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Encyclopedia of New Zealand

Political Parties

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Search



POLITICAL PARTIES

LABOUR PARTY

After some 10 years of indecision and internal strife in the Labour movement, the New Zealand Labour Party was formed at a joint conference held in Wellington on 7 July 1916. For long the majority of trade union leaders had remained content with that alliance with the Liberals which produced the Arbitration Act and the social legislation of the 1890s. Moreover, the remarkable personal popularity of Seddon was itself a formidable barrier to any notions of independent Labour representation. But the growing conservatism of the Liberals even before Seddon's death and the rigidity with which the arbitration system functioned in practice began to arouse widespread trade union dissatisfaction. By 1905, therefore, the trades councils had resolved, although not without differences of opinion, to form an independent political party. Before much progress had been made, however, an infusion of radical doctrines from abroad transformed the situation in the Labour movement.

Moderates and Militants

In 1906, three militant socialists, Semple, Webb, and Hickey began agitation on the West Coast. They found the miners extremely susceptible to demonstrations being more effective in getting results than arbitration and conciliation. The Blackball Mine strike of 1908, instigated by Hickey, broke the spell of the arbitration system; no longer was New Zealand "a country without strikes". In the same year the three formed the New Zealand Federation of Miners, soon broadened and renamed the New Zealand Federation of Labour. The New Zealand Labour movement thus became sharply divided into two camps. On the one hand were the "moderates", represented by the trades councils and their political party, the Independent Political Labour League, reformed and renamed in 1910 as the New Zealand Labour Party and reorganised again in 1912 as the United Labour Party. On the other were the "militants", represented by the "Red Federation" and its political subsidiary, the New Zealand Socialist Party.

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moderates subscribed to a cautious socialist objective and in essence they believed in reform b
tants, however, despite their association with the Socialist Party, remained for the most part

political action. They stood for industrial unionism, that is, organisation on lines of industry, not craft, and they conceived of the strike as essentially a political weapon. In 1912 the Federation of Labour adopted in its preamble the doctrines of the syndicalist American Industrial Workers of the World: "The working class and the employing class have nothing in common ... Between these two classes a struggle must go on until the workers of the world organise as a class, take possession of the earth and the means of production and abolish the wage system".

In fact these ideas were more militant theory than militant practice. But their logical consequence was that possibilities for cooperation between the two groups commonly foundered on two issues. First, the militants thought it essential and the moderates, dangerous, that union leaders should have power to call nationwide strikes. Secondly, the moderates accepted the wage system and the Arbitration Court which had come to enshrine it; to the militants, the Court meant "Labour legironed".

This was the situation at the time of the Waihi strike in 1912. But the defeat of the strike by Massey's Government and particularly the device of registering a new "Arbitration Union" caused the militants much reflection. In 1913 they took the initiative in seeking a greater measure of political and industrial unity in the Labour movement. The Unity Conference which they called in July 1913 established two new organisations: the Social Democratic Party (SDP), the political body, and the United Federation of Labour (UFL) the industrial body. In the determination of the constitution and policy of the two, the balance of advantage lay with the militants, and a conservative section of the moderates withdrew from the conference.

The somewhat imperfect degree of unity thus achieved, however, was soon jeopardised by the great 1913 wharf and mine strike. To many moderates the conflict seemed a confirmation of their worst fears. The defeat of the strike by the Reform Government, after a bitter struggle, severely weakened the UFL and significantly handicapped the SDP, for the latter became indelibly associated in the public mind with revolutionary syndicalism. These events strengthened the reflections of the militants on the merits of political, as opposed to industrial, action. But it was the outbreak of the First World War in August 1914 which really rescued the Labour movement from its prevailing confusion.

The First World War and the Foundation of the Party

The militants believed the war to be an unnecessary clash of rival imperialisms. Moreover, they saw in it the seeds of the collapse of capitalism. This belief, together with their expectation that the unpopularity of wartime measures would gravely weaken the grip of the Government in New Zealand, gave them a new sense of urgency in seeking to re-establish Labour unity. Their anxiety was heightened by the impending threat of conscription which they interpreted as not merely a measure to intensify prosecution of the war but also as a weapon by which the governing class sought to destroy the Socialist movement.

The moderates, on the whole, supported the war. But they were opposed, initially, to manhood conscription, believing that conscription of wealth should either precede or accompany it. They were concerned, too, about wartime profiteering, about the rapid rise in prices without compensating increases in wages, and a host of other problems. Despite, therefore, their fundamental division of opinion on the merits of the war, a working unity – skilfully stimulated by the militants – was established between the two groups. Its first notable achievement was the broadly based Anti-conscription Conference of January 1916. Moreover, there had grown up at the local level Labour Representation Committees (LRCs), formed for the purpose of electing members to Parliament to represent Labour interests. In the 1914 General Election six "Labour" men, (three ULP, two SDP, and one independent) had been successful. In 1915, influenced no doubt by the rumours of the impending Reform-Liberal wartime coalition and drawn together by common views on many problems of the day, these men formed a Labour group in Parliament. Under the leadership of A. H. Hindmarsh, they functioned virtually as an

Opposition and demonstrated in practice the advantages of unity.

The introduction in May 1916 of the Military Service Bill to enact conscription provided the final spur. The SDP Executive Committee (of which Peter Fraser was secretary) decided that a unified party should be formed without delay and took the initiative in arranging a joint conference between representatives of the SDP, UFL, LRCs, and Labour members of Parliament. The motions for the establishment of a new party, named the 'New Zealand Labour Party' (a concession to the moderates), were moved by the Hon. J. T. Paul, a member of the moderates "old guard". Its platform and policy, however, were drawn up by the leaders of the SDP, 11 of whose members formed the great majority of its 13-strong executive.

In effect, therefore, the SDP transformed itself into the New Zealand Labour Party and, except for local preservation of the name in Wellington and Palmerston North (two centres where radicalism remained strong), passed formally out of existence. The new party represented a compromise between moderates and militants, on the initiative of the latter. Its platform was virtually that of the SDP. But it was, on the whole, attuned to the moderate position, for the SDP platform, itself fashioned in the compromise of 1913, did not differ greatly from that advocated after 1905 by the trades councils.

The Trade Unions

In the years between 1916 and 1935, when the first Labour Government took office, the leaders of the party faced essentially two problems: first, to win the wholehearted backing of the trade union movement; and, secondly, to broaden the basis of their support beyond the industrial working class to an extent necessary to win a parliamentary majority in an electoral system which was weighted towards rural interests.

By 1919 an aggressive new industrial organisation, the Alliance of Labour, was fast displacing the dying UFL. Its leaders, Arthur Cook and James Roberts, a new generation of militants, looked with some suspicion on the Labour Party and revived notions of industrial action. But the economic squalls which struck New Zealand in the 1920s did not provide an appropriate climate for such policies. By 1924 the lions of the Alliance were prepared with some resignation to lie down with the lamb of arbitration. Although, thereafter, there was little difference of policy or ideology between the Labour Party and the Alliance, their relations remained cool. The depression of the early 1930s resolved this problem. By 1933 the unemployed outnumbered the trade unionists. Lacking even the degree of protection hitherto conferred by the Arbitration Act (following an amending Act in 1932), the industrial labour movement in New Zealand was "beaten to its knees". It was the parliamentary Labour Party which then became the movement's most effective defence against the ravages of the depression and, in consequence, the political arm became decidedly the senior partner of the two. It was under the wing of the Labour Government, which in its first year of office enacted compulsory unionism, that the divided industrial movement was reorganised in 1937 into the New Zealand Federation of Labour.

Land Policy

As early as 1922 when, with the aid of some Reform-Liberal vote splitting, Labour won 17 seats in Parliament, the party could see the limits of urban worker support. The leadership thereupon began to turn their thoughts to wider fields. It is indicative of the radical temper of the party in these years that the instrument chosen for the conversion of the countryside was the "usehold" land policy.

Land policy was only one aspect of the wide range of Labour's prescriptions for New Zealand's ills, but it was in many respects the most crucial, and by 1924 the "usehold" policy had become the showpiece of the party's platform. It provided, in essence, for the replacement of freehold tenure by a system of perpetual lease from the State, subject to occupation and use and with compensation for improvements. An amendment at the 1924 annual conference took it further than its architect, Walter Nash, originally had intended and provided that land

could be sold or transferred only to the State. Labour contended that such a policy would eliminate New Zealand's economic vice of speculation in land, with its consequent inflation of prices, and would give the genuine farmer security of tenure while freeing him from the burdens of mortgage indebtedness which the freehold system imposed.

In the Franklin by-election and later, the general election of 1925, the party carried this message to the rural fastnesses. The results, if not surprising to the cynics, were decidedly disappointing to the enthusiasts. Probably because on this occasion Reform and National (the Liberals) took care not to split their votes in key electorates, Labour lost five seats. It may be argued that 1925 did not truly represent a Labour setback, for the party's total vote showed a substantial increase. But the party leadership was not comforted by such an analysis. They knew that if they were to win political power they must capture provincial constituencies and their campaign experience convinced them that for this task the "usehold" policy, whatever its economic merits, was not an asset but a liability. Here one may detect a critical change of direction in the party's history. Not without socialist soulsearching – and care was taken in phraseology to preserve some illusions – the 1927 annual conference adopted the report of a special committee which jettisoned the essential provisions of the land policy. In its place the party began to stress the importance to the farmer of cheaper credit, thus tacitly accepting the inviolability of the principle of freehold land.

This landmark may be taken as symbolising a gradual process of erosion which throughout the twenties ate into the more socialist planks of the party's platform. In 1933, in midst of the depression, the whole policy was recast. In the process the basic platform which, amended and extended, had served from 1916 was lost from view. The revised policy was concerned more directly with the problems created by the depression. Stimulated by the national preoccupation with monetary matters which overtook New Zealand in these years, it stressed the importance of financial reform and especially the role in recovery which should be played by public credit.

The 1935 Election

Labour interpreted the "slump" as less a crisis of overproduction than of underconsumption, a phenomenon which it attributed to a breakdown in the system of distribution and exchange. The party conceded that the collapse of export prices overseas was the principal cause of New Zealand's predicament, but contended that the policy of the Coalition Government had seriously and unnecessarily aggravated the situation. The remedy it proposed was to plan and direct the exchange and distributive sectors of the economy. Capitalist production was unchallenged in this policy; not social ownership but social control was its hallmark.

Labour faced the 1935 election with confidence. With one exception the party had registered a steady accretion of parliamentary strength: eight seats in 1919, 17 in 1922, 12 in 1925, 19 in 1928, 24 in 1931. And with the coalition of Reform and the Liberals in 1931, Labour now was plainly the alternative government. Moreover, the Labour Party had introduced to New Zealand politics a novel degree of local organisation, centrally controlled. An efficient central office and research bureau had been organised by Walter Nash, who as National Secretary from 1922–32 laid the foundations of party organisation and finance. The toll of unemployment had rendered the trade unions virtually helpless and created within the Labour movement a degree of unity and determination rarely equalled. And by its vehemence and tactical ability the parliamentary Labour Party had presented a formidable opposition to the Government and won much useful publicity.

In addition, through the new emphasis in policy and because of the prevailing circumstances of the day, the party was able to make an effective appeal to many sections of the community. Cheaper credit and guaranteed prices, abetted by the dairy-farmer's addiction to cheap money theories (a propensity greatly nourished by the Douglas Social Credit Movement), provided the key to unlock rural strongholds which had hitherto proved impregnable. Further, as a result of an approach to the party late in 1931, by W. T. Ratana, there began in 1932 that alliance

with the Ratana Church which did much to win for Labour the political allegiance of the bulk of Maoridom. Finally, to all but alarmist minds, the party was freed from the contamination of communism. The introduction in 1925 of a membership pledge and the affirmation in the platform that Labour was committed to democratic constitutional processes drew the boundary between Labour and the younger Communist Party. In the depression years relations between the two were embittered and recriminatory.

The sweeping victory of 1935 brought Labour 55 seats in Parliament and ushered in a period of office, first under Savage and then under Fraser, which was destined to last until 1949. The new Government showed energy and initiative in dealing with the problems of the day and in establishing a pattern of governmental participation in and regulation of New Zealand society which, in all essentials, remains to the present day. A vigorous policy of public works was initiated; guaranteed prices for dairy products were instituted; the domestic marketing of primary commodities was regulated; industrial legislation was amended to make membership of an appropriate trade union compulsory for the employee; and the Social Security Act of 1938 established a wider and more generous social welfare structure embracing old age, widowhood, unemployment, invalidity, hospital, maternity, and other benefit payments.

Aided by recovering export prices, the expanded domestic activity stimulated the New Zealand economy and rapidly reduced unemployment. In the 1938 election, a grateful and relieved electorate rewarded the Government and Savage personally with a degree of public popularity and affection unequalled since Seddon's heyday. In the process, however, the party faced an internal crisis of serious proportions.

The Lee Affair

As early as 1932-33 there had been division of opinion in caucus on whether loans or credit should be the principal means of financing recovery. The concentration on financial affairs which then began to dominate party policy led to the growth within caucus of a monetary reform group which began to conceive itself a socialist left wing. Its leader was John A. Lee.

It would be misleading, however, to interpret the events which followed wholly in such limited terms. In these years many Labour members, including Savage, talked too much and too loosely of credit; and in so far as they held coherent financial opinions some of the older Ministers may well have shared Lee's monetary views. Again, while in predilection with monetary reform at the expense of reflection on private ownership of production, Lee and his followers were less socialist in doctrine than they supposed, they did represent something of a "Young Turk" restiveness with the leadership of the older generation. In his selection of Cabinet, which both in 1935 and in 1938 he insisted be entrusted to him personally, Savage had disregarded Lee's personal claims to inclusion. And with the trials and temptations of office, the sense of team spirit and intra-party democracy which had given such *élan* to the parliamentary party, steadily declined. At times the senior leadership displayed a disposition simply to ignore caucus decisions they disliked; at others, to accept public credit for measures into which they had been pushed by a caucus majority. Again, there was some ground for antagonism between the older group, which enjoyed trade union confidence and hence controlled the party "machine", and the dissidents who as individual members supported Labour more from intellectual conviction than from working-class background.

That the affair took the turn it did may be attributed largely to Lee's personality. A gifted man in many ways, his judgment was clouded by vanity. In 1939 the "Lee Letter" attacking the financial orthodoxy and caution of Nash received wide publicity. Lee maintained that he had intended, initially at least, that it be seen only by Labour members. Despite warnings from the National Executive and a conference vote of censure in 1939, he publicly pursued his attacks. But it was an article reflecting harshly on the stricken Savage that proved to be his undoing. Without preliminary notice, his expulsion was moved at the annual conference of 1940. After a long and acrimonious debate, the motion was carried by a "card vote" of 546 to 344.

While Lee's conduct made it difficult for his many sympathisers to defend him, the consequences of the whole affair for the Labour Party were unfortunate. His expulsion diminished the enthusiasm of the party's local structure. Many active branch workers either resigned or lapsed into merely nominal membership. In some areas whole branches melted away. Moreover, since the party was a product of compromise, the leadership was frightened by the renewed visitation of the spectre of division. It responded by making a fetish of unity. In the process little room was left for genuine differences of opinion or healthy controversy. The circumstances of the Second World War reinforced this authoritarian trend. The party leadership was the Government. In the prevailing atmosphere, criticism of the Government came to be regarded as amounting almost to sabotage of the war effort.

Compulsory Unionism

Another development, while neither a product nor a cause of these events, decisively influenced their shape. That was the change in character and structure which overtook the party partially as a consequence of the introduction in 1936 of compulsory trade unionism. Although in its origins Labour was essentially a trade union party, it had won office in 1935 in spite of the long-sustained indifference of a large and influential section of the trade union movement. The party's constitution provided for both individual membership through local branches and for the affiliated membership of trade unions. In 1931 an amendment to rights of representation at the annual conference introduced a modified card-vote system and gave to the larger affiliations (that is, the unions) a voting strength more commensurate to their numbers. But it was not until the unions were enormously inflated in size by compulsory membership that the party felt their full weight. In 1935–36, the last year of the *ancien régime*, the Labour Party had a total membership of 33,114. By 1937–38 the figure had reached 162,157. The following year it exceeded 200,000. To some degree no doubt this increase represented an enlarged branch membership in the years of Labour's greatest popularity and the recovery of long-affiliated unions from the decline in membership which had been caused by unemployment. But its essence was compulsion.

The party then began to assume many of the characteristics of a very large-scale organisation. No longer could annual conferences be relatively intimate affairs. On the contrary, they assumed the flavour of large and not always orderly public meetings. Even before 1936 the volume of remits to conference had grown too big to permit of their individual consideration. From that year they were consolidated and referred to special committees for report and recommendation. In 1940 a further amendment to rights of conference representation introduced a full card-vote system and further strengthened trade union influence in decision making. Gradually the role of the active branch member diminished, and the annual conferences, not without occasional revolts, steadily declined in both enthusiasm and influence. It would be a distortion to lay all this at the door of compulsory unionism. It was no doubt a product of many causes for similar trends have been evident in Labour Parties in countries where the voluntary principle remained intact. But the compulsory provisions enacted in New Zealand in 1936 made its impact on New Zealand Labour so much the more clear cut.

The 1949 Defeat

These developments and the diversion of social energy occasioned by the war were the primary considerations which in 10 years so aged the party that, when the Fraser Government emerged successfully from the Second World War, it was as a somewhat elderly administration bent above all on remaining in office to manage the welfare State it had created. The Government's last radical step was to take full public ownership of the Bank of New Zealand in 1945, a measure forced upon a reluctant Minister of Finance both by conference and caucus.

The Government now faced mounting opposition both from a reorganised and revived National Party, and from a somewhat incoherent left wing, political and industrial, in the Labour movement. Some militant unions – for example, the watersiders, miners, freezing workers, carpenters, and drivers – impatient with the policy of

economic stabilisation and rejecting injunctions not to embarrass the Government, resorted to striking. In 1949 they broke away from the Federation of Labour to form a new and more militant industrial organisation, the short-lived Trades Union Congress. In 1949, too, Peter Fraser asked the Labour Party, founded in opposition to conscription, to accept peacetime compulsory military training. His request was indeed a logical extension of the policy the Labour leadership had pursued in the Second World War. Inevitably, however, it divided the movement sharply between right and left wings, between those who wished to align New Zealand with the Western bloc and those who preferred to steer virtually a neutralist course. It is a tribute to the fundamental strength and loyalty of the party that, in such disarray, it still waged a campaign of respectable proportions in the 1949 general election. But the Government was heavily defeated.

The Decade of the Fifties

There followed the waterside dispute in 1951 which in some ways re-enacted the events of 1913. Far from firing the Labour movement with a fresh resolve, the dispute further weakened it by creating a division between the parliamentary party and the Federation of Labour. Although relations subsequently were restored, they did not regain the cordial intimacy that had resulted from the close personal relationship between Peter Fraser and F. P. Walsh. And while only a minority in the Labour movement could have regretted the eclipse of the dissidents' leadership, the aftermath of the strike saw the trade union movement as a whole robbed of much vitality.

Under Walter Nash, who was elected leader of the parliamentary party on Fraser's death, Labour adhered to the basic policy of social welfare (on the basis of a mixed but regulated economy) which had been developed during the years of Government. From the depths of the "snap" election in 1951 when the party was reduced to 30 seats, Labour's parliamentary fortunes gradually revived. After a campaign in which neither side looked over its shoulder at the worsening external trade situation, the party won the 1957 general election by the narrow margin of 41 seats to 39 – although its popular majority of votes was substantial. Three years later, however, the majority proved insufficient to withstand a counterswing induced by public reaction to the problems the Government encountered by endeavouring to augment welfare in a decidedly unfavourable economic climate.

It may have been inevitable that over the years the party leadership, burdened with the realities and responsibilities of office, should move some distance from the rank and file. It may have been inevitable that the attainment of high minimum standards of material welfare should diminish reforming political enthusiasm. It may also have been inevitable that the "Cold War", which presented to the Labour Party, as it did to democratic socialist parties the world over, a schizophrenic international situation, should take its toll of rank and file zeal. But while in the decade of the fifties Labour waged a parliamentary campaign with relative success, the party failed to grapple with its own internal *malaise*. No remedies were proposed, indeed no diagnosis was made because no problem was recognised or, at least, admitted.

by Bruce Macdonald Brown, M.A., New York Office, Department of External Affairs.

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The Story

Contents

- BELLAMY SOCIETY
- COMMUNIST PARTY
- COUNTRY PARTY

- DEMOCRAT PARTY
- DEMOCRATIC LABOUR PARTY
- INDEPENDENT POLITICAL LABOUR LEAGUE
- KNIGHTS OF LABOUR
- LABOUR PARTY
- LIBERAL PARTY
- MAORI POLITICAL PARTIES
- NATIONAL PARTY
- "RED" FEDERATION OF LABOUR
- REFORM PARTY
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- SOCIALIST (N.Z.) PARTY
- UNITED PARTY

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[^ Page Top](#)

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