of such industries:

(c) To make recommendations in accordance with the provisions of section twenty hereof for the payment of sustenance allowances out of the Unemployment Fund.

18. In order that the Board may effectively carry out its main functions as described in the last preceding section, it shall have authority to do all or any of the following things:-

(a) To establish labour-exchanges, or co-operate in the managment of labour-exchanges established by the Labour Department or otherwise:

(b) To take such steps as it deems necessary to ensure proper collaboration or co-operation between Departments of State, local authorities, public bodies, and other persons and authorities engaged in carrying out public works, so that the employment thereby provided will be distributed as evenly as possible throughout the year without avoidable interruption:

(c) To assist unskilled or other workers, by means of grant or loans, to pursue courses of vocational training or study; and to provide instructors, establish and equip classes or training-camps, and do any other things necessary to qualify such workers to undertake suitable employment:

(d) To make grants or loans to any persons or authorities to enable them to undertake or to continue to carry on developmental or other works calculated to relieve unemployment:

(e) To make such inquiries as it thinks proper, for the purpose of obtaining information in relation to its functions, into any matter whatsoever with reference to any industry carried on or proposed to be carried on in New Zealand, or to any industry which in the opinion of the Board could under favourable conditions be profitably carried on in New Zealand, or to any industry wherever carried on which in the opinion of the Board may affect the industries of New Zealand and the employment of workers therein:

(f) To appoint such number of local committees as it thinks fit, and, subject to any regulations under this Act, to define the powers of such committees:

Provided that no member of any local committee shall be entitled to receive from the Unemployment Fund any remuneration in respect of his services as such.

19. For the purpose of better enabling the Board to discharge its functions, the Governor-General may at any time appoint any person or persons, whether members of the Board or not, as a Commission under the Commissions of Inquiry Act, 1908, to inquire into any matter in respect of which the Board has any authority or duty.

Sustenance Allowances.

20. (1) Sustenance allowances at the rates hereinafter set forth may be paid out of the Unemployment Fund in accordance with this section and not otherwise.

(2) No sustenance allowance shall be paid to any person who is not a contributor to the Unemployment Fund, and no sustenance allowance shall be paid to a contributor to that fund except during or in respect of a period of his unemployment.

(3) Except on the social recommendation of the Board made after considerable of the particular circumstances of the case, no person shall receive a sustenance allowance unless and until he has been unemployed for at least fourteen days, and no person shall continue to receive a sustenance allowance for more than thirteen consecutive weeks, but, on such recommendation being made by the Board, a sustenance allowance may be paid to any unemployed contributor to the fund notwithstanding that the period of his unemployment is less than fourteen days or that he has been already in receipt of a sustenance allowance for more than thirteen consecutive weeks.

(4) No sustenance allowance shall be paid to any person in respect of his unemployment if such unemployment is due to his refusal or failure to accept employment offered him by or through the Board, or to accept any other employment offered to him which in the opinion of the Board would be suitable in its nature, conditions, rates of remuneration, and location.

(5) No sustenance allowance shall be paid to or in respect of any person who has not at the date of payment been continuously resident in New Zealand for at least six months.

(6) The rates of sustenance allowances that may be paid out of the Unemployment Fund shall not exceed the amounts following:-

(a) In respect of the contributor, the sum of twenty-one shillings a week:

(b) In respect of the wife of the contributor or other person who in the opinion of the Board is in charge of his home and family, the sum of seventeen shillings and sixpence a week:

(c) In respect of any child of the contributor, the sum of four shillings a week.

(7) Sustenance allowances under this section may in the discretion of the Board be paid to the contributor or to any other person for whose benefit the sustenance allowance is payable, or to any person on behalf of the contributor or such other person.

Offences.

21. (1) Every person shall be guilty of an offence punishable on summary conviction by a fine not exceeding twenty pounds who at any time after the first day of December, nineteen hundred and thirty:-

(a) Employs in his service or continues in such employment for more than seven days any man who, being required to be registered under this Act, is not so registered; or

(b) Without the authority of the Board, employs in his service or continues to employ in his service for more than seven days any man who is in arrears for more than one month in the payment of any instalment of the unemployment levy under this Act.

(2) It shall be a good defence in any proceedings for an offence against this section if the defendant proves that he believed on reasonable grounds that the man so employed or retained in his service was duly registered under this Act or, as the case may be, was not in arrears for more than one month in the payment of any instalment of the unemployment levy.

Regulations.

22. (1) The Governor-General may from time to time, by Order in Council, make regulations for all or any of the following purposes:-

(a) Prescribing the form or forms in which particulars shall be furnished by persons required to be registered under this Act:

(b) Prescribing the form of certificates of registration and of the register or registers to be compiled for the purposes of this Act:

(c) Prescribing the method or alternative methods for the payment and collection of instalments of the unemployment levy:

(d) Prescribing the amount or proportion of the unemployment levy that may be deducted in respect of expenses of and incidental to the collection of the levy:

(e) Providing for the classification of works carried on for the general purpose of providing employment, and, without limiting the general authority conferred by this paragraph, providing for the classification of certain works as training-camps:

(f) Prescribing the rates of pay or allowances to be paid to persons while undergoing a course of manual or technical training in a training-camp:

(g) Prescribing such other matters as may be necessary for the purpose of giving full effect to the provisions of this Act.

(2) All regulations made under the authority of this section shall be published in the Gazette, and shall be laid before Parliament within fourteen days after the date of such publication if Parliament is then in session, and if not, then within fourteen days after the commencement of the next ensuing session.

Source: New Zealand Statutes, 1930

APPENDIX II

Social Security Act 1938
Sections 51-54

Benefits in Respect of Unemployment

51. (1) Subject to the provisions of this Part of this Act, every person who is over sixteen years of age and is not qualified to receive an age-benefit, shall be entitled to a benefit under this Part of this Act who satisfied the Commission -

(a) That he is unemployed;
(b) That he is capable of undertaking and is willing to undertake suitable work;
(c) That he has taken reasonable steps to obtain suitable employment; and
(d) That he has resided continuously in New Zealand for not less than twelve months.

(2) A married woman shall be entitled to a benefit under this section only if the Commission is satisfied that her husband is unable to maintain her.

(3) Benefits of the class provided for in this section are hereinafter in this Act referred to as "unemployment benefits".

52. (1) Subject to any reduction that may be made pursuant to the next succeeding section, the rates of the unemployment benefits payable pursuant to this Part of this Act shall be computed as follows:-

(a) In the case of an application under twenty years of ago, without dependants, the benefit shall be at the rate of ten shillings a week:
(b) In every other case, the benefit shall be at the rate of one pound a week, increased (in the case of an applicant with a wife or children dependent on him) by fifteen shillings a week in respect of his wife and by five shillings a week in respect of each such child, but not so as to exceed four pounds a week in any case.

(2) For the purposes of this section the term "child" means a child under sixteen years of ago, and includes a step-child or a child legally adopted prior to the date of any application by the applicant for an unemployment benefit:

(3) Where no payment is made under this section in respect of the wife of an applicant for an unemployment benefit, an allowance at a rate not exceeding the rate prescribed for a wife may be paid in respect of any person who for the time being has the care of the home of the applicant.

53. (1) If any applicant or the wife or any dependent child of an application for an unemployment benefit is in receipt of any moneys from any source, or is the owner of any property, the Commission may in its discretion, having regard to the circumstances of the case, reduce the rate of the unemployment benefit as computed in accordance with the last preceding section.

(2) An unemployment benefit shall not in any case be granted of such an amount that the total amount received from all sources by

the applicant and by the wife and dependent children of the applicant will exceed four pounds a week.

54. (1) An unemployment benefit shall not be payable in respect of the first seven days of any period of unemployment unless the Commission, in its discretion, having regard to the special circumstances of any case, determines that the benefit shall be payable for the whole or any part of that period.

(2) The Commission may in its discretion postpone for such period, not exceeding six weeks, as it thinks fit, the commencement of an unemployment benefit, or, as the case may require, may terminate any such benefit, in any of the following cases, namely:-

(a) If the applicant has voluntarily become unemployed without a good and sufficient reason; or

(b) If the applicant has lost his employment by reason of any misconduct as a worker; or

(c) If the applicant or beneficiary has refused or failed, without a good and sufficient reason, to accept any offer of suitable employment; or

(d) In the case of a seasonal worker, if, in the opinion of the Commission, his earnings for the season are sufficient for his maintenance and the maintenance of his family, notwithstanding a period of temporary unemployment.

(3) Except as provided in the foregoing provisions of this section, an unemployment benefit shall be payable so long as the beneficiary satisfies the conditions prescribed by section fifty-one of this Act, unless he becomes entitled to receive some other benefit under this Part of this Act.

(4) If any person while in receipt of an unemployment benefit becomes temporarily incapacitated for work through sickness or accident he may be granted a sickness benefit in lieu of the unemployment benefit, and in any such case the sickness benefit shall be computed as if the unemployment benefit theretofore payable were earnings of the beneficiary.

Source: New Zealand Statutes, 1938

APPENDIX III

Summary of Job Creation Schemes Initiated by the Unemployment Board (1930-1935)

SCHEME NO. 1

This was launched on November 27, 1930 and became operational on December 1, 1930.

Employment Provider: Local Authorities.
Conditions of Employment: Temporary, labour intensive. Employment under the scheme was rationed so that those given work were employed alternate fortnightly. Men provided with employment were paid 14s. a day.
Funding Regime: The Local Authorities and the Board shared the cost of wages each party contributing 50 percent.
Duration: The scheme was operational for two months and ceased to exist on 31 January 1931. Numbers catered for: 5,000.[1]

SCHEME NO. 2

The scheme was launched as a special emergency measure.

Employment Provider: Private individuals and farmers.
Conditions of Employment: All registered unemployed men who had not been provided with work under Scheme No. 1 were eligible for employment. Full time temporary employment. Men given employment were paid 14s. a day irrespective of their marital status and family responsibilities.
Funding Regime: The Board provided subsidies on a pound-for-pound basis on wages.
Duration: The scheme was operational four months and ceased to operating on 31 March, 1931. Numbers catered for: 23,700.

1 All figures were derived from annual reports of the Unemployment Board in *Appendices to the Journals of the House of Representatives* and some from Ministerial reports in *New Zealand Parliamentary Debates.*

SCHEME NO. 3

This scheme was launched as a final effort to provide relief before Christmas [1930] for all who registered workers who had not been given work for fourteen days or more.

Employment Provider: Local Authorities.
Conditions of Employment: Two days full time employment at 14s. a day. The Board authorised Local Authorities to pay men not given work two days' wages.
Funding Regime: The Unemployment Board.
Duration: Two days. Numbers catered for: 7,000 in ninety Local Authorities with another 421 paid two days' wages without work.

SCHEME NO. 4A: FARM SUBSIDY SCHEMES

***Employment Provider*:** Farmers.
***Conditions of Employment*:** Additional full time employment. Employment was also open to male Pakeha youths aged between eighteen and nineteen. Workers given employment were subsidised by the Board for periods ranging from not less than four weeks to twenty-six. The wages that the men were paid were negotiated between workers and employers.
***Funding Regime*:** The Board paid each employer a subsidy of 15s. per man per week for a single man and 25s. for a married man. From April 1, 1931 the subsidy was reduced to 10s. and 20s. for single and married men respectively.
Duration: The scheme was operational until up to 1935, except for occasional periods of suspension.
***Numbers Catered for*:** September 1931 7,741; September 1932 10,000 (1,800 were youths); 1933 5,200.

SCHEME NO. 4B: DEVELOPMENTAL WORK

***Employment Provider*:** As above.
Conditions of Employment: Contractual full time.
***Funding Regime*:** The Board granted a subsidy of 33 1/3 percent of labour cost to the maximum of 75 on any individual contract. The subsidy was raised to 50 percent in 1932.

***Duration*:** Operational up to 1935 except for occasional periods of suspension.
***Numbers Catered for*:** 1931 1,004; September 1932 1,609; 1933 4,703, July 1934 7,794.

SCHEME NO. 4C: REHABILITATION OF ABANDONNED FARMS

***Employment Provider*:** Departments of Agriculture and Lands and Survey.
***Conditions of Employment*:** Full time, with an option to settle on divided sections once the farms were ready for settlement. Men were paid as under 4A. Settlers were given five years free rent.
***Funding Regime*:** The above departments provided tools while the Board paid the wages of men given employment.
***Duration*:** Employment lasted as long as it took workers to bring the farms to occupation stage. Numbers Catered for: 419.

SCHEME NO. 4D: FARM CAMPS

Conditions of Employment: Full time for single men for developmental work only. Wages were negotiated between workers and employers. The Board's contribution was 10s. per man per week.
***Funding Regime*:** The Board paid participating farmers a subsidy of 7s. 6d. per man per week.
***Duration*:** Operational up to 1935 except for occasional periods of suspension.
***Numbers Catered for*:** 1932 September 535 (950 workers had at that date received employment under the scheme); June 30 1935 3,650.

SCHEME NO. 5: VARIOUS CATEGORIES OF WORK

***Employment Provider*:** Local Authorities.

***Conditions of Employment*:** Rationed employment.[2] The number of days each worker was given employment was depended on the workers' marital status and the number of dependent children under sixteen years of age. All men given employment on the scheme between February 1931 and 31 March 1931 were paid 14s. a day. From April 1, 1931 single men's wages were reduced to 9s. a day and those of married men to 12s. 6d. a day. From April 27, 1931 the wages were reduced further to 6s. 8d. a day for two days a week; married men with two children 9s. 9d. per day for three days a week and married with three or more children 9s. 4d.

***Funding Regime*:** 100 percent wage reimbursement.

***Numbers Catered for*:** Up to December 1931 40,300; up to March 1932 8,400, up to June 1932 46,850; up to September 1932 50,050; up to June 1933 45,000; up to July 1934 33,523.

SCHEME NO. 6A: CAMP SCHEME

Employment Provider: Public Works Department; Main Highway Board; State Forest Service and Lands and Survey Department.

***Conditions of Employment*:** Full time for single men drawn from cities and large towns. Single men who were employed under Scheme No. were compelled to accept work under the scheme those who refused to accept employment were excluded from the Board's other schemes. Workers received no wages. Instead, they were provided with board and lodging and for a forty hour week were paid 10s. a week.

***Funding Regime*:** The Board paid a subsidy of 21s. per man per week. The subsidy was increased to 30s. but there was no change in rate paid to the workers.

***Duration*:** The scheme remained operational up to 1935.

***Numbers Catered for*:** September 1932 3,666; July 1933 15,000.

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2 The work was rationed as follows:
- (a) Two days' work each for a single man;
- (b) Three days' work each for a married man with one child;
- (c) Four days' work each week for a married man two or more children.

SCHEME NO. 6B: LAND RECLAMATION

***Employment Provider*:** Local Authorities.
Conditions of Employment: Full time for married men who could not be found work under Scheme No.5. The men were paid wages as under Scheme No. 5.
***Funding Regime*:** Local Authorities met the cost of materials while the Board paid the wages.
***Duration*:** The scheme remained operational up to 1935.

SCHEME NO. 7: YOUTH TRAINING SCHEME

***Training Provider*:** Sheep station owners. All Pakeha male youths aged between 16 and 19 were eligible for training.
***Conditions of Training*:** While the trainees were required to adhere to all routines of work, they were not treated as ordinary employees. Training providers were expected to maintain their existing workforce after taking in trainees. The Board paid the trainees between 2s. 6d. to 5s. a week, depending on their age.
***Funding Regime*:** The Board paid participating farmers a subsidy to cover part of the cost of board and lodging.
***Numbers Catered for*:** Between 1931 and 1933 4,783 trainees had gone through the scheme.

SCHEME NO. 8A: GOLD MINING AND PROSPECTING SCHEME

***Employment provider*:** Self-employed parties. Groups of two or more, of whom at least one was an experienced miner.
***Conditions of Employment*:** Full time. The Board provided each group with necessary equipment and prospectors were paid 15s. per week for single men and 30s. for married men. Prospectors were required to return 10 percent of all gold won to the Board until such time that the full expenses incurred by the Board were repaid.
***Funding Regime*:** The Board covered all costs until a group was able to earn enough money to operate independently.

SCHEME 8B: GOLD MINING AND PROSPECTING

***Employment Provider*:** Private Companies. Registered unemployed miners were eligible for employment.
***Conditions of Employment*:** Full time at award wages.
***Funding Regime*:** The Board paid participating Companies wage subsidies.
***Numbers Catered for under both 8A and 8B*:** As at October 30, 1933 4,000; June 30, 1935 3,300.

SCHEME NO. 10: BUILDING SUBSIDIES FOR CONSTRUCTION AND REPAIR OF BOTH PUBLIC AND PRIVATE BUILDINGS

***Employment Provider*:** Relevant private companies.
***Conditions of Employment*:** Full time at award wages. Registered unemployed men laid off from the construction industry were eligible for employment.
***Funding Regime*:** The Board paid a subsidy of one-third of wages not exceeding 22s. 6d. per man per week for small jobs and 25s. for large jobs. The Board's wage subsidy was conditional on employing companies' commitment to use local building material and product wherever possible.
***Numbers Catered for*:** As of January 1933, 5,500 men had been given work under the scheme.[3] In July 1934 1,596 men were in employment under the scheme.

SCHEME NO. 11: RABBIT-PEST CONTROL

***Employment Provider*:** Land owners or occupier. All registered men were eligible for employment under the scheme.
***Conditions of Employment*:** Full time. All rabbit skins obtained remained the property of the workers. Land owners or occupiers provided camp equipment, food, implements, rabbit poison and all other necessary material. Single men received a wage of 20s. a week and married men 30s.

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3 This scheme was revived and considerably extended during the period from June to September 1933, provision being made for the subsidising of wages of all workers employed on the sites of new buildings. The Board provided subsidies at rates varying from one-half to one-third of the award wages.

***Funding Regime*:** The Board paid the wages and employment providers received a subsidy of 5s. per week per worker.
***Duration*:** The scheme was closed in September 1933 but reopened the following month and was finally closed in all areas in May 1934. The scheme operated from 1931 to May 1934. Numbers Catered for: The number of workers given employment for varying periods was 3,562.

SCHEME NO. 12: PRIVATE HOUSE BUILDING AND BUILDINGS FOR NON-PROFIT ORGANISATIONS

***Employment Provider*:** Relevant construction companies.
***Conditions of Employment*:** Full time at award wages.
***Funding Regime*:** The Board paid the wages.
***Duration*:** From 1932 up to 1935.
***Numbers Catered for*:** 22,000 men had been given employment for varying periods as at 31 March 1935.

SCHEME 13: ALTERATIONS, EXTENSIONS AND PAINTING OF HOUSES AND/OR FLATS

***Employment Provider*:** Relevant private companies or individuals.
***Conditions of Employment*:** Full time at award wages.
***Funding Regime*:** The Board paid wage subsidies to employers.
***Duration*:** From 1932 to 1935.
***Numbers Catered for*:** 3,000 workers had been given employment for various periods as at 31 March 1935.

Source: Constructed from Annual Reports of the Unemployment Board 1931 to 1935 in AJHR.

APPENDIX IV

Summary of the Main Features of Job Creation Schemes in Phase One (1977-1980)

THE ACCELERATED MAINTENANCE SCHEME

Employment Provider: Private sector contractors.

***Conditions of Employment*:** Full-time at award rate of wages. All registered unemployed workers with relevant skills eligible for employment under the scheme.

***Funding Regime*:** Central Government paid the contract price arrived at with contractors.

***Duration*:** September 1978 to February 1981 (1.5 years). The scheme was suspended in February 1980, and was relaunched in March 1981 and remained operational until September 1984.

FARM EMPLOYMENT SCHEME

***Employment Provider*:** Farmers.

***Conditions of Employment*:** Full-time additional jobs on farms with particular emphasis on developmental work.

***Funding Regime*:** The government paid participating farmers one third of wages per week per worker employed. From August 1980 the wage subsidy was put at $65 per week wage subsidy per worker for six months.

***Duration*:** July 1977 to July 1983 (5 years).

ADDITIONAL JOBS PROGRAMME

***Employment Provider*:** Private sector employers.

***Conditions of Employment*:** Full-time additional positions to current staffing levels.

***Funding Regime*:** The government paid participating employers a wage subsidy of $40 per week per worker employed for six months. The wage subsidy was increased to $50 per week. Or suspensory loan; employers in

small businesses could opt for $3,000 suspensory loan for every worker employed, half of the loan was written off after a year and the other half after two years if the jobs still existed and the positions held by workers referred by the Department of Labour.
***Duration*:** March 1978 to August 1983 (5.5 years).

TEMPORARY EMPLOYMENT PROGRAMME

Employment Providers: Government Departments, Local Authorities, Non-profit Community Organisations, Hospital Boards and Educational Authorities.
***Conditions of Employment*:** Full-time additional positions to current staffing levels. For registered unemployed workers who could not be placed in permanent employment or under one of the private sector schemes. The length of time workers remained employed under the scheme varied according to availability of opportunities for permanent employment.
***Funding Regime*:** 100% wages reimbursement to employing organisations.
***Duration*:** March 1977 to January 1981 (3.5 years).

Summary of Training Schemes in Phase One, 1977-80

SKILL PROMOTION SCHEME

***Employment Provider*:** Private sector employers. Registered unemployed workers whose unemployment was thought to be due to lack of adequate skills. The scheme was a job training and employment scheme.
Conditions of Employment: Vacancy for full-time post involving training leading to a recognised qualification.
***Participants were paid appropriate wages. Funding Regime*:** The government paid participating employers a wage subsidy of $30 per week per person employed for twelve months.
***Duration*:** September 1978 to February 1980 (1.5 years).

FIRST JOB PROGRAMME

Employment Provider: Private sector employers.
Conditions of Employment: Full-time. The target of the scheme were young school-leavers in positions not involving recognised training. Participants were selected from the ranks of registered with the Department of Labour.
Funding Regime: The government paid participating employers a wage subsidy of $20 per week per worker for six months. In 1980 the wage subsidy was raised to $30 per week and the duration of the wage subsidy was increased from six months to twelve months.
Duration: September 1978 to September 1982 (4 years).

YOUNG PERSONS TRAINING PROGRAMME

Training Provider: Private and Public employers.
Conditions of Training: To provide young unskilled people with basic work skills at sub-apprenticeship level.
Funding Regime: The government paid training providers either an allowance for instructor/supervisor or wage subsidy of $75 per Trainee per week. Trainees paid unemployment benefit.
Duration: 1978 to December 1985 (7.0 years).

Summary of Main Features of Job Creation Schemes in Phase Two, 1981-84

SPECIAL EMPLOYMENT ASSISTANCE PROGRAMME

Employment Provider: Open to employers in both the public and private sectors.
Conditions of Employment: Full-time for workers displaced from textile industries. Employers were encouraged to equip workers with new skills.
Funding Regime: Unspecified wage subsidy.

PRIVATE SECTOR EMPLOYMENT INCENTIVE SCHEME

Employment Provider: Private sector employers.
Employment Conditions: Full-time, at appropriate rate of wages for workers drawn from the ranks of registered unemployed.
Funding Regime: The government paid employers a wage subsidy of $75 per week per worker given employment or suspensory loan of up to $4,000 half of it was written off after one year providing continuous employment to workers placed by the Department of Labour and other half after two years.
Duration: July 1983 to July 1984 (1 year).

TEMPORARY WAGE WORKER CEILING

Employment Provider: Community Organisations.
Employment Conditions: Full-time for a period of six months at appropriate rate of wages. All registered unemployed workers were eligible for employment.
Funding Regime: 100% wages reimbursement, plus $10 per week per worker labour-related overheads for indoor work and $30 per week per worker for outdoor. The government also made materials grants of up to $25 per week per worker.
Duration: January 1981 to April 1986 (5 years).

PROJECT EMPLOYMENT PROGRAMME

Employment Provider: Government Departments, Local Authorities, Non-profit Community Organisation, Hospital Boards and Educational Authorities.
Conditions of Employment: Full-time, lasting between three and twelve months. Workers were paid award wages applicable to their class.
Funding Regime: 100% wages reimbursement. The government in addition paid employing organisations labour-related overheads - $10 for inside work and up to $30 per week per worker for outside work. The government also paid wages for project supervisors.
Duration: August 1980 to August 1986 (6 years).

WINTER EMPLOYMENT PROGRAMME

Employment Provider: Open to employers in both the public and private sectors.
Conditions of Employment: Full-time lasting up to the time when seasonal work becomes available. Workers were paid the appropriate wage ruling at the time in their class.
Funding Regime: 100% wages reimbursement plus labour-related overheads.
Duration: August 1980 to April 1984 (3.6 years).

WORK REHABILITATION PROGRAMME

Employment Provider: Community organisations.
Employment Conditions: Full-time. Open to all registered unemployed workers considered as requiring special assistance to employment.
Funding Regime:: 100% wages reimbursement, plus labour-related overheads as for Project Employment Programme. Employers also received materials grants of up to $25 per week per worker and the salaries of supervisors.
Duration: November 1980 to April 1986 (5.5 years).

JOB CREATION IN THE VOLUNTARY SECTOR (A VARIATION ON THE PROJECT EMPLOYMENT PROJECT)

Employment Provider: Appropriate organisations in the voluntary sector.
Employment Conditions: Full-time at appropriate wages for work offered.
Funding Regime: 100% wages reimbursement plus labour-related overheads as under Project Employment Programme.
Duration: January 1983 to September 1983 (3.5 years).

EMPLOYMENT INCENTIVE SCHEME

Employment Provider: Public and Private Employers.
Conditions of Employment: Registered unemployed workers who were identified as having difficulty in finding jobs and had been registered as unemployed for at least 13 weeks or more.

Funding Regime: Employers were paid a subsidy of $75 a week per worker for six months.
Duration: June 1983 to December 1985 (2.5 years).

Main Features of Training Schemes, 1981-1984

RETRAINING DISPLACED WORKERS SCHEME

Training Provider: Technical institutes and private employers. Training providers were given a subsidy of $75 per trainee per week for up to six months.
Conditions of Training: Open to displaced workers from textile and clothing manufacture who had worked for 20 hours a week or more for at least six months in specific sectors, first synthetic yarn, later non-wool woven fabrics and Mosgiel Ltd.
Duration: June 1981 to December 1985 (4.5 years).

SPECIAL ENGINEERING APPRENTICESHIP TRAINING INCENTIVE SCHEME*

Training Provider: Private Employers and Technical Institutes.
Conditions of Training: Twenty week full time pre-apprentice training course designed to give practical knowledge of basic engineering skills. Trainees were paid travelling and some essential expenses. No wages or training allowances were paid to participants.

ADDITIONAL APPRENTICE INCENTIVE SCHEME*

Training Provider: Private employers.
Conditions of Training: Apprenticeship in appropriate trade at appropriate trainee wage for.
Funding Regime: Participating employers received a subsidy of $40 per week per an apprentice for twelve months.

SCHOOL LEAVER TRAINING AND EMPLOYMENT PREPARATION SCHEME

***Training Provider: Conditions of Training*:** Full time training for 15 and 16 year olds who had left school and were unemployed. Trainees were paid the equivalant of the unemployment benefit.
Funding Regime: Government.
***Duration*:** May 1983 to December 1985 (2.6 years).

WORK SKILL DEVELOPMENT PROGRAMME

Employment Provider: Open to employers both in the public and private sectors.
***Conditions of Employment*:** Full-time. All registered unemployed workers were eligible for employment under the scheme, especially young job-seekers.
Funding Regime: 100% wages reimbursement, plus labour-related overheads as under the Project Employment Programme. Employers were reimbursed also for the wage of supervisors and were paid a material grant of up to $25 per week per worker.
***Duration*:** August 1980 to August 1986 (6 years).

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* Open to both registered and unregistered persons who were deemed as requiring training to improve their employment prospects.

Adapted from: Jobs and People; the Government's employment strategy, June 1981.

APPENDIX V

Conditions Employment and Training on Schemes for the Unemployed, 1984-1990

1. JOB OPPORTUNITY SCHEME

(a) **Wage Subsidy Option: (Placements from 1 August 1985)** which provices a "wage subsidy" to all employers employing jobseekers who have been enrolled with the Department of Labour for more than 15 weeks. The subsidy is usually payable for the first 26 weeks of employment at ***either*** up to $150 per week or up to $200 per week depending on the length of time the jobseeker has been registered as unemployed. For those registered for 52 or more weeks a subsidy of up to $200 per week for up to 52 weeks is available. Subsidy rates and durations are flexible provided the maximum entitlement per individual is not exceeded.

(b) **Training in Employment Option: (Started from 9 June 1987)** provides a $30 per week subsidy additional to the higher or lower level of subsidy available within the JOS: Wage Subsidy option, for a negotiated training in employment package appropriate to the needs of the eligible jobseeker. The additional subsidy is available for the duration of the training, up to a maximum period of 13 weeks. Placements on this scheme prior to 1 December 1987 were recorded under the wage subsidy option.

(c) **Self Employment Subisdy Option: (Placements from 1 August 1985)** which provides similar levels of subsidy as the wage subsidy option, for the same eligible job seekers who are in receipt of an appropriate income maintenance benefit from the Department of Social Welfare and who have serious proposals for setting up self supporting business. The highest level of subsidy (up to $200 per week for up to 52 weeks for job seekers registered for 52 weeks plus) is not available under this option.

(d) **Development Option: (Placements from 1 April 1986)** provides a subsidy to all employers who employ a registered unemployed person who is severely disadvantaged in the labour market by a physical or psychological disability. A subsidy of up to $325 per week for up to 12 months is paid. The subsidy is flexible in both rate and duration, provided the maximum individual entitlement is not exceeded.

(e) **Special Groups Subsidy: (Placements from 1 April 1986)** is available to help members of groups who are especially disadvantaged and wish to work in a group situation. The subsidy payable is negotiable up to $200 per week for up to two years until the group can support itself.

2. RESTART

RESTART is administered by the Employment Projects Division of the New Zealand Employment Service.
Community organisations, local authorities and government departments are eligible for a subsidy of $325 per week (including GST) for each worker employed in an approved RESTART position. Work done with RESTART support must be of lasting value to the local community and must not displace existing employees.

Employment centres refer jobseekers to RESTART employers. Eligible jobseekers must have been registered as unemployed for at least 39 weeks and be over 20 years of age.

Source: New Zealand Employment Service, 1989: 3-4

TABLES

TABLE 1
Full-Time Labour Force: Historical Summary

Census Year	Employers	Self-employed and not employing others	Wage and salary earnings	Unem-ployed	Other†	Total	Unem-ployment rate	Partici-pation rates‡
Male								
1891	24,842	30,288	120,476	§	31,740	207,346	-	61.6
1896	28,818	42,599	132,727	14,759	20,959	239,862	5.8	63.8
1901	34,002	47,317	166,432	8,467	18,341	274,559	2.5	66.3
1906	41,476	46,936	203,987	8,189	23,253	323,841	2.2	67.3
1911	43,927	56,708	231,653	7,152	24,416	363,856	1.6	66.5
1916	43,256	55,755	220,783	5,920	25,619	351,333	1.3	62.1
1921	47,591	64,152	269,036	11,071	6,752	398,602	2.2	64.1
1926	48,226	62,226	305,120	10,694	9,586	435,852	1.9	63.9
1936	53,536	64,069	322,095	51,996	10,928	502,624	8.1	66.8
1945	47,524	54,961	359,931	5,823	3,970	472,209	0.9	60.4
1951	63,570	71,325	423,174	7,902	1,066	567,037	1.1	58.4
1956	66,864	72,239	476,637	5,558	1,208	622,506	0.7	57.0
1961	62,231	61,862	540,316	4,674	766	669,849	0.5	55.3
1966	66,170	61,975	610,732	5,125	312	744,314	0.5	55.5
1971	59,815	62,185	651,499	8,757	250	782,506	0.8	54.9
1976	70,987	76,751	699,236	14,392	670	862,126	1.1	55.4
1981	64,329	75,840	696,891	34,482	3,573	876,609	2.6	-
1986	81,849	100,383	651,861	-	3,810	841,344	-	52.8
Female								
1891	1,391	3,204	27,945	§	12,877	45,417	-	14.9
1896	1,627	5,731	37,168	2,637	5,907	53,070	0.9	15.4
1901	2,010	8,750	48,088	1,359	5,464	65,671	0.4	17.1
1906	2,333	7,931	55,491	1,372	8,117	75,244	0.3	17.1
1911	2,766	9,659	64,264	1,203	12,369	90,261	0.3	18.2
1916	2,629	7,904	74,302	1,156	13,329	99,320	0.3	17.7
1921	2,938	8,760	88,431	2,154	5,408	107,691	0.4	18.3
1926	3,358	7,705	96,425	2,435	1,065	110,988	0.4	17.2
1936	5,004	9,627	117,846	3,509	892	136,878	0.5	18.9
1945	4,997	6,272	148,936	1,090	1,694	162,989	0.2	19.9
1951	5,933	7,683	154,520	1,726	1,248	171,110	0.2	17.8
1956	5,983	7,856	176,721	2,378	1,038	193,976	0.3	18.0
1961	4,691	6,045	210,566	2,224	1,122	224,648	0.2	18.7
1966	7,254	7,856	260,081	3,982	488	279,611	0.4	21.0
1971	8,103	10,101	307,064	7,411	353	333,032	0.7	23.3
1976	12,500	14,760	363,844	11,945	3,205	406,254	0.9	26.0
1981	14,052	17,289	392,235	25,776	1,446	455,736	1.9	-
1986	19,428	24,657	383,532	-	1,956	436,866	-	23.2

Total								
1891	26,233	33,492	148,121	§	44,617	252,763	-	40.3
1896	30,445	48,330	169,895	17,396	26,866	292,832	5.9	41.6
1901	36,012	56,067	214,520	9,826	23,805	340,230	2.9	44.0
1906	43,809	54,867	259,478	9,561	31,370	399,085	2.4	44.9
1911	46,693	66,367	295,917	8,355	68,155	454,117	1.8	45.0
1916	45,885	63,659	295,085	7,076	38,948	450,653	1.6	41.4
1921	50,529	72,912	357,467	13,225	12,160	506,293	2.6	43.5
1926	51,584	69,931	401,545	13,129	10,651	546,840	2.4	44.0
1936	58,540	73,696	439,941	55,505	11,820	639,502	8.7	43.2
1945	52,521	61,233	508,867	6,913	5,664	635,198	1.1	39.6
1951	69,503	79,008	577,694	9,628	2,314	738,147	1.3	38.1
1956	72,847	80,095	653,358	7,936	2,246	816,482	1.0	37.6
1961	66,922	67,907	750,882	6,898	1,888	894,497	1.0	37.0
1966	73,424	69,831	870,813	9,107	800	1,023,925	1.0	38.3
1971	67,918	72,286	958,563	16,168	603	1,115,538	1.4	39.1
1976	83,487	91,511	1,063,080	26,337	3,875	1,268,380	2.1	40.7
1981	78,381	93,129	1,089,126	60,258	5,019	1,332,345	4.5	41.9
1986□	101,277	125,040	1,035,393	-	5,766	1,278,210	-	38.6

* *Maori excluded before 1951*
† *Includes relatives assisting but not receiving wages. Excludes categories not applicable and not specified from 1916.*
‡ *Ratio of economically active population to total working-age population.*
§ *Included in 'other'.*
□ *Definition of full-time work changed from a minimum of 20 hours per week to 30 per week for 1986 census.*

Source: New Zealand Official Year Book, 1990: 236-237

TABLE 2
A: Number of Unemployed Assisted to Employment by the Labour Department 1892-1930

Year Ending 31 March	Number Assisted (000s)	Year Ending 31 March	Number Assisted (000s)	Year Ending 31 March	Number Assisted (000s)
1892	2.6	1905	3.1	1918	2.9
1893	3.9	1906	6.7	1919	3.2
1894	3.4	1907	7.4	1920	4.2
1895	3.0	1908	6.3	1921	3.3
1896	2.9	1909	10.4	1922	5.0
1897	1.7	1910	8.5	1923	4.0
1898	2.0	1911	7.1	1924	3.9
1899	2.1	1912	5.7	1925	3.9
1900	2.1	1913	5.8	1926	3.4
1901	3.1	1914	5.6	1927	10.3
1902	1.8	1915	7.5	1928	15.2
1903	3.7	1916	6.0	1929	16.3
1904	2.8	1917	2.9	1930	21.9

B: Numbers in Receipt of Relief From the Employment Promotion Fund 1931-1939

	Total		Total		Total
30 Sept. 1931	54,590	29 Sept. 1934	64,761	25 Sept. 1937	36,450
30 Sept. 1932	73,650	28 Sept. 1935	60,344	24 Sept. 1938	38,632
30 Sept. 1933	79,435	26 Sept. 1936	49,419	11 March 1939	32,069

Source: New Zealand: A Handbook of Historical Statistics, 1984: 145

TABLE 3
Registered Unemployed, Monthly Average 1947-1990

Year	Number	Year	Number	Year	Number
1947	92	1962	1,040	1977	7,385
1948	67	1963	849	1978	23,144
1949	92	1964	650	1979	26,616
1950	38	1965	513	1980	49,854
1951	38	1966	463	1981	39,849
1952	47	1967	3,852	1982	62,189
1953	85	1968	6,881	1983	74,646
1954	58	1969	2,962	1984	64,912
1955	56	1970	1,600	1985	63,840
1956	259	1971	3,115	1986	78,270
1957	394	1972	5,684	1987	85,556
1958	785	1973	2,321	1988	117,968
1959	1,188	1974	955	1989	149,886
1960	633	1975	4,166	1990	174,853
1961	376	1976	5,356		

Source: Adapted from Monthly Abstract of Statistics of New Zealand, 1947-1990.

TABLE 4
Numbers of Males[1] Registered as Unemployed and Numbers in Receipt of Relief from the Unemployment/Employment Fund[2], 1931-1938

		Remaining on registers but unplaced or ineligible for various reasons	Scheme No.5 (Rationed work)	Sustenance without work	Working full-time with assistance from Employment Promotion Fund	Total on registers and wholly or partly a charge on the Employment Promotion Fund
1931	Highest	7,600	43,000	-	3,990	54,590
	Lowest	6,700	38,000	-	6,400	51,100
1932	Highest	6,540	45,100	-	22,010	73,650
	Lowest	7,000	37,000	-	10,520	54,520
1933	Highest (30 Sept.)	4,301	44,743	-	30,391	79,435
	Lowest (18 Feb.)	5,394	39,963	-	20,510	65,867
1934	Highest (20 Jan.)	3,635	35,933	108	27,836	68,491
	Lowest (22 Dec.)	2,131	28,303	5,923	20,481	56,838
1935	Highest(31 Aug.)	2,581	24,817	15,347	18,061	60,806
	Lowest (16 Feb.)	3,187	24,936	6,948	18,250	53,321
1936	Highest (18 Jan.)	2,233	17,365	15,179	21,725	56,502
	Lowest (19 Dec.)	2,037	10,085	20,164	6,786	39,072
1937	Highest (31 Jul.)	2,636	5,597	22,210	88,236	38,679
	Lowest (18 Dec.)	737	3,336	12,294	13,722	30,089
1938	Highest (24 Sept.)	771	743	8,061	29,057	38,632
	Lowest (12 Mar.)	1,086	2,735	10,874	15,204	29,899

1 The term males largely applied to pakeha men. Only a small number of Maori men ever used the Department of Labour when unemployed. It was not until 1936 that the Maori were brought into main stream consideration by the State.

2 The name of Unemployment Fund was changed by the first Labour Government to Employment Fund.

Source: New Zealand Official Year Book, 1941: 760

TABLE 5
Average Minimum Weekly Adult Wage-Rates Between 1931-1935

Occupation	Average Wage-rates (Four Principal Districts) At 31 March									
	1931		1932		1933		1934		1935	
	s	*d*	*s*	*d*	*s*	*d*	*s*	*d*	*s*	*d*
Bakers:										
Journeymen	100	0	90	0	86	10	89	4	88	9
Labourers	80	6	72	6	71	10	74	4	74	5
Butchers:										
First shopmen	116	10	105	2	105	2	104	1	104	1
Second shopmen	105	0	94	6	94	6	94	0	94	0
Butter-factory employees:										
General hands	81	9	73	9	72	9	72	7	72	7
Flour-milling:										
Kilnmen	81	9	73	9	72	9	72	7	72	7
Assistants	96	0	86	5	86	5	86	5	86	5
Smuttermen	88	0	79	2	79	2	79	2	79	2
Rollermen	100	0	90	0	90	0	90	0	90	0
Meat-freezing:										
Slaughtermen -per 100 sheep	40	0	36	0	30	0	30	6	33	6
General hands	91	8	82	6	79	9	79	9	79	9
Meat-preserving:										
Boners	103	7	92	3	90	9	90	9	90	9
Meat-preservers	95	4	85	10	82	6	82	6	82	6
Sausage-casing general hands	95	4	85	10	82	6	82	6	82	6
Aerated-waters and cordial making:										
Cordial-makers	93	0	83	9	83	9	83	9	83	9
Bottle-washers	83	0	74	9	74	9	74	9	74	9
Brewing-labourers	83	6	74	9	74	9	74	9	74	9
Tailors:										
Journeymen	95	0	85	6	86	0	86	0	86	0
Factory hands	87	6	78	9	78	9	78	9	78	9
Tailoresses (factory):										
Journey women	45	0	40	6	40	6	40	6	42	0
Boot operatives:										
Males	88	11	80	0	79	9	79	9	79	9
Journey women	50	0	45	0	44	0	44	0	44	0
Woollen-mills:										
Male-spinners	93	9	84	5	84	5	84	5	84	5
General hands	82	6	74	5	74	5	74	5	74	5
Females - All adults	45	0	40	6	40	6	40	6	40	6

Building construction:										
Bricklayers	104	6	94	1	93	1	93	1	93	1
Carpenters	103	1	91	7	88	0	88	0	88	0
Joiners (outside work)	101	9	91	7	88	0	88	0	88	0
Plasterers	104	1	93	8	92	7	92	7	91	3
Builders labourers	82	6	74	3	74	3	74	3	74	3
Sawmilling, bush:										
Engine-drivers	104	6	94	1	82	2	82	6	86	8
Sawyers	103	4	93	0	84	11	84	11	86	5
Tailers - out	89	10	80	11	74	9	74	9	76	3
Yardmen	100	2	90	2	82	4	82	4	83	10
General hands	86	9	78	1	70	6	70	6	72	9
Boatbuilding	104	6	94	1	88	0	88	0	88	0
Metal-works, etc:										
Blacksmiths	99	0	89	1	82	3	82	3	82	3
Boilermaking	99	0	89	1	82	3	82	3	82	3
Iron and brass moulders	99	0	89	1	82	3	82	3	82	3
Tinsmiths	99	0	89	1	89	1	85	6	85	6
Engineering:										
Fitters, etc.	99	0	89	1	82	3	82	3	82	3
Electrical workers	99	0	89	1	85	2	85	2	84	3
Motor mechanics	99	0	89	1	80	8	80	8	84	4
Skins & Leather workers:										
Curriers	102	0	91	9	91	9	90	0	89	1
General hands	85	8	77	1	77	1	75	4	74	6
Mineral and stone workers:										
Brickmakers	104	2	93	9	93	9	93	9	91	3
General hands	87	4	77	1	77	1	75	4	74	6
Mining (coal):										
Surface-Tippers	87	7	78	10	74	6	73	3	73	3
Labourers	87	4	78	10	75	6	73	3	73	3
Engine-drivers	117	6	105	9	102	0	99	0	99	0
Miners on day wages	106	10	95	2	90	8	89	1	89	1
Truckers	93	6	84	2	81	6	80	2	80	2
Mining (gold):										
Miners in rises	94	2	84	2	80	9	80	9	88	6
Quarrymen	85	3	76	9	76	9	76	11	76	11
Agricultural & Pastoral workers:										
General farm hands	69	0	45	5	41	3	42	4	43	11
Threshing-mill hands	99	11	97	0	84	0	84	0	84	0
Ploughmen	70	0	48	8	45	4	46	9	49	3
Shearers (per 100 sheep shorn)										
Shepherds	30	0	26	0	26	6	23	0	27	6
Wool-pressers	80	0	49	11	49	9	49	3	52	5
Dairy-farm hands	82	6	75	0	75	0	65	0	75	0
	69	0	43	5	43	3	37	4	44	3
Railways:										
Engine-drivers	112	4	101	11	90	11	90	11	95	6
Firemen	94	5	84	11	76	6	76	6	80	9
Guards	110	0	99	0	89	2	89	2	93	7
Tramways:										
Motormen	95	0	85	6	86	0	87	4	90	1
Conductors	90	6	81	6	81	6	82	9	85	0

Shipping and cargo:										
Assistant stewards first class	93	3	83	11	81	11	79	11	82	9
Assistant stewards econd class	90	11	81	10	79	10	77	10	80	7
Chief cooks	125	6	112	11	111	0	109	0	113	4
Second cooks	107	1	96	4	94	5	92	5	95	11
A B Seamen	99	2	97	2	88	0	86	0	88	5
Waterside workers	77	3	75	3	68	6	66	6	68	4
Ordinary cargo	102	8	92	5	88	0	88	0	95	4
Hotel workers:										
Chefs (males)	132	0	118	9	111	0	111	0	111	0
Waiters (females)	87	0	78	3	72	9	72	9	72	9
Cooks (females)	79	6	71	7	66	3	66	3	66	3
Housemaids	62	6	56	3	51	9	51	9	51	9
Waitresses	62	6	56	3	51	9	51	9	51	9
Miscellaneous:										
Soft-goods assistants (male)	95	0	85	6	85	6	85	2	85	2
Storemen	85	0	76	6	76	6	76	2	76	2
Grocers assistants	95	0	85	6	84	7	84	7	84	7
Warehouse storemen	85	0	76	6	72	9	72	9	72	9

Source: New Zealand Official Year Book, 1936: 227-228

This table illustrates the extreme application of the principle of 'less eligibility' on state funded schemes for the unemployed during the depression of the 1930s. By contrast, the lowest paid employee (female general hand in a Woollen Mill) earned 40s.6d per week, the only unemployed men under Scheme No.5 who earned in excess of 40s per week were those who had a wife and four or more dependent children.

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