

Government Responses to Unemployment in New Zealand, 1929-35

ON 27 September 1929 the Prime Minister and leader of New Zealand's minority United government, Sir Joseph Ward, prepared to face Parliament for the final time in his career. Old and ill, he rose to reply to criticism from his own party and from the Labour Party concerning his government's handling of unemployment. He intended to demonstrate once and for all that unemployment was not high and that his government could act with speed and efficiency when necessary. The House listened with astonishment as Ward promised to end all unemployment within five weeks. How the feat would be achieved he did not say.¹

Ward's confidence was based partly on the belief that unemployment was not a serious problem. Earlier that year he had denied that there should be any fear about the future of New Zealand and had promised 'remarkable prosperity for every section of the community'.² Like the Reform government before him, Ward viewed New Zealand's fluctuating fortunes during the 1920s as only temporary setbacks that could be righted by little more than belt-tightening. The slumps had been undeniably brief and he had no reason to assume that the country's current difficulties would be any longer lasting. Certainly he recognized the existence of unemployment, but only in industries such as timber milling, flax, kauri gum and building, or where labour was displaced by mechanization.³ He did not recognize unemployment as widespread.

The Labour Department agreed. Its statistics consistently recorded unemployment as small. Unfortunately its records were hopelessly inaccurate. There were few bureaux where the unemployed could register and, of course, little incentive for them to register at all. A vicious cycle had developed. The government refused to consider unemployment its

1 *New Zealand Parliamentary Debates* (NZPD), CCXXIII, p.217.

2 *Otago Daily Times* (ODT), 5 February 1929.

3 See R.T. Robertson, 'The Tyranny of Circumstances: Responses to Unemployment in New Zealand, 1929-35, with particular reference to Dunedin', unpublished Ph.D. thesis, University of Otago, 1978, pp.4-8.

responsibility and refused to implement more relief work.⁴ No national system of permanent relief work existed. Instead there was only temporary work organized by local authorities, stop-gap measures financed by way of government subsidies and charitable donations. The only major change initiated by the United Party when it became the government at the end of 1928 was to make more relief work available under the Public Works Department (PWD) and the State Forest Service.⁵ Relief work remained temporary and in no way solved the problems the unemployed faced. Even as late as 1929 there was no incentive for the unemployed to register. They had no guarantee of work, no assurance they would receive work.

When Ward dramatically promised to end unemployment in September 1929 he did not, therefore, envisage a new approach to unemployment. Instead he merely instructed government departments to provide more places for relief workers over the next three months. In fact some 4,889 additional relief workers were absorbed as a result,⁶ but only for a short time. By Christmas 1929 departments had reduced their staff levels again and the Minister of Railways, for instance, was forced to appeal to private employers 'to come forward and solve the unemployment problem' by hiring new men.⁷ Despite Ward's promise, the government was still reluctant to accept further responsibility for relieving unemployment. Indeed, as early as April 1929 the Minister of Public Works, E.A. Ransom, had spoken out against the idea of providing relief work under his department as a solution for unemployment. 'One of the chief troubles we have in regard to men engaged on public works' relief jobs is that they will not bestir themselves to obtain other employment as long as the public works' job lasts.'⁸ The government persistently viewed relief work not as a means to solve unemployment but merely to enable unemployed men to survive between jobs. Any extension of relief work would prolong that period between work. It would encourage unemployment.

Many politicians and members of the public sincerely believed this. They observed unemployment not as a result of the failure of the economic system but as a personal failing on the part of the unemployed themselves. There existed a danger, they thought, in giving too much aid. It might perpetuate unemployment and at the same time permanently

⁴ *Appendices to the Journals of the House of Representatives* (AJHR), 1931, H-35, p.34.

⁵ The total number of relief workers engaged by the Public Works Department (PWD) rose from 12,487 in 1928-9 to 14,292 in 1929-30. Relief pay was also increased to a uniform 14s per day for married and single men. Unemployment Inquiry Committee Papers, 1930, File 1/1930/18, Archives of Parliamentary Committees, National Archives, Wellington.

⁶ ODT, 2 November 1929.

⁷ *ibid.*, 30 December 1929.

⁸ *ibid.*, 2 April 1929.

impair individual character.⁹ The government's job was not to keep the unemployed, only to open the way for them to help themselves through thrift, perseverance and intelligence.

There was nothing new, therefore, to be gleaned from Ward's offer to employ all those out of work who were fit and willing. Yet the unemployed read into it a promise of secure relief and flocked to the Labour Department bureaux to register. By the end of October 1929 the numbers of registered unemployed had increased from 2,466 to 13,157.¹⁰ The increase caught the government off guard and for the first time forced it to concede that unemployment had reached serious proportions. But its immediate reaction was negative; it sought to conceal what it could not remedy. It withdrew publication of unemployment figures in the daily newspapers on the grounds they could be misleading in view of the progress government was making to remedy unemployment.¹¹ It deliberately recorded unemployment as small and this attitude, together with its failure to ensure sufficient funds and a permanent schedule of works, resulted in 8,268 registered unemployed receiving no relief at all.¹² As a result Ward's five-week campaign failed.

The government found itself in a difficult situation. Although it knew unemployment to be higher than it had previously acknowledged, it feared to expand state assistance. For a while it entertained visions of private enterprise coming to the rescue, but private enterprise looked to the government for assistance instead. This stalemate was unaffected by the appearance of the first report of the Unemployment Committee in October 1929, a committee of inquiry originally established by the previous Reform administration a year earlier. The Committee had not examined any means of stimulating industry or of providing relief. Instead it had concentrated on those assumed aspects of unemployment which served only to emphasize its temporary nature and preclude firm positive action.¹³ It was not surprising the government was unable to escape from its restrictive attitude towards unemployment when an official committee of inquiry still reported in such terms. The report gave the government no indication of what it should do and if, as Labour M.P., Robert Semple, maintained, the government had instituted a 'patch-work policy' in the hope that something might develop to 'assist it

9 This point was made by the deputy-chairman of the Unemployment Board (UB) in 1932, *ibid.*, 17 August 1932.

10 *ibid.*, 2 November 1929.

11 *ibid.*, 5 December 1929, statement of Minister of Labour, W.A. Veitch. It was not until June 1930 that unemployment figures were again released to the press. A comparison between press and official statistics of unemployment is given in Robertson, Appendix IV, pp.465-9.

12 ODT, 2 November 1929.

13 AJHR, 1929, H-11B, p.8. The Committee stressed that the main causes of unemployment were the seasonal nature of some industries, technological innovation, improper training or incapacity to work, and the general trade depression.

in what is its own personal responsibility', it must have been sorely disappointed.¹⁴

Government relief works, still temporary in nature, were in a state of near collapse when the second report of the Unemployment Committee was released in late January 1930. A more critical and practical report than the first, it still reflected moribund contemporary thought concerning unemployment. While the Committee recognized that a complete solution to unemployment could only come from the 'development of industries sufficient to provide work for all', it preferred to see such development in terms of future policy.¹⁵ Government apprehension was allayed by the report's concentration on the provision of immediate relief for the present.

The Committee recommended the establishment of a Sustenance Fund financed by a series of special taxes and subsidized by the Consolidated Fund.¹⁶ It rejected graduated taxation because it felt every citizen had an equal responsibility to relieve unemployment. 'Sharing the burden', whether of taxation or unemployment relief, was simply a device to exclude complete government responsibility. The proposal also reflected a desire to include some form of individual responsibility in an assessment of unemployment. Nevertheless, the Unemployment Committee held that the most important aim of any policy must be to provide work. To this end it proposed an unemployment board be established to act as a central controlling authority. In order to stress the importance of 'sharing the burden' the Committee declared that the board consist of two members each from the government, employers, and unions; and that its task be to direct and co-ordinate local body and government relief works.¹⁷

The report did not immediately result in any changes in relief work. In fact some nine months passed before its recommendations were incorporated into law. In the meantime the United government continued to drift, providing little more than extended short-term schemes. By mid-1930 these were either completed or could no longer be financed from ordinary revenue. There was still no security for the unemployed and no incentive for them to register. Hence unemployment statistics remained inaccurate. Men employed on country relief works for over six months were dismissed and replaced by those who had not yet received relief work.¹⁸ Even after the establishment of an unemployment board in November 1930 the government continued to ration its work under the

14 *New Zealand Worker* (NZW), Wellington, 12 March 1930.

15 AJHR, 1930, H-11B, p.2.

16 *ibid.*, p.4.

17 *ibid.*, p.7.

18 In August 1930, for instance, only 134 men out of a total of 795 single men in the Otago-Southland PWD relief works had been employed for over six months. Telegram from Head Office to District Officer, Dunedin, 2 April 1931, File 6/17, Ministry of Works District Files (MW Files), Hocken Library, Dunedin.

PWD, employing men for a short time only and then replacing them with a new batch.

The government received little assistance from local authorities. They were reluctant to share the burden of relief and during 1930 most of them reduced their expenditure on relief work,¹⁹ even refusing subsidies offered by the government. They claimed the government should either provide free money to local bodies or, failing that, carry out the relief work itself.²⁰ Predictably the government rejected such suggestions. In June 1930 the Minister of Lands asserted that the government could not be looked to for aid and that 'everybody should accept his share of responsibility'.²¹ There were too few people, ministers of the Crown and local body officials included, who were able to change their minds with sufficient rapidity 'to anticipate the logic of events'.²² Even in mid-1930, when unemployment showed no sign of declining, the Minister of Labour insisted that unemployment was not a permanent feature of life in New Zealand.²³ Government thinking was divorced from reality.

Nevertheless Ward's debacle of October 1929, the continued rise in the numbers of registered unemployed, and local body dissatisfaction eventually pressured the United government to abandon its policy of drift and look at more permanent and systematic ways of dealing with unemployment. Yet certain factors ensured that the government's actions would not be radical. Because it remained confident that unemployment would not become excessive, that it was still largely the fault of individuals, and that any period of high unemployment would be of short duration only, the government determined that its own responsibilities towards relief should not be greatly increased. Accordingly, in August 1930 a Select Unemployment Committee formulated legislation based on the January 1930 Unemployment Committee report which was duly passed as the Unemployment Act on 9 September.

The Unemployment Act ensured that the burden of relief continued to be shared. A sustenance fund was set up from an annual levy of 30 shillings on all European males and a subsidy from the Consolidated Fund.²⁴ An Unemployment Board was also established to investigate new avenues of employment and to co-ordinate relief work for European

19 During 1929-30 the Dunedin City Council (DCC), for example, spent £16,343 on relief of unemployment, but during the remainder of 1930 it cut back its spending to £6,685. Town Clerk to Wellington Town Clerk, 2 February 1932, Finance Committee Papers, 1932, U/1, DCC Records, Dunedin.

20 This was the view of several Otago county councils. District Engineer to Permanent Head, 8 May 1932, File 6/17, MW Files.

21 ODT, 5 June 1930.

22 H. Belshaw, D.O. Williams et al., *The Crisis in New Zealand and the Problem of Reconstruction*, Wellington, 1932, p.1.

23 ODT, 15 April 1930.

24 AJHR, 1931, H-35, p.3. The subsidy was discontinued in July 1931 and replaced by a special tax of 3d (later 1s) in the £ on all wages.

males, 20 years and over. The inclusion of five members of the public on the Board reflected the government's desire to have people see social responsibility in action.²⁵ In administration 'sharing the burden' was also evident. Local unemployment committees were established in every town and city to enable further delegation of responsibility. These committees became the board's link with society and local bodies, its liaison committees. They also acted as an important buffer between the Board and the unemployed.

Far from initiating fresh approaches to unemployment relief, the Board simply extended the system of subsidies to local bodies already in existence. In the first of three initial relief schemes, local authorities organized work and in return received a subsidy of £2 for £1 on wages from the Board.²⁶ The No.1 scheme was further handicapped by being temporary. Only £25,000 was set aside for the whole country and this was soon exhausted. Nor was any attempt made to provide less labour-intensive work. In any case there was no opportunity for local bodies to arrange substantial development work. The Board's second scheme gave a subsidy on a £ for £ basis on wages for work arranged by private employers.²⁷ When it failed to attract much response from employers, the Board introduced a third scheme to provide instant Christmas relief for those who so far had failed to obtain relief work. Again it proved unsuccessful and the small grant of £10,000 was never fully expended. Once more local bodies found it difficult to arrange work at such short notice.²⁸

The Board's first three schemes accomplished no more than the piecemeal efforts of the governments of the past five years. The Board was only too aware of this. Accordingly, in January 1931 it announced the payment of sustenance (a dole) to unemployed men in order to relieve pressure on available relief work. Sustenance would take the place of the first three schemes in providing immediate relief. It would also permit the Board time to arrange a new programme on works on which it could slowly, and at its own pace, place the unemployed.²⁹ Unfortunately its plans were upset. In February Prime Minister Forbes refused to allow the Board to make sustenance payments and insisted it adhere to the 'no work, no pay' principle. That principle seriously restricted the Board's activities for the next four years. From February 1931 all its energies were, by necessity, focused on the awesome task of providing immediate relief to the unemployed by way of work.

Work began in February 1931 first with the rural No.4 Scheme which

25 The Board included two representatives each from government and trade unions, and one each from the primary industries, employers, and returned servicemen. The Minister of Labour was chairman.

26 *ibid.*, p.7.

27 *ibid.*, p.8.

28 *ibid.*

29 ODT, 16 January 1931.

subsidized farm labour. The problems this scheme encountered were similar to those faced in earlier relief schemes. Work was temporary and often unproductive. The numbers engaged were disappointingly small and in part reflected the Board's failure to allocate sufficient funds.³⁰ The urban alternative to the No.4 Scheme was the No.5 Scheme. Again it was an extension of the subsidy system, the only difference being that work was now rationed. Local authorities provided materials, tools, supervision and transport and organized the work, while the Board paid the full wages of relief workers instead of half or two thirds as before.

The No.5 Scheme immediately struck problems, similar in fact to those experienced by Ward in October 1929 when he promised to end unemployment. The scheme was overwhelmed by the sheer numbers of men applying for work. The Board had expected a small rise in registrations once its operations began. The numbers did rise, in fact, from 6,768 in November to 11,442 in December 1930.³¹ What it had not expected was that the numbers would keep on rising. The promise of steady guaranteed work seemed to offer a hope for relief not present in previous schemes, and the unemployed flocked to the labour bureaux to register. In January 1931 registrations stood at 17,556 and by the end of March doubled to 38,038.³² The burden was too great for the Board and at the end of March the No.5 Scheme was temporarily ended while the Board reconsidered its position, one not made easier by the government's continued insistence that all unemployed men work for relief pay.

The No.5 Scheme provided only immediate relief. It was labour intensive and often unproductive. For the unemployed it came to represent some of the worst aspects of the United (and later Coalition) government's policies, ensuring little more in the way of a solution to their problems than previous relief schemes. The government, too, viewed it as its greatest headache. The scheme was too large and too costly. In consequence the Board determined that its importance as a source of relief be reduced. The scheme's history, therefore, became one of a succession of reduced allocations to districts supplying work, greater rationing of work, lower wage rates, and greater efforts on the part of the Board to exclude as many men as possible from under its operation.

The first attempt to reduce the scheme's importance came in April 1931. During the two-week suspension the Board amended its regulations to exclude all single men. Reports of widespread destitution, however, forced it to provide them some relief. Nevertheless single men suffered a large reduction in pay, from 14s to 9s per day, while married men had their pay reduced by only 1s 6d to 12s 6d. The Board also tried to make the scheme less attractive by further rationing work. A stand-down week

30 AJHR, 1931, H-35, pp.9, 18-19.

31 *ibid.*, p.35.

32 *ibid.*, p.11. The number actually employed under the No.5 Scheme on 30 March was 25,000, *ibid.*, p.35. Between mid-1931 and 1933 the scheme employed some 40,000 men each week.

was introduced, allowing the unemployed to work only three weeks in every four.³³ But the amendments failed to lessen the demands made upon the scheme, nor did they affect unemployment registrations. In fact they made organization of the scheme more difficult and certainly prevented any opportunity to introduce productive work. Local bodies were unable to initiate major schemes since work could only be authorized from week to week and had to be such that it could be discontinued at a week's notice.³⁴

The No.5 Scheme's costs continued to rise and in June 1931 the Board attempted to end it altogether. But local body objections forced the Board to relent and seek other means of reducing costs.³⁵ The means it eventually chose were devious. It simply cut the allocations available to local authorities for relief work, thereby forcing them to make unpopular decisions concerning the supply of relief work. Reducing allocations proved to be a more effective way of limiting the numbers receiving urban relief than earlier methods. Accordingly in August 1931 local bodies were forced to stand down 1,400 men in Auckland, 1,000 in Wellington and 800 in Christchurch. To prevent further displacements local bodies found it necessary again to reduce the number of days men could work each week.

At the same time as the Board began its new strategy the government altered its composition. The Board's wide membership had not ensured the close co-operation with government departments that was originally desired. In August a new Board was formed with only five members instead of nine. Now only three came from outside organizations.³⁶ These administrative changes were significant because they demonstrated for the first time that the government found 'sharing the burden' restrictive. When the United Party joined with the opposition Reform Party to form a Coalition government in September 1931, Gordon Coates (leader of the Reform Party) assumed the new ministerial portfolio of Unemployment (later changed to Employment) and replaced the Minister of Labour as chairman of the Unemployment Board.³⁷

Unfortunately reconstruction of the Board did not result in immediate changes to the No.5 Scheme. Instead the Board doubled its efforts to conserve funds and reduce the numbers on urban relief. The latter objective could have been justified if alternative schemes were available. They were not. In Dunedin, for instance, the position of single men deteriorated when their ration of work was reduced to one day each week, an action forced on the Dunedin City Council in January 1932 by a new

33 *ibid.*, p.14. The scheme was also rationed to give single men two days' work a week, married men with a wife and one child or just a wife—three days', and married men with two or more children—four days' work.

34 ODT, 15 July 1931.

35 Robertson, pp.49-51.

36 AJHR, 1932, H-35, p.4.

37 *ibid.*

reduction in allocations. The position of single men was further complicated by the arrangement of work prior to the Christmas period which left almost all single men and about half of the married men standing down without work and without relief pay at the beginning of the new year.³⁸ Re-organization of work, reductions in allocations, and rationing provided the unemployed with grievances which, when coupled with the closure of charitable depots over Christmas, produced an explosive situation. On 11 January 1932 the unemployed rioted in Dunedin. Still the Unemployment Board held firm and denied the state had an obligation 'to provide a definite and fixed standard of living to the whole community'.³⁹ Early in April the unemployed again rioted in Dunedin and one week later similar disturbances took place in Auckland. This time the government acted and announced the abolition of the stand-down week and the introduction of a new scale of rationing.

The new scale of rationing did not appease the unemployed. Instead it created fresh grievances. Relief depots now denied the unemployed the full rations they had previously obtained during their stand-down week, while the new regulations contained no provisions for time lost during wet weather. Although the unemployed now worked every week, instead of three weeks in every four, their relief pay was reduced to 10s and 7s 6d per day for married men and single men respectively. Many unemployed men considered themselves worse off than they had been before, or at least no better off, even though they were working more days in a month.⁴⁰ The Wellington riot in May was a direct consequence of these amendments to the No.5 Scheme.

For a few months after the riots the Board refrained from reducing allocations further and in fact introduced a food rations scheme for necessitous cases. But its period of repentance was brief. In November all allocations to local bodies were reduced by 10 per cent.⁴¹ Greater restrictions were placed on seasonal workers, particularly freezing workers and waterside workers, to the extent that it became almost impossible for them to obtain relief work at all.⁴² This time, however, the changes were accompanied with alternative sources of relief. The new Unemployment Board and Minister of Unemployment considered it important that the numbers engaged under the No.5 Scheme be reduced by the creation of alternative schemes which would counter the two most persistent criticisms of urban relief—its unproductiveness and its demoralizing impact on the unemployed. With this motive in mind the Board introduced the Building, Gold, and Small Farms Schemes during 1932 and 1933. They

38 For the riots as they affected government policy see Robertson, pp.54-58; charitable aid, pp.109-12; and the unemployed, pp.149-65. See also Robertson, 'Isolation, Ideology and Impotence: Organizations for the Unemployed During the Great Depression', *New Zealand Journal of History*, XIII, 2 (October 1979), 149-64.

39 ODT, 5 April 1932.

40 *ibid.*, 10 May 1932.

41 *ibid.*, 3 November 1932.

42 Robertson, pp.61-64.

were designed to remove some of the burden of relief from the cities, and unlike previous relief schemes, were operated entirely by the Board in conjunction with government departments.

The No.10 Building Scheme had all the necessary ingredients for success. It was productive. It utilized skills. It also assisted private enterprise. Unfortunately, because the government feared the scheme might be seen as unfairly favouring one industry, restrictions were imposed which ultimately reduced its impact on the building industry.⁴³ Nevertheless it did represent an important development in the Board's activities. No longer was the Board willing to provide only unproductive immediate relief work. By means of the scheme it hoped to create employment and stimulate associated trades. In this respect the No.10 Scheme differed from other schemes, although not entirely. While it offered unemployed building labourers and tradesmen productive employment in their normal occupation, it did not guarantee security. Work was provided for short periods only, although admittedly at award rates. Nevertheless, of all the alternative schemes devised by the Unemployment Board, it alone came close to overcoming criticisms of relief work. In this respect the No.8 Gold Scheme, the second alternative scheme, failed.

The No.8 Gold Scheme began in May 1932. Self-contained parties under the leadership of experienced unemployed miners were sent into mining areas in Coromandel, Nelson, Marlborough, Otago and Southland and were provided with equipment and sustenance until they could operate independently. In return for assistance, miners were required to return 10 per cent of all gold won to the Board until such time as the full amount of the subsidy was repaid.⁴⁴ By October 1933 there were 4,013 subsidized gold miners, the majority being in the South Island.⁴⁵ Thereafter the numbers declined. The main problem with the scheme was simply that there was no gold boom.⁴⁶ It was the increased value of gold, not the presence of new gold fields, which excited interest. Gold produced during 1930-1 fetched £554,933. Although production increased only 36 per cent by 1933-4, its value rose 246 per cent to £1,366,380.⁴⁷ Most of this was mined by established companies and during 1935, for instance, only 5 per cent was produced officially by the Board's subsidized miners.⁴⁸

43 AJHR, 1932, H-35, p.21.

44 *ibid.*, p.18. Prospectors were paid 30s and 15s per week for married and single men respectively.

45 Memorandum from Minister of Labour to Minister of Finance, 22 December 1937, EP/11/1, Archives of the Department of Labour, National Archives.

46 In 1930-1 135,213 oz. of gold were mined in New Zealand. By 1933-4 production had increased to 201,213 oz. but thereafter declined. ODT, 5 June 1935.

47 *ibid.*

48 The gold scheme is discussed in Robertson, pp.207-12, and in some detail in A. Woods, 'Depression Gold: Gold prospecting Schemes during the 1930s', unpublished M.A. thesis, University of Auckland, 1976.

Gold mining, therefore, was not a particularly viable proposition for the employment of idle labour. Increased gold prices could not hide for long the fact that gold was not available in the quantities of the previous century. The unemployed themselves sensed that the scheme was not a real alternative to urban relief. Sending men into the country with ill-founded promises did nothing to relieve their problems. Conditions were harsh and offered no improvement on their already miserable position.

Some alternative to attract men from the overburdened No.5 Scheme was still imperative. The Board looked again at its rural relief projects. Gordon Coates, in particular, felt that if the unemployed could be given a small amount of land on which to grow basic food needs and were able to work on local farms, their dependence on the government would be reduced. Accordingly in May 1932 he introduced the 'ten acres and a cow' scheme to settle married men and their families on land in developed districts where work was also available. But the scheme was severely handicapped by the disinclination of farmers to assist in providing work for the new settlers and by a shortage of Crown land suitable for settlement.⁴⁹ To overcome these problems Coates introduced new legislation in January 1933 to permit the government to purchase or lease suitable areas of private land for the unemployed. But the Small Farms Act,⁵⁰ or the 40 acre scheme as it was commonly called, was no more successful. The Board did not have sufficient funds to buy up large tracts of land and few farmers came forward with offers of land. By the end of September 1935 only 356 men had been placed on small holdings.⁵¹ The Board must also share responsibility for the scheme's failure. It was sceptical of the value of small farms and when Coates relinquished his portfolio and became Minister of Finance at the beginning of 1933 it merely redirected attention to the development of unimproved blocks of land and allocated new sub-divisions to the men working on the projects.⁵² As a result the Small Farms Scheme scarcely got off the ground.

Individually, none of the alternative schemes was particularly successful. But together these three schemes provided work for nearly one quarter of the unemployed, 18,315 out of a total of 74,110 unemployed males in September 1934.⁵³ Whether that in itself was beneficial for urban local authorities is difficult to determine for many relief workers entered the schemes from country districts. Nevertheless, the schemes represented a genuine effort by the Unemployment Board to shed the restrictions imposed by 'sharing the burden'. It was only unfortunate that it lacked imagination in its approach to unemployment, that it

49 ODT, 4 May 1932.

50 The Small Farms Act, the 'ten acres and a cow' scheme and other rural alternatives are examined in Robertson, pp.213-9.

51 NZPD, CXLII, p.420, statement of J.G. Coates.

52 *ibid.* By mid-1935 some 35,364 acres of land or 459 new farms were under this type of development.

53 AJHR, 1933, 1934, H-35, p.15.

feared to create precedents and to reach outside of its normal sphere of operations. Too often the schemes were promoted with the sole aim of attracting relief workers from the cities and little investigation was made of their potential to achieve that end. They were likewise affected by the Board's ruthless attitude towards expenditure. Financial restrictions narrowed the effectiveness and scope of the schemes and made them unattractive to the unemployed. No incentive existed for the unemployed to mine gold or take on farm work when they could earn virtually as much by remaining in more comfortable conditions in the cities. In any case the unemployed were now suspicious of the Board's motives and came to regard it as a body seeking to deceive and trap them.⁵⁴

By late 1932 the Board had a new alternative scheme in operation and this time was determined to compel relief workers to work under it. The new camp schemes were distinct from previous schemes. First, they were projected as capable of absorbing more men than any of the alternative schemes. Second, they were under the control of the PWD which could plan and direct works on a scale impossible for most government departments or local bodies. Camps, the Board envisaged, would become the true alternative to the No.5 Scheme. The third feature, however, posed the most striking contrast. The camps were compulsory.

The development of public works camps for single men began in early 1932 and by April employed some 1,500 men.⁵⁵ After the riots the government decided to increase the number of relief camps in order to ease the tension existing in the cities. Accordingly single men's groups were disbanded in the cities and measures taken to discourage men from refusing camp work. The allowances of those granted sustenance if unfit for camp work, for instance, were reduced by 50 per cent.⁵⁶ By August 1932 the numbers in camps had doubled to 3,390.⁵⁷ This did not mean camps were popular. Although the work provided was more productive than that provided in the cities, it did not utilize skills. The schemes were also temporary and makeshift, and did not represent a new policy involving public works expenditure over a number of years. Work remained labour-intensive, required the minimum of materials, and paid only sustenance rates. As a result they suffered from the same problems as the No.5 Scheme. Work was slow in being completed and discontent among the workers high. The PWD received a barrage of complaints concerning conditions in the camps⁵⁸ and was perplexed. It had conducted camps for thirty years without such protest. What it failed to understand was that

54 Certain actions by the Board tended to uphold this view; for example, the restrictions placed on the earnings of gold miners and more particularly the Board's constant probing into the private affairs of the unemployed, which increased from the beginning of 1933 with a new means test. See Robertson, pp.222-4.

55 AJHR, 1932, H-35, p.17.

56 ODT, 10 September 1932.

57 AJHR, 1932, H-35, p.17.

58 File 6/15, Complaints, MW Files.

the employment of relief workers, many unfitted or unused to camp life, necessitated special provisions. It now housed men who did not earn good wages, who could not afford comforts for themselves in the way of additional blankets, food or fuel with the money they received. For the relief worker, camp work offered no solution to their material and social poverty. A sense of exploitation caused them to react either by refusing to enter camps or by slowing down the work done in them.⁵⁹

By the end of 1932 the Board had become dissatisfied with the poor results of single men's camps and decided to offer work to married men instead in the hope that their family responsibilities might exact more co-operation. When the offer produced little response the Board decided to enforce the compulsory clauses of the scheme and in early March 1933 chose as its first victim the small Dunedin borough of St Kilda.⁶⁰ The introduction of compulsion caused a sudden and volatile expression of anger and frustration such as had never accompanied the establishment of single men's camps. Protest meetings in Dunedin claimed the sanctity of the home was being destroyed and that the government was splitting families.⁶¹ So widespread was the opposition that the Board decided to back down. Of the 273 men originally stood down for camp work only three entered camps.⁶²

The Board waited until winter before trying again. In May it approached relief workers in Auckland, Wellington and Christchurch to enter camps, but the response was the same as in Dunedin. In June the new Minister of Employment, Adam Hamilton, conceded defeat and declared that his Board would not force men into camps again.⁶³ His promise was broken in April and May 1934 when the Board again attempted to enforce its policy on men in Dunedin and Palmerston North, and in New Brighton in the following October. In each instance militant opposition from the unemployed and strong public support forced the Board to give way. The Board failed to understand that it was not the schemes themselves which the unemployed resented but the way in which they were presented and the conditions under which men were expected to work. The unemployed reacted to camps for the same reasons they had reacted violently towards the state of relief in early 1932: the schemes did not improve their material position and in fact appeared to threaten what remaining security they possessed. As a result the numbers on public works relief camps never exceeded the 6,387 recorded in September 1933.⁶⁴

⁵⁹ The camp schemes are described in Robertson, pp.225-43.

⁶⁰ District Officer to Secretary of Labour, 5 June 1933, File 7/3/3, Archives of the Department of Labour.

⁶¹ ODT, 7, 9 March 1933.

⁶² District Officer to Secretary of Labour, 5 June 1933, File 7/3/3, Archives of the Department of Labour.

⁶³ ODT, 7 June 1933.

⁶⁴ AJHR, 1934, H-35, p.15.

The failure of camp schemes raised serious problems for the government. It had now to decide what to do with those who refused to enter camps. Because the camps were designed to relieve local authorities of some of the burden of relief it was pointless to refuse to deal with those who failed to enter camps. Some provision had to be made for them if the role of local bodies and charitable institutions was to be reduced. The matter was not easily solved. During 1932 and 1933 the Board and the Hospital Association conflicted over who was responsible for those men refusing to enter camps. In June 1932 the Board decided it would pay a dole to the value of 90 per cent of the No.5 Scheme rate to those able-bodied men it could not place, while hospital boards agreed to aid those who were unfit for any kind of work or fit for only light work.⁶⁵ In September the Board reduced the sustenance it paid to 50 per cent of the No.5 Scheme rate in order to pressure men into camps.⁶⁶ But the number receiving this low dole was small, and it was not until 1933 when large numbers of married men refused camp work that the problem escalated. Dissatisfied with their expanding role, hospital boards refused to provide further assistance and in April 1933 forced the Unemployment Board to accept responsibility for those fit for light work only. In January 1934, the Board agreed to institute full dole payments to men over fifty years who were unfit for work,⁶⁷ and in April 1934, after 1,343 married relief workers in Dunedin produced medical certificates of unfitness to show they could not enter camps, the Board finally agreed to provide sustenance to any person who refused camp work.

From July 1934 the dole was placed on a permanent footing and the Board rapidly expanded its application. After all, it was a much cheaper means of providing immediate relief than the No.5 Scheme. In 1935 it announced that the No.5 Scheme would be phased out slowly and that those who could not be placed on standard works would be placed on sustenance.⁶⁸ This was substantially the same policy the Board had adopted in January 1931 when it first gazetted sustenance payments in order to allow more time to plan productive works. In September 1934 only 8.6 per cent (5,569) of all unemployed men were on sustenance without work; 15.4 per cent (8,211) in March 1935. By November 1935 the proportion jumped to 25.4 per cent (14,544).⁶⁹

The introduction of the dole must be seen as an important change in the government's handling of unemployment. It represented the end of the 'no work, no pay' policy. Yet, while it undoubtedly provided the Board with a cheap means of distributing immediate relief and at the

65 *ibid.*, 1932, p.3.

66 UB Circular No. 163, 3 September 1932, File 1/1/12, Archives of the Department of Labour.

67 ODT, 13 January 1934.

68 AJHR, 1935, H-35, p.18.

69 *ibid.*, 1936, p.7. Total male unemployment stood at 64,761 in September 1934, 53,498 in March 1935 and 57,246 in November 1935.

same time took some of the burden off local bodies, it did not prevent the demoralization of individuals and families, particularly in cases where unemployment was of long duration. By 1935 the Government had come no closer to solving this problem. No matter what emphasis the Board placed on productive work, whether in camps, on gold fields or on farms, it made little difference to the position of the unemployed if they continued to receive only sustenance rates for the work performed. Nor did part-time relief work or the dole offer anything in the way of a solution. As long as the government and the Board expected relief to include some form of penalty for the sin of being unemployed, no change was possible. The government's determination to make relief work unattractive and to induce men to find work elsewhere trapped both the relief worker and the Unemployment Board in the dull lethargy of immediate relief.

The government did not remain unaware of this problem. Indeed it realized that two options were open to it. It could expand the ideas inherent in the Building Scheme and actively encourage certain industries or develop its own in order to promote employment. It could also adopt a more traditional approach, that of expanding public works. In either case the object would be not to relieve unemployment but to promote new standard employment. During 1935 this was the emphasis the Board began to place on its work.

The first option had much to recommend it and the Board in its 1935 Report regretted that private enterprise had made no move to establish new industries or take advantage of its grants and loans.⁷⁰ One member of the Board, Walter Bromley, urged the government not to rely upon the 'Captains of Industry',⁷¹ and publicly questioned the emphasis on relief of unemployment. 'The question is whether we, as citizens, can afford the luxury of keeping the State out of industry and leaving the field to private enterprise. . . . The Government and the Board are carrying the blame for the inevitable results of a system we all appear afraid to change.'⁷² But the Coalition government would not interfere with private enterprise. It refused to encourage industrial employment by establishing state industries or even by initiating a state building programme, despite having argued that only through industrial channels could unemployment be permanently solved.⁷³ Such a policy left only one alternative if it still wished to stimulate employment and give more than immediate relief to the unemployed. The government's solution, its happy medium, lay not in radically transforming the economic and industrial systems, but in transferring men from rationed relief work to full-time public works at

70 *ibid.*, 1935, p.12.

71 W. Bromley to W.D. Stewart, 16 July 1935, W.D. Stewart Papers, Hocken Library.

72 ODT, 20 July 1935.

73 *ibid.*, 18 September 1935. Coates stressed the reabsorption of the unemployed into trade and industry as the only permanent solution to unemployment.

standard rates of pay. It was the only field in which it felt secure in taking the initiative.

In September 1935 an inter-departmental committee was established to formulate a new unemployment policy which would provide both short term benefit and a long range plan of national works, financed jointly from loan money and the Unemployment Fund.⁷⁴ This was the government's first genuine attempt to organize a programme of developmental works which were long term in application. While the new public works schemes did not utilize skills, they at least avoided many of the problems previously encountered with relief work. There was no coercion, standard rates of pay being the bait to induce men to work in the country. For those not prepared to live in camps, jobs were devised that could be performed near the main centres, thereby allowing men to travel to and from work each day.⁷⁵

The government hoped to absorb 9,500 men on its new schemes, but its defeat in the 1935 election prevented the implementation of its long term policy. Nevertheless, its schemes developed sufficiently for the number of PWD relief workers to increase from 5,474 in July 1935 to 8,289 in December, a phenomenal increase when compared with its previous record with camps.⁷⁶ The rise reflected in part the government's new appreciation that it was necessary to take into account the welfare of the unemployed when planning work, that immediate relief in itself was not sufficient to sustain the long term unemployed or to ensure the productivity of relief work. No longer was the government willing to play a caretaker role or to make relief work as unattractive as possible. This new attitude towards the provision of relief was also reflected in its handling of the No.5 Scheme. In January and June 1935 allocations to local authorities were increased and relief rates of pay rose. Local bodies were allowed to subsidize the No.5 Scheme to permit full-time work or standard rates of pay.⁷⁷

By mid-1935 a new pattern in the government's relief policies had emerged. Prior to 1932 all relief services were directed at the provision of immediate relief with the corollary that relief should be temporary and provide only the barest sustenance until such time as the unemployed could return to normal work. The assumption existed that normal work would soon be available and that if relief work furnished any form of security for the unemployed it would destroy their incentive to work altogether. By 1935 those assumptions were no longer stressed. Instead the government dropped its insistence on 'sharing the burden' of relief and co-operated more and more with its own departments to produce

74 AJHR, 1935, D-1, p.2.

75 ODT, 2 October 1935.

76 AJHR, 1935, H-35, p.28.

77 Local body moves to subsidize the No.5 Scheme are described in Robertson, pp.194-201.

alternative forms of relief. Its emphasis on the 'no work, no pay' principle likewise receded, thereby permitting greater flexibility in the handling of relief. Costly relief works, which previously provided only immediate relief, were extended to provide standard rates of pay or full-time work. Local bodies were particularly prominent in this area once the introduction of the dole reduced the numbers seeking their aid.

The dole marked the beginning of government efforts to come to terms with problems associated with unemployment and relief work. What eventuated was a new understanding of the purpose of an unemployment policy: that it should not simply relieve unemployment but rather stimulate or create full-time productive employment. Although the Coalition government chose a less controversial method of achieving that aim, namely public works, at least it was aware of the possibilities or alternatives which existed: a marked contrast to its stand before 1932.

Clearly the increased activities during 1935 of such organized groups as the Auckland Clergy, Social Credit, the Working Women's Movement, the Unemployed Research Association, and the League of Health of New Zealand Youth,⁷⁸ together with wide publicity on the state of health of families of the unemployed and deteriorating housing conditions indicated that a more humane approach to the problems associated with unemployment was essential. No longer could these problems be simply denied as they had been at the beginning of the decade. Neither could they be pushed aside as the problems of a certain class of people, namely the unemployable and indolent.

Indeed, unemployment had taken on a new meaning as the Coalition government found out in September 1935 when it attempted to exclude those on subsidized work from the unemployment statistics published in the daily newspapers.⁷⁹ The omission was unacceptable to a people who had come to regard unemployment as meaning something more than just being without regular work. While moves to place unemployed men on standard works or full-time work demonstrated government's recognition of this sentiment, its long association with attitudes discriminating against the unemployed and its slow reaction to the changed circumstances of the unemployed when devising alternative schemes in the past told against it in the 1935 election. 'I am of the opinion', wrote Labour M.P. Ted Howard, 'that the handling of the unemployment problem brought the Government down. Not exchange, not taxation, but the way the bottom dog was handled.'⁸⁰

It is the contention of this writer that the process of change instituted by the reaction to long term unemployment and its accompanying widespread poverty represented as great a break in the pattern of political and

78 The role of these organizations is discussed in Robertson, pp.376-414.

79 *ibid.*, p.413, fn.105, and Appendix IV, pp.465-9.

80 Howard to Stewart, 23 December 1935, W.D. Stewart Papers. The *Evening Post*, 28 November 1935, likewise noted 'that Labour's promise of a more direct attack on poverty . . . had its appeal to many thousands not politically Labour's supporters.'

social life in New Zealand of the 1930s as the election of a Labour government at the end of 1935. Indeed, it may yet be shown that the changes introduced by the new Labour government, including the 1938 Social Security Act, were manifestations of the same new awareness or mental revolt which had swept Coalition from office and earlier taken unemployed men out of part-time temporary local body work and into full-time employment at standard rates of pay. Recognition of the need to promote employment, rather than merely to relieve unemployment, was part of a greater awareness, and as such its effects were to be felt far beyond the realms of unemployment policy.

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