

# Ideology and the Formation of the New Zealand Labour Party:

SOME NEW EVIDENCE\*

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When . . . leaders are not persons of means and when they have no other source of income, they hold firmly to their positions for economic reasons, coming to regard the functions they exercise as theirs by inalienable right. Especially is this true of manual workers who, since becoming leaders, have lost their aptitude for their former occupation. For them, the loss of their positions would be a financial disaster, and in most cases it would be altogether impossible for them to return to their old way of life. They have been spoiled for any other work than that of propaganda. . . .

— Robert Michels, 1911'

THERE CAN be few events ignored so much at the time, but of such historical significance for New Zealand, as the formation of the Labour Party. This took place very quietly in July 1916 at a private meeting of a small group of representatives of various Labour and socialist groups. To set the background, some of the immediate history of those organizations must be briefly sketched.<sup>2</sup>

The meeting was held under the auspices of the United Federation of Labour (UFL), which was the successor to the famous 'Red' Federation of Labour (FOL).<sup>3</sup> The UFL had been created in 1913 at a 'Unity Congress' at which it was intended to unite the forces of New Zealand

\* My thanks to Bill Oliver, Erik Olssen, Tony Grigg, Keith Sinclair, and a further anonymous reader for their comments on earlier drafts of this article.

1 Robert Michels, *Political Parties: a Sociological Study of the Oligarchical Tendencies of Modern Democracy*, New York, 1962, p.207.

2 For more information on the complex question of the emergence of Labour and socialist groups in New Zealand after 1900, and their tangled progress toward unity and political influence see Bruce Brown, *The Rise of New Zealand Labour*, Wellington, 1962, p.xii in particular; for his treatment of the formation of the Labour Party see pp.18-27. Also see J.T. Paul, *Humanism in Politics*, Wellington, 1946, pp.176-7.

3 At its height in mid-1912 the 'Red' Federation had the support of the Miners' Unions, the Shearers, the General Labourers, the Auckland Brewery Workers, and the Watersiders. These included almost a quarter of the organized workers in New Zealand, and were the unions with the most independent bargaining power, their immediate goal being organization of all unions on an industrial basis. The remaining unions were largely small, localized craft unions of the skilled and semi-skilled much more dependent on the industrial arbitration system opposed by the FOL. See H.O. Roth, *Trade Unions in New Zealand*, Wellington, 1973, pp.31-33.

Labour both industrially and politically. The political wing of the movement was to be the Social Democratic Party (SDP). Both the UFL and SDP were led largely by the former 'militant' leaders of the FOL.

But unity proved to be incomplete, for a significant number of 'moderate' trade union leaders, suspicious of the reputation of the 'Red Feds', had remained outside the UFL and SDP. Further weakened after the onset of the war, the UFL and SDP failed to attract enough support to become viable organizations. But even prior to the war in the election of 1914 Labour candidates ran not only under the auspices of the SDP but also were selected by local Labour Representation Committees (LRCs). Modelled on their British counterparts, these contained representatives of local Labour Councils as well as of Labour and socialist groups. Indeed, in some centres such as Dunedin the SDP had been forced to participate in the LRCs to avoid division of the Labour vote. Thus, by 1916, and for various reasons, the need for real unity had become apparent. And subsequently, what those reasons were, and their relative importance, have become the subject of debate among historians.

The bare facts of the formation of the Labour Party are simple enough to relate. On Saturday 8 and Sunday 9 July 1916 representatives of the LRCs and the moderate trade union leaders, together with the handful of Labour and SDP MPs, met in Wellington with the leaders of the UFL and the SDP by invitation of the annual conference of the UFL. A constitution and platform for the New Zealand Labour Party was approved, and on the Sunday night the decision was confirmed at the annual conference of the SDP, the organization which was to be effectively superseded by the founding of the new party. The Labour Party took over the socialist objective of the SDP, but moved to the right in policy by accepting both the principles and the reality of industrial arbitration as an alternative to strike action. Thus most of the remaining 'moderates' outside the SDP were at last coaxed into a fully united political movement.

It was generally assumed until some twenty years ago that this more complete unity of the 'militant' and 'moderate' wings followed logically on from the experience of industrial defeat in 1912 and 1913. The appearance of a government not dependent like its Liberal predecessor on working class votes meant the use of state power against trade unions on a scale not experienced for over twenty years. Serious setbacks at Waihi and on the waterfront led militant socialists hitherto convinced of the prime importance of trade union organization into belief in a more moderate political strategy. The Unity Congress of July 1913 began the process; the effects of war reinforced it; and the formation of the Labour Party in 1916 was the end result.<sup>4</sup>

4 For this 'orthodox' interpretation see Keith Sinclair, *A History of New Zealand*, Harmondsworth, 1959, pp.198-207; W.H. Oliver, *The Story of New Zealand*, London, 1960, pp.165-7, 170-1, 174.

In 1962 P.J. O'Farrell launched a provocative thesis which directly challenged the 'orthodox' interpretation. It was argued that the New Zealand Labour Party resulted from 'an attempt to implement militant and internationalist socialist theory and tactics within a democratic and constitutionalist context. The formation of the New Zealand Labour Party was sought and planned by militant socialists for social revolutionary and class war purposes'.<sup>5</sup> The seemingly increased moderation of the 'militants' was therefore tactical and did not represent a true change of heart.

Paying close attention to the immediate political context, particularly as this was reflected in the pages of the Labour and socialist paper the *Maoriland Worker*, O'Farrell contended that, after the shock of the outbreak of war, the major militant leaders of the SDP—in particular, Fraser, Semple, Holland, and E.J. Howard—became increasingly optimistic about the opportunities for socialist advance presented by the international situation. Capitalism was about to collapse in chaos, and the workers in every country therefore had to be ready and united in order to assume power as a class. Thus the leaders of the SDP carefully planned and orchestrated the emergence of a united Labour Party. In particular, the creation of the Labour Party was intended both to strengthen and to lead the fight against conscription, an issue coming to a head at this very time.

O'Farrell also noted the industrial impotence of the UFL, virtually destroyed as a national organization in 1913, and further enfeebled by the withdrawal of the important Miners' Unions in November 1915. He also noted the weakness, disorganization, and isolation of the SDP from the rest of the Labour movement. Nevertheless O'Farrell's interpretation of the formation of the Labour Party is that of a positive step taken by the leaders of the SDP.

Bruce Brown incorporated a number of O'Farrell's insights into the argument of his now standard account, *The Rise of New Zealand Labour*, but in general outline confirmed the 'orthodox' interpretation. Nevertheless O'Farrell's major contentions were not directly challenged. There the matter has been left until the recent appearance of Barry Gustafson's book on the early Labour Party up to 1919. With its genesis in a thesis written in the early 1960s—a productive period for New Zealand Labour history—*Labour's Path to Political Independence* reinforces the 'orthodox' interpretation by emphasizing the growing signs of weakness in the 'militant' wing by 1915 and 1916. By this time it was becoming clear that the SDP was failing to make headway against the power of the remaining recalcitrant 'moderates'. The conservative leaders of the Trades Councils of Dunedin and Wellington in particular stood aloof. Thus the 'militants' toned down their rhetoric and

<sup>5</sup> P.J. O'Farrell, 'The Formation of the New Zealand Labour Party', *Historical Studies*, X, 38 (May 1962), 190.

attempted to attract influential individual moderate leaders such as J.T. Paul into the UFL and SDP orbit. Incomplete efforts to establish a modicum of unity for the 1915 local body elections produced disheartening results. Attempts to revive the inadequate finances and flagging membership of the SDP had, by June 1916, proved fruitless.<sup>6</sup>

Like Brown, Gustafson fails to confront directly O'Farrell's argument, but it is difficult to avoid inferring from his account that Gustafson considers the formation of the Labour Party to have been, from the 'militant' point of view, not at all a positive step forward but instead virtually a matter of survival. The evidence presented by Gustafson does support O'Farrell's carefully argued contention that the major impetus for unity in 1916 came from the SDP leadership,<sup>7</sup> as Brown had also agreed; what remain at issue are the motives behind this.

Some years ago W.H. Oliver gently warned historians in New Zealand against writing 'the sort of labour history which . . . never gets very far from the sound of the editorials in the *Maoriland Worker*'.<sup>8</sup> As Erik Olssen has also more recently pointed out, what is needed is a more detailed attention to the sociological basis of the Labour movement in different parts of the country.<sup>9</sup> Very recently, such work has been begun, with important results.<sup>10</sup> More of it is badly needed elsewhere.<sup>11</sup> It is, of course, the contention here that there is more to be said about ideology and the New Zealand Labour movement; but the sociological approach recommended and adopted by many recent labour historians will in future pay the most dividends by putting the influence of ideology—and the question of its lack of influence—into a wider context.

Ideology remains relevant as a concern in its own right—even in such a supposedly non-ideological country as New Zealand—because more

6 Barry Gustafson, *Labour's Path to Political Independence*, Auckland, 1980, pp.89-94.

7 However, Gustafson also fails to note other evidence presented by O'Farrell (p.199) that the constitution and platform of the Labour Party were drafted well in advance of the founding conference by a committee of the SDP. O'Farrell's painstaking analysis of the background to the meeting remains essential reading. Gustafson on the other hand overestimates the extent of direct 'moderate' influence on the platform (pp.92-93).

8 W.H. Oliver, *Towards a New History?*, Dunedin, 1971, p.10.

9 Erik Olssen, review of *Labour's Path to Political Independence*, *New Zealand Journal of History*, XV, 1 (April 1981), 82-84.

10 Elizabeth W. Plumridge, 'Labour in Christchurch: Community and Consciousness, 1914-1919', unpublished M.A. thesis, University of Canterbury, 1979. On Gustafson's book as 'a view from the centre' see the same writer's review in *Comment*, XII (September 1980), 32. Also see B.J. Webster, 'The Palmerston North Political Labour Movement, 1916-1935', unpublished B.A.(Hons) Research Exercise, Massey University, 1980. A 'regional' interpretation of the formation of the Labour Party would stress that its strongest initial support came from Wellington and Dunedin.

11 In particular, more needs to be known about the Otago Labour Council and its leading figure, J.T. Paul, particularly given the crucial role of this group in assenting to unity on the basis of concessions made by those involved in the Wellington SDP and the *Worker*.

inquiry is still needed into the motivations and calculations of the key actors in the Labour movement, including not only the major leaders but also those of the 'second rank'.<sup>12</sup> But there are obvious problems involved in the use of editorials, articles, and reports of speeches as a guide in such an inquiry. Published in the *Maoriland Worker*, such material had a public audience ranging outside as well as inside the Labour movement. Thus it is unlikely that Labour leaders wrote or spoke all their innermost thoughts. More important, the purpose of such writing or speech was to mobilize support, to increase enthusiasm, and to strengthen the moral fibre of activists engaged in an uphill struggle toward distant goals. Internal party circulars within the SDP performed a similar function. Consequently the historian cannot be sure whether the authors of such hortatory material really believed in private what they issued for public consumption.

Private correspondence between party activists therefore remains a more reliable guide, but surviving correspondence is incomplete. Further, much of it relates almost entirely to more detailed questions of organization and finance; this is particularly so in the case of Peter Fraser's surviving letters. Only a few correspondents writing to each other on the affairs of Labour shared their deeper thoughts.

One of those who wrote more of himself was a Dunedin gunsmith and longtime socialist, Arthur McCarthy. Indeed E.J. Howard was to compliment McCarthy on his letters because there seemed 'to be a lot more thought given to every line than is usual in correspondence'.<sup>13</sup> In response, some of those writing to McCarthy tended to reveal more of their deeper convictions than they might have done elsewhere.

McCarthy was an employer and by 1916 was well into middle age. But despite his age and occupation he played an important role in the formation of the Labour Party, although by 1918 his activities had become more confined to the Otago region and by the early 1920s, like many other pure-minded socialists, he was moving out of the Labour Party orbit altogether, later becoming a supporter of Social Credit.

McCarthy's socialism had developed through association with the Knights of Labour, the Dunedin Socialist Party, and the Dunedin Fabian Society. In 1911 he stood for Port Chalmers as a Labour candidate, and in 1912 became the national secretary of the moderate United Labour Party. A combination of his reaction to the industrial defeats of 1912 and 1913 and his adoption of guild socialism led him leftward. He played

12 See Peter Stearns, 'The European Labour Movement and the Working Classes, 1890-1914', in P. Stearns and H. Mitchell, *Workers and Protest*, Itasca, 1971, pp.130-1 for a similar emphasis on the value of studying those of the 'second rank'. The rich results of the comparative approach in this work prompt the suggestion that New Zealand labour history would also benefit from being placed in a wider comparative context. An appropriate 'universe' might include the Western United States, Western Canada, Australia as well as New Zealand.

13 E.J. Howard to A. McCarthy, 27 June 1916, McCarthy papers (McCP).

a significant role in the formation of the SDP, acting as a member of its National Executive until 1916 when it ceased to have a national existence. In this role, and as secretary of the Dunedin SDP, he was in the centre of the debate surrounding the final decision to form the Labour Party, took part in the founding meeting, and subsequently served on the Labour Party National Executive until the first annual conference in July 1917.<sup>14</sup>

Until recently only a portion of McCarthy's extensive papers has been available, but early last year a further collection of documents and correspondence was discovered, and has been acquired by the Hocken library.<sup>15</sup> Certain items in the correspondence shed some additional light on the circumstances of the formation of the Labour Party. The position of the *Maoriland Worker* underlying its editorial rhetoric is more clearly revealed. Evidence of some opposition to the formation of the Labour Party has emerged. Further, something more can be found of Labour leaders' perception of the political situation in 1915 and 1916.

In 1915 Labour leaders were already dissatisfied with the state of the SDP and its lack of political influence. They were concerned about not only finances and membership. In July 1915 McCarthy wrote to ten leaders of the SDP expressing his dissatisfaction with the recent party conference, complaining of its low level of debate. To get around the problem he suggested a committee system through which important questions could be studied and recommendations made to the conference as a whole.<sup>16</sup>

McCarthy also raised what he saw as 'a most serious question'. The SDP constitution provided for the affiliation of unions to the party, but included no safeguards to ensure that union delegates to the SDP might not be supporters or members of rival political parties. McCarthy himself believed that unions ought not to be affiliated at all but, accepting that the majority of party opinion was against him, made the suggestion that union delegates to the SDP at least be members as individuals as well as through their belonging to an affiliated organization.

To McCarthy the low state of the SDP involved not only a lack of members and money. The membership itself lacked quality as well as quantity, and union affiliation threatened to further dilute the socialist commitment of the party.

James Thorn, a former SDP organizer and editor of the *Maoriland Worker*, replied in terms that help to reveal the nature of tendencies toward a more complete unity of the forces of Labour. Thorn was to support the formation of the Labour Party; McCarthy, at least initially, was to oppose it. Thorn's view was that socialists must associate

<sup>14</sup> Further biographical information concerning McCarthy and other individuals referred to here is most usefully provided by Gustafson, pp.153-69.

<sup>15</sup> Thanks are due to Mr A.C. McCarthy, who allowed me to consult these papers on his premises, and who has since donated them to the Hocken Library.

<sup>16</sup> McCarthy to Rod Ross, James Thorn, Lou Horning, J. Downgray, E.J. Howard, M. Ayrton, M.J. Cook, H.E. Holland, and Peter Fraser, 21 June 1915, McCP.

themselves 'with every effort of the working class in the direction of political independence, however feeble and confused'. Affiliation of trade unions to the SDP was desirable because unions would as a result be educated in responsibility, concern for the public interest, and citizenship.<sup>17</sup> But already Thorn admitted his doubts that there were enough active and aware SDP members who were socialist enough to carry out this task.

Thorn's background had been in the 'moderate' wing of the Labour movement but, like McCarthy, he had joined the SDP in 1913 and thus found himself in the company of many former militants. Nevertheless, and particularly after five years in England, he was clearly disposed toward the creation of a Labour Party on the English model.

The dilemma faced by a 'militant' hitherto not so disposed is somewhat revealed in a letter Peter Fraser had written to McCarthy a month earlier. It had been proposed as a remit to the forthcoming SDP conference of 1915 that the party change its name to 'Labour'. To this McCarthy was opposed, but Fraser remained equivocal. Fraser's goal was 'an independent national workers' party', but its achievement was continually frustrated by the political activity of the local Trades Councils at elections, through the formation of LRCs and their selection of Labour candidates. To Fraser, the question was: 'how can we prevent the formation of these Labour Representation Committees which are sure to crop up and call themselves 'Labour' at every election. It seems to me that as long as they can use the word 'Labour', they have got a strategical position, at least in the eyes of the less informed workers. Collar the word 'Labour' and you have the only asset worth a moment's consideration which they possess.'<sup>18</sup>

As elsewhere among the sources available, there is a sense of a growing realization on the part of the SDP leadership of an insurmountable barrier in the way of further progress. Effective political action depended upon either defeating or joining forces with the Trades Councils. The experience of the 1914 election—in which LRC candidates did better than those of the SDP—was reinforced by continued lack of SDP success. Further, early in 1916 it also appeared possible that the name 'Labour' might be used by a group of 'Lib-Lab' politicians led by John Payne, and opinion in the SDP was moving rapidly toward the belief that a change of name was necessary to prevent this.<sup>19</sup> Among 'moderates' still outside the SDP, this feeling was even more intense and of longer standing, but J. T. Paul acknowledged the immediate fears of many when he declared at the UFL conference prior to the formation of the Labour Party that it was 'dangerous to leave the name "Labour Party" lying around'.<sup>20</sup>

17 Thorn to McCarthy, 24 June 1915, McCP.

18 Fraser to McCarthy, 25 June 1915, McCP.

19 See Plumridge, pp.62-63, for the reaction in Christchurch.

20 *Maoriland Worker*, 19 July 1916, p.2.

By 1916 the issue of conscription was also becoming increasingly important, and provided a bridge between anti-war militants and moderate critics of conscription. Thus a basis of unity was established and the New Zealand Labour Party born. O'Farrell's evidence clearly supported a view of conscription as a necessary catalyst in this process,<sup>21</sup> as Brown acknowledged. But O'Farrell's stress on the importance of the war at a more fundamental level seems misplaced, for the formation of the Labour Party took place within a conjuncture already established before the outbreak of war, and under the influence of other more immediate political circumstances.

One of these immediate problems may be identified in the position of the *Maoriland Worker*. In public, the *Worker* adopted a low profile on the formation of the Labour Party, but as individuals and as SDP leaders those working on the paper, including both Holland and Fraser, were in the forefront of events.<sup>22</sup> It is worth emphasizing here the importance of the *Maoriland Worker* which, providing income, support, and publicity, acted as a platform for the aspirations and ambitions of a number of SDP leaders who played the central role in the creation of the Labour Party.

Writing to McCarthy with reference to some criticism of the establishment of the new party, the manager of the *Worker*, John Glover, was prepared to admit that there could be grounds for criticism. Glover implied that while the interests of the SDP leaders could be seen as having been served by the creation of the Labour Party, it might well be argued that the event was not in the interests of the Labour movement as a whole. But Glover claimed to have made his decision 'not as an individual but for the good of the paper'. As he put it: 'Very few people realise the difficulties we have had to contend with to keep our head above water since the 1913 strike. Some of the industrial organisations then got badly knocked about, but not one of them received such a shattering as we did.' Glover implied that the circulation had fallen to a quarter of that in 1913, and the return from advertisements by two-thirds.<sup>23</sup>

Indeed at the time there was much concern about the viability of the *Worker* expressed in public. While its circulation may at last have been showing some signs of improvement, the paper was experiencing an

21 O'Farrell, pp.195-9.

22 Holland was the editor of the *Worker*; Fraser, the organizing secretary of the SDP, had been working without pay since January 1916, when the SDP had decided it could no longer support a paid organizer.

23 Glover to McCarthy, 27 July 1916, McCP. According to Glover the circulation had decreased by '150%' (surely an exaggeration no doubt associated with an inadequate grasp of basic mathematics) and the return from advertisements by '200%'. The figures in the text are the most likely estimate of what Glover meant. The circulation of the *Maoriland Worker* at the beginning of 1913 was 10,000, as reported in H.E. Holland, 'Ballot Box', and R.S. Ross, *The Tragic Story of the Waihi Strike*, Wellington, 1913, p.13; I am grateful to Bert Roth for bringing this reference to my attention.

increased weekly loss.<sup>24</sup> The problems of a left wing paper in a society at war may have been partly to blame for these difficulties, but Glover explicitly traced their origins and cause back to the industrial defeat of 1913.

With the establishment of the Labour Party, Glover hoped that the *Worker* would recover materially through increased circulation, and may have hoped for financial assistance from some unions or from the party itself. The *Worker* had just launched an appeal for £1850 in order to buy more efficient printing equipment.<sup>25</sup> Further, not only Glover's position as manager of the *Worker* was likely to dispose him toward support of the new party; he had also been the national secretary of the SDP, and had become the first secretary of the New Zealand Labour Party at its formation.

There has hitherto been little evidence of great opposition from within the Labour movement to the formation of the Labour Party, although Elizabeth Plumridge has recently shown that one or two Christchurch activists, including E.J. Howard, were against it.<sup>26</sup> More generally, however, the official reports of the two conferences involved are exceedingly brief and record no evidence of dissent. Yet doubts existed. Glover himself admitted that there was 'a suspicion in most districts concerned with the findings of the combined conference'.<sup>27</sup> Further, evidence in the McCarthy papers clearly confirms that the decision at the meeting to constitute the Labour Party was not unanimous.<sup>28</sup>

The basis of Howard's position was fully revealed in two letters he wrote to McCarthy who, by late July 1916, had become reconciled to the existence of the new party of Labour. But as Howard is one of those named by O'Farrell as supporting the formation of the Labour Party in order to pursue militant goals, Howard's private views on the question—not at all those ascribed to him by O'Farrell—are of some interest. Howard's opinions were related to the unusual success of the SDP in his city of Christchurch. Further, a Christchurch LRC had not been a success, leaving unpaid debts behind it after having collapsed. Essentially, Howard saw the formation of the Labour Party and its new structure based on LRCs as a step backwards for socialists. He further dismissed McCarthy's argument that the SDP would survive as a centre for socialist education within the Labour Party, correctly predicting the demise of the SDP, which was to disappear by 1922.<sup>29</sup> He described the creation of the party as 'the greatest blunder that has been committed for years'.

24 *Maoriland Worker*, 19 July 1916, p.5.

25 By July 1917 the fund contained £1054; *Maoriland Worker*, 11 July 1917, p.5.

26 Plumridge, 'Labour in Christchurch', p.65.

27 Glover to McCarthy, 27 July 1916, McCP.

28 Howard specifically referred in a letter to McCarthy to 'what the majority did': 18 July 1916, McCP.

29 The two letters are Howard to McCarthy, 18 July, 26 July 1916. On the disappearance of the SDP see Paul, pp.160-3.

Howard was pessimistic and more than a little cynical about the future of political action through the Labour Party. In particular he was disillusioned with conferences, and with the ambition of certain Labour leaders and the growing deference shown to them by the rank and file, declaring that 'when men get into groups they worship power and place and those who occupy power and place'. As a self-defined militant, Howard described himself and others of his persuasion as disheartened, suggesting that this did not augur well for the future. He had 'thrown up the sponge'; and exclaimed that politics could 'go to hell', pledging in future to confine his activity to the Christchurch Socialist Party and Workers' Educational Association. He would not publicly oppose or attack the new party, but would do nothing to help it.<sup>30</sup> Three years later his views were very different, for in 1919 he was elected Labour MP for Christchurch South, a seat he was to hold without break until his death in 1939.

Late in July 1916 McCarthy's position was ambiguous. His major fear appears to have been the possibility of Labour's socialism being sidetracked into its becoming a 'Lib-Lab' party; that this might have some basis was admitted by Glover.<sup>31</sup> McCarthy's suspicion of trade unionism in politics, as noted above, was rooted not only in his experience of the Otago Labour Council but also in his conversion to guild socialism.<sup>32</sup> As a reader of the *New Age*, in which guild socialism had been first outlined, McCarthy could not fail to be impressed by that British weekly's powerful attack on 'Labourism'.<sup>33</sup> Thus McCarthy had been ideologically more at home with the SDP, based as it was, he believed, upon socialist principles rather than upon the pursuit of immediate working class interests through politics. But he could not fail

30 Plumridge contends that Howard's objection was solely to the change of name of the party, and not to the new party structure, the importance of which, she argues, was not fully appreciated in Christchurch. However in these recently discovered letters Howard's objections clearly imply the assumption that an LRC structure would have the effect of reducing socialist commitment. And as it turned out, as Plumridge indicates, the effects of the change were, in the short term, responsible for 'the downfall of political Labour in Christchurch', 'Labour in Christchurch', p.66.

31 Glover to McCarthy, 24 July 1916, McCP.

32 British guild socialism was a movement which sought to develop syndicalism in a direction both more politically relevant and more acceptable to the outlook of middle class British socialists with a Fabian background, some of whom, in addition, had Marxist tendencies. It was first outlined in the *New Age* in 1912 and 1913 in a series of articles which were subsequently published in book form; see A.R. Orage and S.G. Hobson, *National Guilds*, London, 1914. A propaganda organization, the National Guilds League (NGL) was formed in London during 1915, and soon came under the influence of a brilliant young Oxford scholar, G.D.H. Cole, who further elaborated and popularized guild socialism, giving it a form which was briefly influential in the British Labour movement immediately after World War One. On guild socialism see S.T. Glass, *The Responsible Society*, London, 1966, and Jack Vowles, 'From Corporatism to Workers' Control: the formation of British Guild Socialism', unpublished Ph.D. thesis, University of British Columbia, 1980. Arthur McCarthy was an early member of the NGL and became its correspondent and propagandist in New Zealand.

33 See Orage and Hobson, pp.7-10.

to admit the lack of success of the SDP which, as he informed Howard, had been 'hanging on by its eyebrows' in Dunedin, and seemed to have fared little better elsewhere apart from Christchurch. McCarthy hoped that the SDP would survive as a national organization for socialist education within the Labour Party, and had no illusions about what he saw as the nature of the new political organization. But he saw no alternative if the Labour movement was to work in the political arena, as was apparently necessary in New Zealand. As he wrote: 'The SDP being founded upon principle, can propound these principles and the conclusions arising therefrom, in the clearest possible way. The N.Z. Labour Party has no principles, but a Platform merely. It stands, as all political parties must stand, for opportunism only.'<sup>34</sup>

McCarthy's vote may have been critical in ensuring the approval of the Dunedin branch of the SDP for the formation of the Labour Party, as the motion endorsing it passed only narrowly by eleven votes to ten.<sup>35</sup> Henceforth the major strategy of this small but committed group was to assert its influence upon the hitherto conservative Otago Labour Council. In this it was to have some success.

Such a course was in part at least the result of McCarthy's energetic and consistent propaganda for guild socialism which renewed, although in a more sophisticated form, an argument for the priority of industrial organization over political action. Indeed, McCarthy's reconciliation to the formation of the new party was paradoxically linked to his new belief in the secondary and epiphenomenal role for politics in the struggle for socialism, based on the guild socialist maxim 'Economic Power Precedes Political Power' (EPPP for short). For McCarthy and a small group of activists in Dunedin, as for others elsewhere in New Zealand, the formation of the Labour Party helped reinforce something of a reaction back toward a new form of industrial strategy.<sup>36</sup>

This new evidence from the McCarthy papers further fills out the broad outline drawn by historians of the formation of the Labour Party. Upon this basis, three additional arguments may be constructed, all bearing on the question of the importance of ideology in the origins, formation, and early development of the Labour Party.

After 1913 and 1914—and particularly after 1916—it may be wise to admit an increasing difficulty in clearly drawing any firm boundary between the 'militant' and 'moderate' wings of the Labour movement. While such a firm boundary is still generally defended, even Gustafson notes the growing interaction between former 'Red Feds' and moderates in the UFL, SDP, and the Workers' Educational Association (WEA), in the years after 1913. Indeed in the Wellington WEA classes a real

<sup>34</sup> McCarthy to Howard, 24 July 1916, McCP.

<sup>35</sup> McCarthy to F.R. Smith, 28 July 1916, McCP.

<sup>36</sup> The reception and influence of guild socialism in New Zealand will be examined in a future article on the subject based on work presently in progress.

dialogue seems to have taken place between Marxists and reformists which may have done much to establish the foundations of unity. Nevertheless, while some 'militants' may have been becoming more 'moderate', some 'moderates', perhaps particularly outside of Wellington, were moving in the other direction.

Neither the Unity Congress of 1913 nor the formation of the Labour Party in 1916 can be satisfactorily accounted for simply as fusions of 'militants' with 'moderates'. The arguments between priority for industrial action as opposed to priority for political action were rarely as clear-cut as they are sometimes assumed to be. Nor did they, as is frequently assumed, exactly parallel the moderate-militant division. Indeed, until recently there has been a remarkable lack of attention to the precise nature of the 'syndicalism' of the FOL. It is not quite enough nor entirely accurate to describe the FOL leaders as subscribing to the doctrines of the American Industrial Workers of the World (IWW), despite their liking for the well-known preamble of that organization.<sup>37</sup> As G.D.H. Cole pointed out long ago, the 'Red Fed' strategy was more akin to that of the American Marxist Daniel de Leon than to that of the Chicago IWW, which by 1913 at least was represented in New Zealand by a small group highly critical of the 'Red Feds' from a position verging on anarchy.<sup>38</sup>

However the 'de Leonism' identified by Cole and more recently by Erik Olssen was itself more complex, and was not strictly speaking the actual strategy recommended by de Leon. De Leon's strategy, articulated in highly sectarian terms, anticipated in some respects certain key tenets of Leninism. Through his small and isolated American Socialist Labour Party (SLP) de Leon argued for a revolutionary party with a vanguard role. Revolutionary trade unionism organized on an industrial basis would play an important but secondary role in the struggle, but would nevertheless form the basis of the social and political organization of a future socialist society. De Leon was involved with the IWW soon after its formation in 1906, but after 1908, when the IWW split, he formed his own IWW, based in Detroit. The original and more influential IWW based in Chicago thereafter became more and more anarchist in tone and strategy.

The position of the New Zealand 'Red Feds' and their political wing, the Socialist Party, was initially closer to those of the American socialists W.D. Haywood and Eugene Debs. Debs stood on the left wing of the American Socialist Party, was somewhat more reformist than de Leon, and stressed the importance of both political and industrial action. He had also participated in the IWW but had left when it turned toward

37 Significant differences between the 'Red Feds' and the Chicago IWW were noted by Roth, p.33.

38 G.D.H. Cole, *A History of Socialist Thought: The Second International 1889-1914*, II, London 1956, 897; H. Roth, 'New Zealand "Wobblies"', *Here and Now*, II, 6 (March 1952).

anarchism. As for Haywood, he remained a leader of the IWW and, like de Leon, advocated the formation of 'One Big Union' divided by industry and which was to become the political basis of a future socialist order. Despite the anarchist tendencies of the IWW after 1908, Haywood remained a member of the Socialist Party and served on its National Executive from 1911 to 1913, when he was expelled by the party's right wing. Haywood differed from de Leon not only in his membership of the Socialist Party rather than of the SLP, for he also believed that industrial action took first place over political action which, however, he did not reject as did the most part of the IWW. Like de Leon, Haywood also remained completely opposed to any hint of reformism.<sup>39</sup>

In 1906 Pat Hickey imported Haywood's strategy into New Zealand,<sup>40</sup> but by 1911 and 1912 Debs' more reformist writings were widely read by New Zealand Socialists and may well have represented more closely the views of most New Zealand 'militants' than Haywood's belief in overthrowing capitalism 'by forcible means if necessary'.<sup>41</sup> By 1913, for obvious reasons specific to the New Zealand experience, the FOL and the Socialist Party were moving in rhetoric toward something closer to de Leonism, still describing themselves as revolutionary while repudiating 'anarchism', calling for industrial and political unity, and admitting a more central role for political action.<sup>42</sup> But from the beginning, as Pat Hickey noted, the 'Red Feds', like Haywood and Debs, had always been willing to grant a role for politics, standing candidates for Parliament through the Socialist Party, and even making representations to the state for changes in the laws relating to trade unions.<sup>43</sup>

Thus the 'militant' position was far more complex than is generally acknowledged, and on the question of the relative merits of political and industrial action there was always some potential for blurring the boundaries between 'militants' and 'moderates'. As Olssen has pointed out, there were at least four strategies identifiable: to the right, Lib-Lab and independent Labour, and to the left, 'de Leonite' and that derived from the anarchist Chicago IWW.<sup>44</sup> In respect of political action, those seeking a moderate Labour Party and those influenced either by Hayward, Debs, or de Leon had more in common by 1913 than with their 'allies' of right or left respectively. The resultant formation of the UFL and SDP

39 *ibid.*, pp.793-802.

40 On Hickey's clear debts to the American Socialist Party, Hayward, and Debs, rather than to de Leon, see H. Roth, 'American Influences on the New Zealand Labour Movement', *Historical Studies*, IX, 36 (May, 1961) 416. For more detail on socialism in Westland in this period see P.J. O'Farrell, 'Politics and Coal: the Socialist Vanguard 1904-1908', in P.R. May, ed., *Miners and Militants*, Christchurch, 1975, pp.108-15.

41 Philip S. Foner, *History of the Labour Movement in the United States*, IV: *The Industrial Workers of the World 1905-1917*, New York, 1965, p.398.

42 The language of de Leon's Detroit IWW in 1913 and that of many participants in the New Zealand Unity Congress that same year have much in common; see *ibid.*, IV, 110.

43 Pat Hickey, *'Red' Fed Memoirs*, Wellington, 1926, pp.32-33.

44 Olssen, p.84.

united only sections of the former 'moderates' and former 'militants'. To label those organizations as 'militant'—as does O'Farrell—is therefore misleading, despite the failure of an important part of those seeking a Labour Party to join in until 1916. Even applied to individuals, as by Gustafson, blanket use of the moderate-militant dichotomy may be dangerous. Howard, for instance, was generally regarded as a militant, but Gustafson classifies him as a moderate throughout.<sup>45</sup>

By 1916, use of the two labels becomes greatly confused, both in the language of the time and in that of later historians. For instance, McCarthy uses the term 'militant' in a different sense than that applied to Howard, as describing the views of those who continued to defend the less sophisticated Haywood strategy from the period prior to 1913.<sup>46</sup>

Thus historians must give more attention to the actual language of debate as articulated in the period. The meaning of the terms in each context must be uncovered.<sup>47</sup> An analysis of this kind might lead to the conclusion that when the terms were applied to two distinct wings of the Labour movement prior to 1913 their emotionally and ideologically loaded character at least had a foundation in a structure of rival organizations. Particularly after 1916 greater cohesion in the political arena, and a highly complex situation in the industrial field, removed a clearly definable objective basis for the application of the dichotomy, to be fully restored only with the appearance of the communist tradition from the early 1920s onward. With reference to the mainstream of the Labour movement from 1916 into the 1920s the dichotomy did continue in use but acted more exclusively as a weapon. In particular, to the conservative or 'Lib-Lab' forces opposing Labour the dichotomy of 'sane' versus 'militant' was mobilized to discredit the leadership of the Labour Party and to prevent the national reorganization of trade unionism.

In other words, one needs to ask how much of the language of militancy was earned by those to whom it was applied, and how much that language was thrust upon individuals and organizations by their enemies. In cases where militant language was fully embraced by those in the Labour movement, one also needs to ask how much it may have been a rhetorical gloss over standard trade union behaviour. Not all paths of 'direct action' are necessarily militant in terms of ideology.

Within the Labour movement after 1916 a complex process of ideological readjustment was in fact taking place, which may continue to

45 Gustafson, p.60, 159. There may also be problems in O'Farrell's classification of Semple as a militant, certainly by 1917: see Len Richardson, 'Politics and War: Coal Miners and Conscription', in May, pp.148-50.

46 For another use see Lou Horning to McCarthy, 16 August 1915, McCP, where 'militant' simply implies 'active'.

47 Something along these lines has been attempted by Stephen Mills, 'The Trades and Labour Councils, 1891-1911: the Myth of Moderation', unpublished B.A.(Hons) Research Exercise, Massey University, 1977. While not entirely successful in this earlier period, a similar approach applied to the complex situation between 1916 and 1920 might pay greater dividends.

defy simple summary. However the influence of guild socialism both in the political and the industrial wings may have done something to provide a brief period of general agreement upon the ends to be pursued by socialists in New Zealand. This implied a much needed, fully argued, and intelligently articulated synthesis of state socialism and syndicalism, involving an acceptance of political action as a necessary but far from sufficient means of progress toward socialism, for which the way had already been prepared by the schools of American socialism popular in New Zealand before the war.

Guild socialism was in many ways tailor-made to facilitate compromise between frustrated revolutionaries with syndicalist tendencies and those simply seeking an independent Labour Party. Especially in its postwar form under the influence of G.D.H. Cole, it justified a flexible tactical emphasis upon political or industrial action depending upon circumstances, while continuing to emphasize that ultimately the field of industry would be the main battleground for socialism. Guild socialism also aspired toward social revolution but outlined a strategy designed to minimize and possibly completely avoid violence by proceeding as far as possible within constitutional and legal boundaries.<sup>48</sup>

Of course it may be that by 1916, for most Labour leaders, questions of ultimate ends were no longer paramount, and ideology for them no longer served as a guide for political navigation. Nevertheless, at the very least, the renewed ideological debate from 1916 to 1923 does indicate something of a consensus which, while of little long term significance, may have in the short term assisted Labour's political unity during the key early years.

In industrial policy the consensus involved an essentially guild socialist proposal to extend gradually state ownership of certain industries in which, as the party platform put it, 'all labour for such industry and at least half the Board of Control in each case' should 'be appointed by the Union or Unions affected'.<sup>49</sup> As Brown has noted, 'worker control of nationalised industry was for long a prominent feature of Labour Party policy'.<sup>50</sup> This consensus was not so much destroyed as simply made irrelevant by Labour's slow progress to power and the steady dilution of its programme in order to attract wider support.

One can therefore accept something of O'Farrell's contention that goals of social revolution continued to shape the assumptions and

48 See Brown, p.44 for a brief account of the most obvious influence of guild socialism in New Zealand in this period.

49 The copy of the platform referred to here was printed in the *Democrat*, 1, 1 (August 1919), 17. The guild socialist clause was added to the platform at the first annual conference of the Labour Party in July 1917. It was moved by R.F. Way and G. Davis, representatives of an Auckland Trade Union conference held not long before. Holland and Paul both opposed the addition on the grounds that it would 'overload' the platform, but the new clause was endorsed by the conference; *Maoriland Worker*, 18 July 1917, p.5.

50 Brown, p.44.

general aspirations of a number of leaders of the Labour Party well into the 1920s. However, O'Farrell contended that militant socialists planned the formation of the Labour Party believing that 'the collapse of capitalism and the workers' revolutionary opportunity was imminent'.<sup>51</sup> But, as has been shown, not all O'Farrell's 'militants' supported the new party. Evidence of widespread 'militant' optimism about the immediacy of revolution is also seriously open to question due to indications that the formation of the Labour Party was more a reaction to unfavourable circumstances than a bold attempt to prepare for revolution. At most, it was a decision taken to capitalize upon the conscription issue.

It may be that for Holland hopes of a coming collapse of capitalism were strong; for Glover, certainly, there were, as he put it, 'tremendous possibilities fronting the party if it can be handled properly'.<sup>52</sup> Such a belief may have conceivably been shared by Fraser and Semple, as O'Farrell suggested.

But how much of this was simply a question of whistling in the dark in order to keep up the spirit? For Thorn, Howard, and McCarthy, there was no optimistic hope for the imminent collapse of capitalism; the impression gained is more of pessimism than optimism. Certainly, these individuals were more in the second than in the first rank of Labour's leaders, although this is perhaps more apparent in retrospect than it would have been at the time. In addition, even if one accepts the traditional dichotomy, it is not at all clear that these were moderates; certainly, neither Howard or McCarthy falls comfortably into this category.

More insight is gained by drawing attention to a common theme, of which there are many examples. It may be concisely illustrated by Glover's declaration to McCarthy that 'we have to deal with things as they are, not as we would like them to be'. Or as Thorn put it, with more depth of feeling:

... our workers like all others bear in them the marks of generations of ignorance, and here in N.Z., where ignorance gets its bellyful, no crisis has ever occurred to test their spirits or divert their attention away from conventional things. We simply haven't got the men. That's the plain truth. And for us who have not made the circumstances, the problem is how to make the best movement possible with the sort of material at hand. It's rotten material. Never sees a vision or dreams a dream, but it is a Reality and the wise man sticks to Realities and does the best he can with them.<sup>53</sup>

Such pessimism was, of course, a corollary of growing disappointment in the extravagant hopes which must inspire any movement seeking to transform radically a society. But already in 1916 pessimism was chipping at the foundations of hope. And such pessimism seems further in

51 O'Farrell, p.201.

52 Glover to McCarthy, 24 July 1916, McCP.

53 Thorn to McCarthy, 24 July 1916, McCP.

accord with the subsequent pragmatic history of the New Zealand Labour Party than with the deterministic optimism of 'militant and internationalist socialist theory'.

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