

# The New Zealand Legion

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The Wall Street Crash of October 1929 is generally recognised as the event that triggered the Great Depression. In New Zealand, the effects of the crash were not immediately apparent. But from 1930 export prices began to plummet, falling 45% by 1933. To a country overwhelmingly dependent on agricultural exports, this was devastating.

By the end of 1930 urban businesses and manufacturers were feeling the flow-on effects. Demand for their goods and services fell, as did the prices they charged. Unemployment rose to 12% of the registered workforce in 1933, and those lucky enough to keep their jobs often found their wages slashed by as much as 20%. A series of unemployed riots rocked Auckland, Wellington and Christchurch in the first six months of 1932. The government tried to ease Depression conditions through unemployment relief schemes, which often required men to travel long distances for small pay.

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## An uneasy coalition

Parliament was dominated by conservative parties. The United Party – an offshoot of the moribund Liberal Party – held power between 1928 and 1931, before forming a coalition with the Reform Party. Part of United's appeal lay in its loose adherence to laissez-faire capitalism: it sought to reduce the size of government, cut state spending and encourage private business. Reform was more willing to intervene in the economy, as it had when establishing state Meat and Dairy Boards in the early 1920s.

The coalition between United and Reform was an uneasy one. Prime Minister (and United Party leader) George Forbes and Finance Minister William Downie-Stewart generally pursued deflationary measures to address the economic crisis. Reform members, especially leader Gordon Coates, pushed for greater state intervention, including the devaluation of the New Zealand pound against the British sterling. By dropping the exchange rate from £NZ110:£UK100 to £NZ125:£UK100, the amount that farmers received for their goods on the British market would increase. Coates hoped that this boost in New Zealand farmers' incomes would then flow through to the rest of the economy.

After much wrangling, devaluation went ahead on 19 January 1933. The effect was dramatic: urban businessmen throughout the country condemned the government and Downie-Stewart resigned from Cabinet in protest. New political parties emerged to capitalise on their dissatisfaction: the short-lived 'All New Zealand Party' of 1933 was followed by the much more successful Democrat Party in 1934.

## The Legion is born

The New Zealand Legion was born amidst this wave of conservative discontent. On 8 February 1933 a Wellington urologist, Robert Campbell Begg, convened a meeting of 50 local businessmen and farmers. Included among them were the leaders of the 'New Zealand National Movement', a low-key laissez-faire protest group formed the previous year to pressure the government into cutting costs. Begg, a Rotarian and member of the Wellington Hospital Board, was well known in Wellington through his campaign for greater efficiency in healthcare in 1931.

The meeting resolved to form a new, non-party 'emergency movement to meet the national crisis.' It would seek to organise 'the whole of the people of New Zealand for safety and security' and 'by means of organisation and directed voting power to secure a Government composed of men and women of integrity and intellect freed from the trammels of sectional pressure and actuated solely by the motive of patriotic effort.'

The primary goal, Begg added, was 'a more efficient Government, centrally and locally, and Government based on National, not sectional interests.' In short, the Legion sought to unite the country under one banner to combat the Great Depression.

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