

THE GENERAL ELECTION OF 1943

by

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P R E F A C E

This thesis deals with the two most striking aspects of New Zealand's wartime politics; the effect of the war, and particularly the public pressure for political unity that it generated, on party politics and the growth between 1940 and 1943 of various new political movements. The election is obviously the focal point in developments on these subjects. By renewing the Labour Government's mandate it enabled the already dead question of political unity to be decently buried, and by eliminating the small parties it ensured an immediate return to the two-party system. Therefore the main interest in the 1943 election is not in its place in the development of electoral trends in the nineteen-thirties and forties, but in the culmination of political developments that were a direct result of the war.

It is for this reason that I have given so much attention to the evolution of the Labour and National parties between 1940 and 1943, for this explains many of the otherwise puzzling features of the election. The Labour Party had largely fought and won its battle against John A. Lee and

the Democratic Labour Party before 1943 and National averted the threat from splinter groups on its right wing in 1940. In both these cases the election only dealt the coup de grace. However, it is easy to overlook the part played by the new parties, and particularly the Democratic Labour Party, in the politics of the early nineteen-forties, and easy, too, to forget how powerful they appeared to be at times. Internal developments in the two main parties during the war years provide some fascinating insights into the disposition of power in modern parties. The displacement of an old group of leaders in the National Party is particularly interesting in this regard. Such significant episodes may be lost sight of if the scope of a study such as this is too broad, or, as John A. Lee put it when discussing the period with me, if one sees the milestones but not the miles in between.

Very little work has been done on the growth of small parties in New Zealand, and the period of the nineteen-forties has scarcely been examined at all from this point of view. There has also been little written on Labour during its years of power, apart from Thorn's "Peter Fraser" and Paul's "Humanism in Politics", the latter a work of very little value. Robinson's thesis on "The Rise of the New Zealand

National Party, 1936-1949" covers the structural growth of the party during these years, but does not attempt to interpret shifts in the balance of power within it. Some overlapping will be noticed between the ground covered in Wood's "The New Zealand People at War" and in this thesis. However, Wood has very little to say about the evolution of the new parties, or about the election itself. Where we have covered similar ground it is usually for different purposes. Nevertheless, this work has been an indispensable guide on political questions directly related to the conduct of the war, and my debt to it is very great indeed.

Since this thesis is mainly concerned with the publicly stated policies of the parties, practically all the sources used are published ones. References to a number of letters and interviews are, however, recorded in footnotes to the text.

An electric calculating machine was used for the figures included in Chapter VII.

I would like to acknowledge, however inadequately, the help that so many people have given to me. I owe a special debt to the late Professor K.J. Scott, who died shortly

before I completed my work on this thesis. His help and friendly encouragement were invaluable on many occasions, and I know I am only one of many who feel his loss as a friend as well as a professor.

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CONTENTS

<u>Chapter</u>	<u>Page</u>
Preface	i
List of tables	vi
Glossary	vii
I Introduction; The war and politics	1
II The Labour Party	30
III The National Party	64
IV The New Parties, 1940-1943	112
(i) The Democratic Labour Party	
(ii) The People's Movement (The Independent Group)	
(iii) Social Credit political action; the Real Democracy Movement	
V Independent Candidates	208
VI The Issues	239
VII The Results	284
VIII Conclusion and Epilogue	309
Appendices:	324
Appendix A - By-elections, 1938-1943	
Appendix B - Candidates	
Appendix C - Forces' Voting	
Bibliography	342

LIST OF TABLES

<u>Table</u>		<u>Page</u>
I	Number of previous contests of National Party candidates	103
II	Estimate of farm labour force	280
III	Percentage of vote polled by Labour and National parties, 1935-1949	284
IV	Electorates showing decrease in National vote 1938-1943	286
V	Effect of Democratic Labour votes	289
VI	Numbers of seats in five classes of electorates	295
VII	Percentage of vote obtained by Labour and National parties in classes 1-5: 1935-1943	295
VIII	Percentage of vote gained or lost by Labour and National parties in classes 1-5: 1938 and 1943	295
IX	Seats won in classes 1-5	296
X	Average votes of minor party candidates	305
XI	Civilian and forces voting	339

GLOSSARY

AJHR	Appendices to the Journals of the House of Representatives
DLP	Democratic Labour Party
NZEF	New Zealand Expeditionary Force
NZPD	New Zealand Parliamentary Debates
RDM	Real Democracy Movement

CHAPTER I

INTRODUCTION

THE WAR AND POLITICS

Probably the most remarkable fact about the 1943 election was that it was held at all, for the preceding four years of New Zealand politics had been dominated by efforts to damp down political rancour to the stage where a national government could be formed and an election avoided. The failure of these efforts, culminating in the break-up of the War Administration in October 1942, left a permanent mark on both major parties and was responsible for a substantial number of electors defecting from both parties in 1943 to vote for candidates who thought that neither party had tried as hard as it could to achieve political unity.

The charges of these people, and of other groups in the community who condemned "party politics", were in themselves well founded. Forces within the parties proved to be overwhelmingly against a coalition government and any attempts at one had to be made in the face of bitter opposition from powerful supporters of both parties. An equally important factor, particularly from Labour's point of view was the readiness of embryonic political groups to take up criticism of the Government's policy should the National Party join it in a coalition. This was at times, as this study will show, the main reason for the reluctance of the main parties to work for political unity.

For a short period - from September 1939 to May 1940 - there was something approaching Parliamentary unanimity on the need to subordinate domestic political disputes to the war effort. Even before the outbreak of war, on August 3 1939, Hamilton, the Leader of the Opposition, said in Parliament,

"The Opposition wishes to assure the House of its wholehearted support in all and every action deemed necessary to meet the crisis that has arisen. The Opposition recognises that national unity is essential in such a crisis, and assures the Government of its unanimous backing." (1)

The National Party, however, obviously hoped that some move could be made toward a coalition government, and Hamilton's statement in September 1939 that "we are quite ready to co-operate with the Government in any way it may call upon us to do", was followed up a week later by the National Party Dominion Council's decision, at its quarterly meeting, to cut its Dominion Headquarters staff to a skeleton, discontinue publication of the party newspaper "National News", and reduce the supplies of party circulars and propaganda. (2) Admittedly some such measures would have been necessary anyway, as wartime economies, but the fact that they were criticised in the party (3) shows that they need not have been so drastic.

(1) NZPD, Vol. 255, p.492.

(2) A.D. Robinson, *The Rise of the New Zealand National Party*, 1936-1949, p.93.

(3) Ibid.

The immediate Government response to these conciliatory gestures was disappointing to the Opposition. Fraser said, on September 5, that

"we want as far as possible to agree on those matters where agreement can be reached, and if it can be done, to postpone matters on which there are obvious political disagreements, also postpone matters which are not urgent" (1)

Hamilton, and two of his colleagues, J.G. Coates and G.W. Forbes, were shown confidential despatches on the crisis in early September.

However, when Parliament reassembled on September 12 it became obvious that the Government could not guarantee that all its legislation would be acceptable to the Opposition. The main objects of contention were the Reserve Bank Amendment Bill, which extended government control over the Bank, and the Marketing Amendment Bill, giving the State power to acquire and resell any commodities at fixed prices. Hamilton called these "revolutionary and objectionable" and went on to complain that the Opposition had received no co-operation from the Government and that he had not been given any more information than the general public about the war situation. (2) (This apparently means that the Government had ceased showing confidential despatches to prominent Opposition members).

(1) NZPD, Vol. 256, p.47.

(2) Dominion, 15 November, 1939.

Thus the 1939 session of Parliament ended with the parties in complete agreement on the war effort, but in complete disagreement on domestic politics. This fell short of what Fraser had hoped for when war broke out, but the Government was certainly not going fast enough for some of its supporters. "Standard", on December 15, 1939 sounded a warning note against Fraser's policy of avoiding contentious domestic issues.

The Government will fall only if it fails to carry out its policy - the policy which a great majority of the people voted for. The Government has a long way to go. It must not hesitate.⁽¹⁾

Pressure of a similar kind was coming from the National Party too. Early in 1940, for instance, the Wakanui (Mid-Canterbury) branch of the party resolved

that this branch desires to draw the attention of the Mid-Canterbury executive to the continual spread of Labour propaganda, especially over the radio of this country, while we are at war. We are of the opinion that the National Party should consider renewing our efforts in the interests of the Party immediately.⁽²⁾

That the branch should have taken the unusual step of forwarding such a resolution to the newspapers is a sign that dissatisfaction with the party leadership's conciliatory attitude was widespread.

Early in 1940 forces outside both major parties added to the pressure toward a resumption of party controversy.

(1) Standard, 15 December, 1939.
 (2) Dominion, 24 January, 1940.

In March 1940 John A. Lee was expelled from the Labour Party and almost immediately began attacking the Government, among other issues on its adoption of conscription for overseas service.⁽¹⁾ At the other end of the political spectrum was the People's Movement, an avowedly non-party organisation which emerged to lusty life at a meeting in the Wellington Town Hall on April 30, 1940.⁽²⁾ The Movement concentrated its attack on socialism, but made no secret of its contempt for the National Party as an Opposition, pointing out that "there are thousands of dissatisfied National supporters today". The Movement's founder, E.R. Toop, went on to threaten the National Party with political action unless it changed its ways.

"A third party at the next election will have a greater chance of success than either of the present parties We must have a buffer party between the two extremes. It is within your province to say whether that buffer party is to be Mr. Lee's party or a safe, sane and commonsense middle party" ⁽³⁾

Actually the Movement's announced policy was far to the right of that of the National Party (and included a virtual dismantling of the Social Security scheme) but its appeal to disgruntled National supporters was clear.

(1) See Chapter 2.

(2) See Chapter 3.

(3) Evening Post, 1 May, 1940.

Toop's statement put the National Party's dilemma in clear relief. Hamilton's policy of co-operation with the Labour Government, partial and half-hearted though it was, had earned no response from the Government, and in his own party it had merely annoyed many of his supporters. Now his position was complicated by the emergence of a noisy right-wing group ready and willing to fill any opposition vacuum left by a conciliatory National Party.

Hamilton's reaction was to give notice that the Opposition would begin to criticise Government policy in relation to the war effort. His statement⁽¹⁾ ranged over much wider issues than previous Opposition criticisms had. At the same time he issued the first public call by the National Party for a coalition government. It was at last clear that unless the Government was prepared to show some appreciation of the Opposition's forbearance, it would have to face increased criticism on a wider scale than previously.

Public opinion in favour of a national government was greatly strengthened at this time by the extraordinary growth of the National Service Movement and the Returned Services' Association's agitation for conscription. As Wood⁽²⁾ shows, it was this pressure from essentially non-political, or at least bi-partisan bodies, which forced the two parties into some co-operation.

(1) Evening Post, 19 May 1940.

(2) F.L.W. Wood, The New Zealand People at War, pp.131-139.

On July 16, 1940 Fraser was able to announce the formation of a War Cabinet, consisting of Nash, Jones, Hamilton, Coates and himself. It was to make decisions concerning

"production for war purposes, war finance requirements, emergency regulations so far as they apply to the war effort and generally to implement the policy of Parliament in relation to New Zealand's participation in the war".⁽¹⁾

The arrangement was less than the full National Government which the Opposition wanted, but even so it was primarily the result of public pressure. Fraser had used this as a lever to shift the opposition in his own party, just as he had done on conscription earlier in the year.

The disadvantages of a coalition, or any move toward one, were summed up by John A. Lee at the time.

.... the gain will be largely psychological. For miracles will be expected and miracles will not be forthcoming Nationalist voters will expect Nationalist policies and Labour voters Labour policies, and everyone will be disgusted at the hybrid.⁽²⁾

Lee embarrassed the Labour Party considerably by his attacks on the doubling of sales tax and the imposition of a wages tax, both of which were voted through with Nationalist support when Lee forced a division in the House.

Reaction to the War Cabinet in the National Party was immediate. On 19 July the Christchurch "Press" reported that the appointment of Hamilton and Coates to the Cabinet

(1) NZPD, Vol. 257, p.512.

(2) John A. Lee's Weekly, 24 July, 1940.

was followed by a move to replace the former as Leader. According to this report the move was blocked by "some of the older members", who persuaded the caucus to give the War Cabinet a trial of a few months, even though a majority were said to be against the whole idea of a national government.⁽¹⁾ However, the damage was done, for the entry of Hamilton and Coates into the War Cabinet sparked off discussion in the party throughout the country on the leadership question. The September meeting of the Party's Dominion Council received reports from many areas on the need for a new Leader, and when the Dominion Executive met on 1 November every Division of the party was said to be in favour of a change. After some hesitation, Hamilton called a caucus, which elected Sidney Holland, one of the younger members of the party, as Leader.⁽²⁾ The Dominion Executive also resolved, significantly, that Coates and Hamilton should remain in the War Cabinet but that the new Leader should not join.

What "political truce" may have existed in 1940 had in fact ceased well before Hamilton's defeat. In the 1940 session of Parliament there had been some bitter clashes, for instance when F.W. Doidge, the most vocal of the National Party "tough-liners" had said in the course of an attack on the government's war effort, "their hearts are not in the cause we are fighting for".⁽³⁾

(1) Press, 19 July, 1940.

(2) For a fuller account of these events, and a discussion of the reasons for them, see Chapter 3, pp66-71

(3) NZPD, Vol. 257, p.230.

The Opposition had been unanimous in opposing the Small Farms Amendment Bill, which gave the Government power to acquire farms for soldier settlement at a fixed price. This was one measure which the older, more moderate Nationalists, mostly from rural electorates, could oppose wholeheartedly. Much publicity was also given to a speech made by P.C. Webb, a Cabinet Minister, at Denniston, during which he said that "when we win this war the capitalist will be as dead as Julius Caesar and the wealthy people will have played their last card".⁽¹⁾ Although obviously intended for West Coast consumption, this faux pas was widely quoted by the National Party throughout the war as an illustration of the Government's aim to speed the introduction of socialism in wartime. Encouragement was given to the National Party by the result of the Waipawa by-election, held on 11 November, 1940, which resulted in a swing of 8.33 per cent to the party since 1938. Such a handsome increase in the party's vote confirmed those who favoured a stronger Opposition and stressed the danger of allowing party electoral machinery to run down. Holland's work in directing the National campaign in Waipawa tended to confirm him in favour with the extra-parliamentary party, and was later quoted as a factor in his election as Leader.⁽²⁾

Soon after his election Holland issued a statement calling for a national government and emphasising, more significantly, that the National Party was ready for an election at any time.⁽³⁾

(1) Star Sun, 21 October, 1940.

(2) Evening Post, 28 December, 1940.

(3) Auckland Star, 18 December, 1940.

Such political muscle-flexing was obviously no way to reopen the delicate question of national unity, and it is doubtful whether it was intended as such. Fraser's only reply was to invite Holland to join the War Cabinet, but Holland made it quite clear that the National Party would accept nothing short of a full coalition,⁽¹⁾ although this was obviously further away than ever in the sharpened political atmosphere that Holland was doing his best to create.

That he had no intention of seeking a "political truce" was clear when he made a speaking tour of the country early in 1941. In Palmerston North, for instance, he attacked the Government in scathing terms:

"New Zealand today is fighting two wars -one as part of the British Empire against an enemy seeking to destroy the rights and independence of the people of the Dominion, and another on the home front against a Government that is taking advantage of the war overseas to implement its full programme for the socialization of New Zealand's industries."

These were far stronger words than Hamilton, or other older Nationalists, used during the war. In the same speech Holland said, referring to the War Cabinet, "the Government has failed to honour its promise that all matters connected with the Dominion's war effort would be referred to it." He also made it clear that National was not interested in the formation of a national government until after an election had been held, although Fraser had always seen the avoidance of an

(1) Press, 31 December, 1940.

election as one of the desirable results of a coalition.

Holland's attitude was clear:

"Having repeatedly refused a coalition war government, the Government cannot ask and expect us now to join in one at this late hour. For us to do so would be unfair to the electors."⁽¹⁾

Thus the National Party showed that it was primarily intent on fighting an election, in which, on the strength of the Waipawa result, it could make considerable gains, before it would consider a national government. During the next eighteen months the party see-sawed between stressing the need for a coalition, and the need for an election, until after the failure of the War Administration in October 1942 there was simply no alternative but to hold an election.

Labour feeling toward the National Party, of course, hardened under Holland's attacks, and suggestions of co-operation were angrily rejected. "Standard's" editorial of 6 March 1941 is typical:

Labour has never sought power by making a compact with its political enemies. It will not now yield its power to them. Labour was elected Government of this country by the largest vote ever accorded one party in the history of the country. It has a tremendous majority in the House of Parliament. It can make its decisions and carry them out without reference to any other group.⁽²⁾

This certainly seems to have been the majority view in the Labour Party, for "Standard" throughout 1941 was full of

(1) Manawatu Times, 6 February, 1941.

(2) Standard, 6 March, 1941.

reports of resolutions carried at party branch meetings urging resistance to demands for a coalition.

It is important to realise how far these views on unity differed from Fraser's. At the party conference in April he had said, referring to a further approach to form a national government from Holland,

"I stated (to Holland) that in the light of circumstances prevailing the question of postponing the General Election, which might be advisable and even inevitable owing to war developments, would involve the question of a National Government and that the Government would not postpone the election if the only result would enable the Labour Government to remain in office."

Fraser promised that "we will summon the conference together and tell you what the situation is" before any move toward a national government was made, and ended by appealing to delegates to "keep a free and open mind" on the matter.⁽¹⁾

Both parties, however, prepared as usual for an election in October or November. By the end of August 64 Labour candidates had been selected and "Standard" urged party workers "to prepare for the struggle that is ahead".⁽²⁾

By September 1941, however, it was clear that, although preparations continued feverishly, an election could not be held. The war in the Middle East and Russia was at a critical stage, and conflict in the Pacific seemed imminent. Few people in New Zealand would have welcomed an election; Fraser was

(1) Standard, 24 April, 1941.

(2) Standard, 28 August, 1941.

probably right when he said that "at least eighty per cent of the people do not desire a general election at the moment."⁽¹⁾

What could Fraser do? Feeling in the Labour Party was strongly against a national government, and the Prime Minister knew that any attempt to form one would probably split the party. This was obviously in his mind when he told Parliament later,

"It is no secret - among my friends at any rate - that I explored every possibility, and I found that no considerable section of the people wanted a national government. I am not talking of the merits of that course, but I was forced - and I use the word "forced" - to the conclusion that any steps taken in the direction of forming a complete national government would cause more disunity at this moment than unity."⁽²⁾

The National Party, seeing that there was no chance of political unity, was determined not to make the first move in avoiding an election. The Government, however, was given a convenient excuse to broach the question when a delegation representing many sections of the public waited on Fraser and Holland to request a postponement of the election and the formation of a coalition.⁽³⁾ The Government caucus met next day, but according to the "Evening Post" opinion at the meeting was about equally divided on the question of an election, and there was no support for a coalition. The meeting broke up without making any decision.⁽⁴⁾

(1) NZPD, Vol. 260, p.1144.

(2) NZPD, Vol. 260, p.1152.

(3) Evening Post, 19 September, 1941.

(4) Evening Post, 23 September, 1941.

The only course open to Fraser was to approach the Opposition for support for a postponement of the election, and this he did in a letter to Holland on October 7.⁽¹⁾ The Prime Minister asked what the Opposition attitude to a postponement would be, and again invited Holland to join the War Cabinet. Holland's reply was far from accommodating.

The attitude of the Opposition remains what it has consistently been since the outbreak of war, viz., we consider that a postponement of the elections should be accompanied by the formation of a non-party government, so that the responsibility for this and other difficult questions caused by the war may be shared by a united Government and not by one party. So long as your party remains unable or unwilling to form a non-party Government, it must, of course in this as in all other questions, carry the responsibility for whatever legislation is introduced.

Holland went on to say that if the Bill were introduced to prolong Parliament "then the Opposition, as a minority party, would have to accept the position and submit to the passage of the necessary legislation," a remark which made it appear that the National Party would prefer not to be implicated in the decision at all.

Fraser pointed out in a sharply worded reply that " 'acceptance' or 'submission' does not indicate support or preclude opposition". The next part of the letter shows that

(1) This and the subsequent letters were read to the House by Fraser when the Prolongation of Parliament Bill was given its second reading. See NZPD, Vol. 260, pp.1153-1155.

Fraser needed National support to persuade the Labour caucus to accept the Bill.

I will be assisted personally very much if you would inform me definitely whether the Opposition will support or oppose such a measure as I have indicated, so that I can explain the exact position to the Labour Party caucus.

Four days later (13 October) Holland replied that the Opposition would all support an extension of Parliament for one year, and the way was clear for the introduction of the Bill.

The letters show clearly the difference between National and Labour on the question of unity. The Labour Party had obviously agreed to the postponement on condition that (1) It be for one year only and (2) no coalition be formed, while National were unwilling to accept the postponement without a coalition. Speaking in the House during the second reading of the Bill, Holland went out of his way to imply that an election would have been inevitable, and desirable, had it not been for the desperate war situation. "I think," he said, "the Prime Minister will share my opinion when I say that this decision is caused solely by the present war situation."⁽¹⁾ and a later remark that "many people will be disappointed at the postponement of the election"⁽²⁾ was a direct contradiction of Fraser's opinion that eighty per cent of the electorate were not in favour of one.

(1) NZPD, Vol. 260, p.1155.

(2) Ibid., p.1157.

Party warfare intensified rather than abated after the postponement of the election. On 19 January, 1942 Holland announced that he had prepared a detailed memorandum setting out his opinions on the shortcomings in the government's war effort.⁽¹⁾ After consultations with the War Cabinet he decided not to publish the document, but it was discussed in secret session on 10 February, and there was some acrimony when the House resumed open session.

There was also a bitter dispute between Holland and Fraser over by-elections. In late 1941 and early 1942 four seats in the House became vacant through the deaths of Members, three of them on active service. Fraser's opinion was that a candidate belonging to the party which previously held the seat should be returned unopposed.

This argument, understandably, failed to impress the National Party in relation to the Bay of Plenty seat, for Labour's hold on it had been very tenuous in 1938 and National felt confident of victory. Holland angrily rejected Fraser's opinion that the 1941 postponement covered by-elections, and accused Labour of forcing the by-election by nominating its own candidate. Fraser had no difficulty in pointing out the flaw in this strange argument, commenting acidly that

there is something more serious than the losing of a Parliamentary seat; that is losing one's head, or losing one's temper, or losing one's sense of proportion in the assessing of relative values at the present

(1) Dominion, 20 January, 1942.

grave stage of the war. The former Labour MP for the Bay of Plenty, Lieut. A. Gordon Hultquist, lost his life in our common cause.

Holland replied that he had hoped that "a suitable non-party candidate acceptable to both sides" could have been nominated jointly by National and Labour, but this had never been suggested by Fraser and Holland had obviously made no move to do it. At the same time Fraser announced that Labour would not contest the Temuka seat, and the "Evening Post", which devoted nearly a full page to the exchanges between the leaders, called on National to withdraw its candidate from the Bay of Plenty contest.⁽¹⁾ The vigorous campaign was interrupted by Japan's entry into the war, but the National candidate, W. Sullivan, won the seat and the party's vote increased 9.85 per cent over the 1938 figure. National's anxiety to contest the seat can thus be understood, if not excused.

Labour did not contest any of the three by-elections held in early 1942. All were in strong National seats, and in Mid-Canterbury (21 January 1942) Mrs. Grigg, wife of the late member, was returned unopposed. However, the others, in Hauraki and Temuka (7 February 1942) were contested by Independent candidates, neither of them with Labour support. The absence of Labour candidates did not deter Holland from campaigning hard in both electorates, directing his strongest fire at the Government's handling of a rash of industrial strikes, particularly the one at Westfield freezing works.

(1) Evening Post, 5 December, 1941.

A typical report of his campaign stated,

The government should take the matter of defiance more seriously and he asked the Temuka electors to record their opinion that the Government was not strong enough to handle the situation.⁽¹⁾

The Prime Minister described this as "trying to hit hard when there is no one to hit back", and condemned electioneering in seats which the Government was not contesting.⁽²⁾

Scarcely was this interlude finished when New Zealand received the staggering news of Japan's advance through Southeast Asia. On 15 February Singapore fell, the Battle of Java Sea took place on the 27th, and the next day the Japanese landed in Java. On 7 March Rangoon was evacuated. For many New Zealanders the news shattered the illusions of a lifetime, and in a few short months the distant possibility of invasion from Japan became an urgent threat. The effect on public opinion was, however, delayed. There were no immediate public demonstrations as there had been when the demand for conscription was at its height in 1940, but during March similar results did occur in the Auckland province when the Awake New Zealand movement began and grew rapidly. The movement was mainly concerned with arousing public interest in New Zealand defence, and particularly with procuring better equipment for the Home Guard. A spokesman claimed 150,000 to 200,000 members for the movement, and mentioned some large donations, most of it used to buy Home Guard equipment.

(1) Press, 29 January, 1942.

(2) Dominion, 4 February, 1942.

However, there was also a central organisation to "co-ordinate" approaches to the Government "on achieving an all-in war effort".⁽¹⁾ The movement included businessmen, farmers and trade union leaders among its members. At a meeting in Hamilton, when the Prime Minister was present, delegates stressed the need for an effective national government, and also ranged, for seven hours, over such subjects as sugar hoarding and drunkenness in the Services. Fraser praised the movement highly, saying "This is an example of democracy that is inspiring, and I have enjoyed every minute of it."⁽²⁾

Public feeling such as this was not sufficient, at that moment, to overcome the strong feeling dividing the Labour and National parties. When the Labour conference met on 6 April the National Executive reported that

utterances made at recent by-elections, including those at which Labour did not present candidates, have shown that wartime unity can never be achieved with a party whose leader has done so much to promote political strife and disunity during the last twelve months.⁽³⁾

The Conference resolved unanimously

that it does not consider that a National Government as advocated by the Opposition and other political opponents and a hostile press would further promote such desirable national unity but on the contrary would engender disunity.

The Conference also called on the party to remain prepared for an election.

(1) Nelson Evening Mail, 30 July, 1942.

(2) Evening Post, 31 March, 1942.

(3) Standard, 16 April, 1942.

The Labour Conference's mention of a general election was taken up immediately by the National Party. On 17 April the Dominion Council adopted a resolution that

in view of the decision of the Labour Conference to complete its own preparations for a general election ... the National Party has no alternative but to accept the position forced upon it and to prepare for a general election as quickly as possible.(1)

According to Holland, "the responsibility for the present political situation rests entirely with the Labour Party," and the National Party, if it won the election, would organise a "non-party government" immediately.

Mr. Holland said the only justification for the extension of Parliament's life during the critical war situation last year was the hope that a national government would be formed, but the Labour Conference had refused to allow the Prime Minister to organise national solidarity, and the Prime Minister had publicly stated that he would not be a party to extending the life of Parliament if the only effect was to keep the present Government in office. A General Election was therefore inevitable.(2)

Fraser had indeed said this at one time⁽³⁾ but in October 1941 the National Party had agreed to a postponement even though Fraser had declared a national government to be impossible. Holland had admitted at the time that the postponement was sufficiently warranted by the desperate war situation, and this had obviously not improved since. Hence his statement and the National Party's Dominion Council resolution were not greeted with much enthusiasm. Even John A. Lee, probably the Government's bitterest critic, commented that the statement "does not

(1) Dominion, 18 April, 1942.

(2) Ibid.

(3) See above, p.12.

do credit to Mr. Holland's leadership or to the National Party."⁽¹⁾

The formation of the War Administration two months later seemed, in this atmosphere, to be highly improbable. Yet it happened, and the election was avoided. As in 1940, when the War Cabinet was formed, pressure of public opinion broke the deadlock between the parties. In this case the body which forced the issue was the Returned Services Association, and one can assume that it had much unorganised public opinion supporting it. The RSA had been trying to obtain more political unity for some time, and at the end of March 1942 Fraser asked it to formulate some specific proposals. There is no need here to describe the formation and short life of the War Administration.⁽²⁾ However, previous studies of it have taken the cause of its breakdown to be the Huntly coal strike in September 1942, but this was only the occasion used to put an end to a scheme damned from the outset by its political unreality.

Both party leaders defended the arrangement wholeheartedly, and in similar terms. They emphasised that a national government was not possible, and that the War Administration was the nearest approach to one that was practicable. Both urged a fair trial for it; as Fraser said

(1) John A. Lee's Weekly, 28 April, 1942.

(2) See Wood, *op.cit.*, pp 231-239.

"People may ask if it will work. My answer is this; of course it will work. Anything will work - even an inefficient organisation - if the people concerned put their hearts and their souls into the job." (1)

There was obviously considerable opposition in the National Party, and when it met in Conference on 22 July many delegates were out for the scalps of those who had negotiated the new arrangement. (2) Holland rose to speak in a hostile atmosphere. He stressed that pressure of public opinion would have made it impossible to have broken off negotiations.

"I did not receive one letter from the whole of New Zealand suggesting that the negotiations should not be proceeded with Had the Prime Minister been able to say to the people of New Zealand 'I offered the leader of the National Party this set-up - a War Cabinet of six, three from each side, as part of a War Administration of thirteen - six from the Opposition - I offered them control of War Expenditure, Primary Production, Civil Defence, a share in the control of the armed services, and in Munitions and Supply, as well as National Service; and if we had turned it down I am sure there would have been much more criticism - justifiable criticism - of the refusal to participate on those terms than there has been over the arrangement which we have made."

Holland said again that as no full national government was possible a compromise had to be made, and that although he objected to the domestic cabinet functioning as before,

"Mr. Fraser said that what he had in mind was that we might have combined meetings of all the ministers, whether domestic or War Administration, and that if we took things quietly there may be no need for domestic Cabinet meetings." (3)

(1) NZPD, Vol. 261, p.373.

(2) See Press, 24 July, 1942 and Robinson, op.cit., pp.134-135.

(3) National Party. Annual Conference Minutes, 22-23 July 1942, quoted in Robinson, op.cit. pp.134-135.

Despite such assurances, there was considerable unrest at the Conference. There were reports of branches breaking up and members leaving the party in disillusionment, and one delegate warned, "Many people are afraid that this is the end of the National Party."⁽¹⁾ The Conference delivered a pointed rebuff to the Leader by passing a resolution that an election should be held as soon as the war situation permitted.⁽²⁾ It was clear that Holland had failed to justify the War Administration to the Party, and that its approval was only on a "wait-and-see" basis.

Reaction in the Labour Party, though muffled, was no more enthusiastic. "Standard", always a voice urging a more aggressive attitude to the Opposition, did not have a single word to say about the setting up of the Administration. During the debate on the Prolongation of Parliament Bill (1942) the Labour MP, Morgan Williams, described it as "absurd", for it would be impossible to distinguish between war and internal matters.

"What I do object to is that the Bill itself does not deal with the Government, but that the inclusion of the new Ministers is the bargaining-price that has to be paid to the Opposition in order to get an extension of the life of Parliament. I do not believe that the Bill, though it provides for the extension of the life of Parliament, will mean the continuance of the present Government. The present Government is too ridiculous to last."

Asked to withdraw his last comment, Williams explained that he meant it "contained too many irreconcilable elements."⁽³⁾

(1) Ibid.

(2) Evening Post, 24 July, 1942.

(3) NZPD, Vol. 261, p.551.

The extension of Parliament mentioned by Williams was opposed by many who might otherwise have supported the War Administration. Strangely enough, Holland, when he put the proposals before the National caucus, forgot to tell it about the terms of the proposed extension.⁽¹⁾ When they were made public there were protests from such diverse bodies as the New Zealand Freedom Association and the Auckland Trades Council⁽²⁾ as well as from prominent members of the National Party.⁽³⁾ In the end it was agreed to insert a clause into the draft Bill obliging the Prime Minister to move a motion either approving the prolongation or requesting a dissolution, at least once a year. If a motion for an election was passed the Governor-General would be asked to dissolve the House. This failed to satisfy many critics, however, for it was left to the House to dissolve itself, and then only if it wished, for the period of the war and up to a year after. When Parliament came to the second reading of the Bill an amendment was moved by Atmore, the Independent MP for Nelson, and seconded by Lee, to set up a Committee of the House to inquire into ways of ascertaining public opinion on the Bill, if possible by referendum. A division was forced; only Atmore, Lee and one Nationalist, F.W. Doidge, voted against a second reading. However, twelve Labour and five National MP's abstained; hardly an auspicious opening for an experiment in national unity.⁽⁴⁾

(1) Robinson, op.cit.p.133.

(2) Evening Post, 8 July, 1942.

(3) E.g. W. Appleton; speech to Wellington Divisional Council, Evening Post, 4 July, 1942.

(4) NZPD, Vol. 261, p. 569.

Even outside the parties, what could be described as non-party opinion was not enthusiastic about the War Administration. It was criticised by both Independent Members of Parliament, H. Atmore and C.A. Wilkinson, as being only an arrangement between the parties and not an attempt to form a non-party government. Few newspapers were enthusiastic, and many mentioned the postponement of elections as an objectionable feature of the set-up.

Finally, neither National nor Labour could have been oblivious to the implications of J.A. Lee's exclusion from the War Administration. Co-operation between the two parties would have left the field of opposition, both inside and outside the House increasingly open to Lee, and he differed from both parties on important questions.⁽¹⁾ National was well aware of this, for as soon as the War Administration broke up it began to criticise the Government's manpower policies in exactly the same terms as Lee had used for the previous two and a half years. The party could hardly afford to forego such an opportunity for criticism just when the results of New Zealand's manpower over-commitment were making themselves felt. Lee damned the War Administration as "conceived in mystery and bargaining and bearing evidence once again to the amazing fertility of the unfit", and saw the "Holland-Fraser coalition" as "the death of the Labour Party."⁽²⁾ The threat from Democratic Labour was best summed up by Lee himself in

(1) See Chapter 4.

(2) John A. Lee's Weekly, 8 July, 1942.

characteristically colourful terms after the War Administration broke up.

The vested-interests mob sensed that Labour was on the morgue slab and that the Holland-Fraser agreement put Nationalism on the slab as well. The Nationalist undertaker had become part of the corpse, and the way was open for Democratic Labour to act as the undertaker of both parties. Hence their horror. (1)

Lee exaggerated the part that Democratic Labour played, or might have played, but the dangers of either party being too closely identified with the other were clear. The strike on the Waikato coalfields was a serious crisis, but it was the occasion, not the cause, of the breakup of the War Administration. Enough has already been said to show the strains and stresses that were at work in both parties to undermine it.

Each party blamed the other for the rift and there was much recrimination both between Government and Opposition, and between the dissident members of the National Party and the majority. However, the whole subject was quickly dropped by both parties. It was now clear that an election would have to be held, and when the House reassembled in February 1943 Fraser moved that "in view of the continued improvement in the war situation, a general election should be held during the present year." Only Sir Apirana Ngata spoke against the motion, and the rest of the House contented itself with raising such points as the rights of candidates in uniform and petrol allowances for electioneering. (2)

(1) Ibid. 7 October, 1942.

(2) NZPD, Vol. 262, pp. 28-36.

The process that had made the election inevitable was finished, and there was no further talk of political unity during the war. The rapid return to "party politics" after October 1942 showed that there had never been great support for a national government in either party. Both the War Cabinet and the War Administration had been formed as a result of pressure from public opinion and non-political bodies. Labour Party opinion, as expressed by annual conferences and "Standard" saw unity with the Nationalists as a threat to the Party's social policies, and Fraser's obstinacy in the face of such opposition probably only hardened this feeling in the long run. The National Party ostensibly favoured a full national government, but knowing this to be unattainable, it shied away from compromise arrangements. The ostracism of Coates and Hamilton after 1942 showed that the party was no longer interested even in giving the War Cabinet any support.

No moves toward political unity could really have succeeded after mid-1940. It has been shown that moves to oust Hamilton from Leadership of the National Party began as soon as he and Coates joined the War Cabinet, and the party obviously felt that it could not function properly as an Opposition while its Leader was a member of such a body. Party considerations aside, Coates and Hamilton were more realistic on the question of unity. Their experience in the 1931-1935 Coalition had shown them that it was not a matter of a sudden and complete cessation of "party politics", but of "agreements to differ" and a gradual extension

of the area of co-operation. Their own experience of government in crisis conditions also made them more sympathetic than the younger Nationalists to the emergency measures of the Government. However, by 1940 National was beginning to make significant inroads into Labour's strength, as by-elections showed, and the new leadership of the party was committed to following up these gains by more aggressive opposition than in the past. The "tough-liners" in the party definitely had the upper hand after the end of 1940. Hence Holland's decision to join the War Administration came as a surprise and a disappointment to most of his supporters. A.D. Robinson, who had access to normally confidential National Party documents and minutes, concluded that it did considerable, though temporary, damage to party morale and strength.⁽¹⁾

The threat to both parties from, on one hand, the Democratic Labour Party and, on the other, the People's Movement has already been mentioned, and will be dealt with in detail later. Both these groups were quick to accuse each of the main parties of softness toward the other. At times Democratic Labour seemed a really serious threat to Labour. For instance, its candidate polled 27 per cent of the vote at the Christchurch East by-election in February 1943. Usually, however, the small parties were a potential rather than a real threat, but they often played more part in the actions of the main parties than the latter cared to admit.

(1) Robinson, op.cit., pp. 134 et.seq.

By 1943, then, the election was generally welcomed. There had obviously been some shift in support from Labour to National, but neither party knew how much, and both wanted to find out. The Government naturally wanted to demonstrate that there was, as it hoped, general support for its war and rehabilitation legislation, and the Opposition hope to capitalise on the various discontents resulting from wartime restrictions and shortages. An election would at least bring some stability by showing how much support the parties had lost or gained in the five years since 1938. Finally, Labour expected, and rightly, that an election would shatter the Democratic Labour Party and end Lee's political career, and National saw the election as an opportunity to settle once and for all the relations between Coates and Hamilton and their supporters, and the rest of the Party.

CHAPTER 2

THE LABOUR PARTY

Labour in 1943 was a very different party from the one that had won such a resounding success in 1938. The changes were not all due to war conditions, but the war had brought to a crisis and resolved disputes which had divided the Party since the early nineteen thirties. The turning point was the expulsion of John A. Lee at the Easter Conference in 1940 but Lee's expulsion was only one incident in the realignment of forces within the Labour movement.

The three great issues that came to a head in the Party at the beginning of the war were conscription, financial policy and the power of the Parliamentary caucus. The issue of conscription was the only one directly created by the war, and it was resolved in a very short time. This was partly because the strongest opponent of the party leadership on the other two issues - John A. Lee - was in favour of the fullest possible war effort, and quite prepared to support conscription if it was found necessary. Nevertheless, it is easy, twenty years later, to forget the strength of the opposition to conscription in the Labour movement during the early months of 1940. This was, of course, the period of the "phony war" in Great Britain, when left-wing opinion was very suspicious of the war aims of the Allies, and it was doubtful if many in the Labour Party dreamt of conscription at this time. Even those who realised its inevitability could not have forced it on the party and the Federation of Labour. A typical headline in

"Standard" at the time, referring to agitation by the New Zealand Defence League, read "Defence League Joins in Great Conscription Plot"⁽¹⁾ and "Standard's" reactions to any suggestion of conscription were immediate and vehement.

In February, 1940 a joint meeting of the party's National Executive and the Federation of Labour National Council considered the Government's war policy. The manifesto issued afterwards was in general and unexceptionable terms, but there was no doubt about its most crucial paragraph. The manifesto was printed in "Standard" under the now famous banner headline "No Conscription while Labour Rules in New Zealand", and the statement on conscription read,

On July 13, 1939, a joint statement on "The Defence of Democracy" was issued by the National Council of the Federation of Labour and the National Executive of the Labour Party. That statement said, among other things; "We are opposed to conscription for military service, either inside New Zealand or overseas. We are satisfied that there is no need for conscription; our young men will rally to the cause of the defence of their freedom against any aggressor."

We now unconditionally reaffirm that statement. Labour still is, as it always has been, opposed to conscription and in favour of the voluntary principle of military service We further desire to say that in our opinion there is no good reason for either conscription or anti-conscription movements in New Zealand.

"THERE IS NO CONSCRIPTION IN NEW ZEALAND, AND THERE WILL BE NO CONSCRIPTION WHILE LABOUR IS IN POWER"⁽²⁾

A short symposium on the question in "Tomorrow" (24th January 1940) throws an interesting light on the attitudes

(1) Standard, 15 February, 1940.

(2) Standard, 29 February, 1940.

of the Party's "left wing" at the time. The interesting features are first, the hesitancy of all the contributors in voicing an opinion either way, and second, the lack of unanimity of views among the four contributors, all "left-wingers". W.E. Barnard was extremely vague and did not even mention conscription, but expressed a common anxiety about the lack of popular enthusiasm for the war. James O'Brien was plainly unhappy about the lack of defined Allied war aims, and feared that the war would develop into a World War I "slaughter", with nation after nation becoming involved against its will. "It is fairly obvious", he wrote, "that until we have something definite to go on, opposition to war in all its forms will continue". A.H. Nordmeyer was the only contributor to advance any arguments against conscription. His points were that people unwilling to serve would not be any more willing if compelled to do so, that one volunteer was worth many conscripts, and that New Zealand's geographical location demanded that she maintain a high proportion of manpower on her own soil. His closing remark "that conscription of wealth must precede conscription of life and that the Government does not appear to have any plan for introducing the former," touched a point on which the Government was very sensitive, and continued to be long after the conscription controversy was settled.

Lee's statement made it clear that he was much more interested in supporting a full war effort against the Axis

powers than in arguing over conscription.

"My attitude", he wrote, "to conscription or voluntaryism is determined by the extent to which I think we can and should make a war contribution in manpower. I am not anti-conscription in all circumstances."

Lee's stand, and the fact that he and Barnard had excellent war records, stopped any agitation against conscription when it became clear that its introduction was inevitable. Actually, agitation against the war and conscription was confined to a fringe group, some of them Labour Party members, who organised the Peace and Anti-Conscription Councils early in 1940. At a meeting of the Wellington Council in January 1940, at which the Rev. Ormond Burton, Ian Milner and H.E. Herring, a former Labour M.P., spoke, the Chairman defined its aims as

1. To bring together persons and organised bodies opposed to New Zealand's participation in the war.
2. To launch an immediate campaign against conscription.
3. To defend civil liberties and social welfare of the people of New Zealand.⁽¹⁾

This movement was dealt with in short order by the Government under the Emergency Regulations. Its literature was suppressed, many of its leaders, notably Ormond Burton, were imprisoned or fined, and in March 1940 the Labour Conference forbade members of the Party to belong to it. In May "Tomorrow", a strong opponent to conscription, was quietly put out of action by a Government threat to

(1) Tomorrow, 24 January 1940.

confiscate the printer's plant.⁽¹⁾

The Labour Movement's acceptance of conscription at the special joint FOL-Labour Party Conference in June 1940 came as an anti-climax but not a surprise. The "phony war" was well and truly over; May had seen the German advance through the Low Countries, the partial collapse of France, and the air raids on Britain. Chamberlain's Government was replaced by Churchill's and British Labour entered the coalition. Churchill fully realised the value of a full statement of war aims, and his accession to power reassured most doubters of Allied intentions. In New Zealand public agitation in some places almost reached the level of hysteria,⁽²⁾ and the Government had no difficulty in persuading the Labour Party to approve conscription. The small group of pacifists in the Party had nearly all left it after the Easter Conference, and those who supported the war but had doubts about conscription had been silenced by the expulsion of Lee. Few, however, cared to debate the issue with the war situation as desperate as it was.

The government carried the Labour Movement with it on conscription and it did the same on the question of finance. Here, however, the issue was more complicated, for it had been in dispute since the early 1930's, and it was one which the "left-wingers" considered fundamental. The war, and the

(1) See Denis Glover, "Yesterday and Tomorrow", in New Zealand Listener, 3 July, 1959.

(2) See Wood, op.cit., pp.132-138.

vastly increased State expenditure it entailed, naturally threw into sharp relief the differences between those in the Party who believed in free use of the public credit and those, notably Walter Nash, who followed in lines of conventional finance. This conflict was directly resolved by the expulsion of Lee from the Party, for he, more than any other "left-winger" was prepared to force a showdown on financial policy. There is plenty of evidence that before this event the Cabinet was treading warily. In September 1939, on the debate on the second reading of the War Expenses Bill, Nash said,

"It is proposed, under certain circumstances, to see if we can raise some money by way of a loan but, in addition, and without creating any misunderstanding, I wish to point out that, where necessary, all the money required for the prosecution of the war will be obtained from the Reserve Bank."(1)

In the same debate Nordmeyer, McMillan, Lee, Combs and Atmore all spoke in favour of the lowest possible interest rate, or an interest-free public loan. S.G. Holland, speaking for the Opposition, alleged that the Bill's introduction had been delayed three weeks because of division over finance in the Labour caucus.

"I suppose one of the first reactions of the public as they listened in last night to the Minister of Finance unfolding the Government's proposals for financing the war was a reaction of relief I say "relief" because the public is aware that in the Government benches there are a considerable number of members who are strongly opposed to savings in any form, and to capital in particular. There was intense fear in the minds of a great many people that Cabinet might not be able to resist the urge by those people to use the war

(1) NZPD, Vol. 256, p.340.

as an opportunity to overthrow the capitalist system and the present financial system in general." (1)

However, the rebels were far from quieted. Practically every issue of "Tomorrow" from late 1939 to May 1940 contained an article by Lee or W.E. Barnard attacking the financing of the war by raising loans. Had Lee not laid himself open to certain expulsion by his attacks on the dying Prime Minister, he and his followers would have caused the Government many anxious moments at the Party Conference. As it was, Lee's expulsion was accomplished with very little reference to his financial ideas, although some members, notably A.H. Nordmeyer, protested that these were really the major point at issue. (2) However, the Conference was greatly influenced by the emotional atmosphere of Savage's last days. Lee's enemies charged that he had hastened the Prime Minister's death by his attack on him in the article "Psychopathology in Politics". (3)

Hence the 1940 Budget provided for the financing of the war on completely orthodox lines. Gone was the talk of Reserve Bank credit and debt-free loans. War expenditure was to be met by taxation and by borrowing, as many of the loans as possible to be raised in New Zealand. However, Nash⁽⁴⁾ admitted that about £20,000,000 would have to be borrowed from Britain. Nash's long speech at the end of the 1940 Budget debate was

(1) NZPD, Vol. 256, p.384.

(2) Standard, 28 March, 1940.

(3) Tomorrow, 6 December 1939.

(4) NZPD, Vol. 257, pp.585-598.

published by the Labour Party as a pamphlet entitled "Nash Replies to the Critics". After summarising economic conditions between 1935 and 1939, Nash defended the level of civil expenditure for 1940. The rest of his speech was an answer to critics within his own Party. The following passage was printed in heavy black type in the pamphlet,

"But if we take from the Reserve Bank large sums of money and just throw the money into the purchasing pool without getting commodities in return then we shall damage the economy of this country to a greater extent than it has ever been damaged before, and in addition we will cause untold hardship and suffering to a very large section of the community including wage and salary earners and those on small fixed incomes whose welfare and protection is this Government's first and foremost responsibility. Unless new money creates new goods the people are penalised and not benefited by its creation. If the new money results in the production of new goods it is all to the good." (1)

In his introduction to the pamphlet the Prime Minister described its purpose as a rebuttal

To the critics who range from those who would practically destroy all our social services in the name of equality of sacrifice to others even more impossible who would merely use the printing press to supply the necessary money and create inflation with disastrous results to wage earners and all others on small incomes.

In other words answering critics in the Labour Party was placed in equal importance with answering those in the National Party. With the notable, but lone exception of Frank Langstone, there was no further public challenge to the Government's financial policy during the war. The crusade against "debt finance"

(1) Ibid., p.596. The wording of the speech was changed slightly in the pamphlet.

was taken up by the Democratic Labour and the rejuvenated Social Credit Movement.⁽¹⁾

The third issue resolved in the early months of 1940 was that of the relation between the party's Parliamentary caucus and Cabinet. This problem did not become apparent when Labour first formed a Government, for in 1935 the caucus, containing a majority of new M.P.'s, was prepared and glad to leave the Prime Minister to select the Cabinet from among the Labour veterans. However, it gradually became clear that Savage would not regard caucus decisions as binding on matters of policy.⁽²⁾ During 1936 and 1937 there were clashes over pensions and the nationalization of the Bank of New Zealand and it was when caucus passed a resolution on 30 November 1937 demanding the latter, that Savage for the first time said he would refuse to accept a majority resolution. Wilson, the Secretary of the Party, laid it down that the National Executive would probably support the Prime Minister in such an impasse.⁽³⁾ After the 1938 election Lee moved that Cabinet be elected preferentially from a list of caucus members and that the Prime Minister be re-elected. The scene was described by Lee,

"Caucus carried the resolution by 26 to 22. The Prime Minister gathered up his papers, said 'that ends matters', used a few unprintable words and walked out. He sent no message to caucus. A few Cabinet Ministers came back but not the Prime

(1) See Chapter 4.

(2) See J.A. Lee, *I Fight for New Zealand*.

(3) *Ibid.*, pp. 15-16.

Minister. A Cabinet Minister or two tried to persuade the Prime Minister to return but he sulked in his tent. The late Teddy Howard set the chaps community singing. Thus did the caucus, following upon Labour's great victory, disperse. The M.P.'s returned to their homes, and the Prime Minister breathed threats and imprecations at his Party through the Press, which was delighted at "his statesmanlike stand".(1)

No caucus was held for several months, and during this time relations between Cabinet and the "left wing" were further strained by the accidental publication of the famous "Lee Letter", a memorandum written by Lee to all Labour M.P.'s strongly criticising the Government's economic and financial record. Savage's illness and the war damped down the controversy to some extent, but it broke out afresh at the end of 1939, when Savage proposed the appointment of Wilson, the party secretary, to the Cabinet and the appointment of Barclay, Roberts, Thorn and O'Brien as Parliamentary Under-Secretaries. At the caucus, the last one Savage attended, he refused to accept any nominations against Wilson's, but a vote was forced and the result was only 19 to 18 in favour of the appointment. Caucus refused the offer of Under-Secretaryships.(2)

It was known that Fraser was a strong believer in democratic control of the Party, and when he became Prime Minister Caucus did not try to change the composition of Cabinet. However, some mending of relations between Caucus and Cabinet was imperative, and Fraser could not have carried on in

(1) Ibid., p.25.

(2) Ibid., p.31.

Savage's manner even had he wanted to. Fraser therefore agreed that any future appointments to Cabinet would be selected by a majority of caucus. The first Minister to be so chosen was McMillan, in June 1940, and thereafter until 1949 all Ministers were nominated by Caucus. Cabinet was not reconstituted, but during the war McMillan, Nordmeyer-Harclay, O'Brien and Skinner were added as older members died or retired. The list of names gives an important clue to the collapse of the "left wing" after 1940, for all these Ministers had been identified with it. One of the main grievances of the "left wing" in the 1930's had, after all, been the exclusion of their most able members from Cabinet, and the knowledge that this would be remedied was all that was necessary to prevent defections from the Party. Lee was dismayed at his failure to take any of the "left wingers" (other than Barnard) with him when he was expelled, but the prospect of following him into the political wilderness was hardly to be compared with the chance of ministerial office. This is not to say that the "left wingers" gave up hope of influencing the Government from inside the party. In fact, Lee's eclipse only emphasised the fact that this was the only way the "left wingers" could influence it. But without a reconstitution of Cabinet any major policy changes were impossible, and the new Ministers were gracefully absorbed without any being made.

The expulsion of Lee from the Party was probably the main reason for the failure of the rebels in 1940. There is no

reason to suppose that Lee would have been a party to a campaign against conscription; indeed, he later took steps to see that anti-conscriptionists and pacifists were expelled from his own party. However, in other respects Lee's removal became imperative in wartime conditions. He and his followers were utterly opposed to the Government's policy for financing the war, and their lack of realistic alternatives did not detract from the emotive appeal of terms like "debt finance" and "debt-free currency". They were opposed too, to co-operation with the National Party,⁽¹⁾ and Fraser could not negotiate with the Opposition if he had a divided Party at his back. Therefore Wood⁽²⁾ in saying that

Though J.A. Lee had differences with the Party leadership as to how the war should be waged, both their charges against him and his against them were mainly concerned with domestic issues,

overlooks the interrelation of "domestic" issues with the war effort, and the importance, in wartime conditions, of ridding the Party of a critic who carried on a running battle with the leadership in public. Lee had many sympathisers inside the Labour Movement, but few cared to step outside to join him after March 1940. Association with a party explicitly designed to split the Labour Movement was too heavy a liability in Parliamentary and Trade Union circles.

(1) Langstone in Dominion, 8 December, 1942.

(2) Op.cit., p.129.

The question remains - what did the Labour Party lose in 1940? In other words, what was the "left wing"? The answer is vital to an understanding, not only of Labour after that date, but also of the loss of support from Labour in 1943, and of the character of the Democratic Labour Party. The division in the Party did not emerge until after the Labour victory in 1935, when 22 new M.P.'s were returned. As a group they were quite different from the "old stalwarts". Much younger on the average and with better educational qualifications, they brought a broader social and occupational background to the Party. Many of them, for instance, Nordmeyer, McMillan and Barclay, were men of considerable ability. However, their connection with Labour was often of short standing, and there seems to have been some lack of confidence between "old" and "new" groups. H.E. Herring, one of the latter, remembers that

J.A. Lee, and Langstone, amongst the "stalwarts" were both under suspicion for hobnobbing with the 22 (or perhaps with some of the 22.) They received the name of the Girondins.

Too much of 'cloak and dagger' or better still 'lower fifth form' atmosphere. Rather a trial at times.⁽¹⁾

Nevertheless, conflict did not begin for some time. As already mentioned, there was no move to elect Cabinet from caucus in 1935. James O'Brien at the 1937 Labour Conference claimed that "there was no Left Wing until Mr. Savage resisted a decent increase in old age pensions in 1936",⁽²⁾ and it seems

(1) H.E. Herring, letter to the author.

(2) Quoted in J.A. Lee, I Fight for New Zealand, p.21.

to have been Savage's disregard of caucus's wishes that turned the "left wing" into a consciously dissident minority.

The difference, however, went deeper than old age pensions. The term "left wing" had, in New Zealand conditions, a very different meaning from in British or European Socialist parties. Apart from a few exceptions, notably Ormond Wilson, there was no body of theoretical Socialists among the new Labour members of 1935. The "socialism" of New Zealand experience has been well summarised by Lee himself.

In New Zealand, political evolution has never been compelled to accord to a 'revealed truth', 'revealed truth' being a political concept given the force of imperative testament. Each problem has been studied separately and a practical adjustment made; and if the adjustment has been more and more socialistic, and if a definite socialist pattern now exists in our economy, that has only been because socialism is the commonsense answer to mass production promising immediate good, and not because socialism is accepted as an alternative article of religious faith promising eternal bliss.⁽¹⁾

In other words, the "left wingers" conception of socialism was broad and pragmatic enough to accept previous progressive legislation as part of a socialist tradition in New Zealand. They were realistic in doing so. Since New Zealand was scarcely developed at all industrially, the slogan "Socialisation of the means of production, distribution and exchange" was applicable only in one part - the last. The original Labour Party socialists - veterans like Savage, Webb and Semple - had long ago given up any idea that their beliefs had any relevance to New Zealand conditions, and by 1935 they were content to carry

(1) J.A. Lee, Socialism in New Zealand, p.12.

out only the welfare planks in the Party's platform. The notable exceptions, the Guaranteed Price Scheme and state marketing of farm produce, were not in themselves socialistic.

Where the "left wingers" of the nineteen-thirties differed from the older members was in their determination to carry out the third part of the party's fundamental policy - the socialisation of the means of exchange and the use of them by the state to promote economic development. The veterans saw little value in this, and laid themselves open to the accusation that they were not interested even in achieving what measure of socialism was feasible in New Zealand. State control of the monetary system was of cardinal importance in Labour policy in the thirties, when interest in monetary reform was intense. As Lee put it,

Hundreds of meetings, of a size never achieved prior to 1931, were held from end to end of New Zealand. The mind and voice of everyone seemed to be concentrated on money. On street corner, or tram, in the sitting-room or at the sale yard, at the dairy factory of a morning - wherever and whenever people gathered, there was a discussion about banking and money. (1)

In 1933 the first point in Labour's new financial policy read

Immediate control by the State of the entire banking system. The State to be the sole authority for the issue of credit and currency. Provision of credit and currency to ensure production and distribution of the commodities which are required and which can be economically

(1) Ibid., p.38.

produced in the Dominion, with guaranteed prices, wages and salaries.⁽¹⁾

In the Labour Party itself this was widely interpreted in the broadest sense - namely the nationalisation of the entire banking system, or at least the setting up of a State trading bank. Lee wrote before the 1938 election that

With a socialist Government in power, the Bank of New Zealand and, indeed, the banking system of New Zealand, must finally be owned in their entirety, else the Government is socialistic only in name.⁽²⁾

And in 1939, speaking on the Reserve Bank Amendment Bill, Nordmeyer was just as emphatic

"The (Reserve) Bank is still at the mercy, to a greater or lesser extent, of the private trading banks, and until the state controls one or all of the private trading banks it will not be able to claim that it has control of the credit structure of the country."⁽³⁾

This emphasis on monetary reform led many Social Crediters or "Douglas Crediters" into the Labour Party in the early thirties. Lee in 1938 recognised them as a source of strength to Labour when he wrote that "the Douglas Credit Movement's activities were the corridor through which tens of thousands of voters entered the Labour Party". Lee added, significantly, that

Douglas Credit agitation must have a big share of the credit for any Labour success, although the Labour Party is thoroughly socialistic in its policy.⁽⁴⁾

(1) Ibid., p.42.

(2) Ibid., p.73.

(3) NZPD, Vol.256, p.769.

(4) J.A. Lee, Socialism in New Zealand, p.43.

Although glad enough to accept Social Credit support, few of the Labour leaders had any intention of carrying out the Movement's more extreme proposals, such as the issue of large amounts of credit to consumers. Social Credit disillusion with the Labour Party came early. Specific complaints were the continuing high level of taxation, failure to utilise "debt-free credit" and "undemocratic" control of the Labour Party. The last complaint was made bitterly by W.B. Bray, a prominent Canterbury Social Crediter, when he resigned from the Party after the 1938 Conference, at which he had put forward his views by circular and had been severely reprimanded by the chairman, James Roberts, who had advised delegates to "tear the circular up".

Bray summarised what he saw as the Government failures.

..... The Party has not carried out its election pledges and will not give the public a straight-out answer as to its intentions regarding the debt system of finding money for its purposes. The Party promises to increase the buying power of the people. It has increased the incomes of sections at the expense of other sections of the people, and at the expense of all through a rise in prices. Its promises regarding the abolition of sales and exchange taxes are now found to have strings attached, and it is becoming clear that, in spite of all their protestations about the need for the reform of the monetary system, they are just as eager as any other Government to play the game for the credit monopolies, by acting as tax collectors.(1)

Although many Social Crediters had left the Labour Party by this time, they did not have a monopoly of monetary reform sentiment in the Party. Most Labour supporters expected

(1) Dominion, 20 August, 1938.

State control of the banking system to be extended after 1935, and more use to be made of Reserve Bank credit. However, opinion in the Party was divided on how far this was to go. The conservative members, including most of the Cabinet, considered that nationalisation of the Reserve Bank and the issue of a certain amount of credit for public works and housing was all that was advisable. Others, notably Lee and Langstone, stood for nationalisation of the entire banking system, or at least the Bank of New Zealand, and liberal use of credit to establish secondary industries and cut down on overseas borrowing. This division in the party was evident as early as 1933, when the caucus considered an amendment to be moved in the House to the Unemployment Board's annual report. The amendment, calling for "a planned system of primary and secondary development and a comprehensive public works scheme... with the establishment of the necessary credits and the issue of whatever currency is required by the State," was opposed by a small minority, including most of the future Cabinet, who favoured borrowing to provide the finance.⁽¹⁾

As Lee remarked "the sore hearts arising from that day in March, 1933, persisted until the end."⁽²⁾ Actually, the front benches of the Labour Party were never converted to the "left wing's" ideas on finance. The section on finance in Labour's election policy was progressively watered down over the years.

(1) J.A. Lee, *I Fight for New Zealand*, pp.4-5.

(2) *Ibid.*, p.5.

In 1935, as already mentioned, it read, "Immediate control by the State of the entire banking system", but by 1938 this had become ".... the Government proposes to maintain and extend the control of credit and currency until the State is the sole authority for the issue of credit and currency".⁽¹⁾

The only step taken in this direction was the Reserve Bank Amendment Act of 1939, consolidating State control of the Bank. This was clearly all that the Government planned to do, for its 1943 election policy read

Labour will continue the control of the Dominion's banking, credit and currency system for the expansion of production, primary and secondary, and the prevention of inflation and deflation

While ensuring control of banking, credit and currency, the Labour Government has always recognised the wisdom of keeping public expenditure within the bounds of public revenue.⁽²⁾

This was a clear indication that no further extensions of control over the financial system were planned. These shifts in emphasis masked a continuing and bitter struggle in the party during the nineteen-thirties. Most of it, later chronicled by Lee in his pamphlet "I Fight for New Zealand", took place in the Labour caucus, but at times the quarrel boiled over into public view. Lee's book "Socialism in New Zealand", published before the 1938 election, showed that he, and apparently many other Labour M.P.'s, thought the time had

(1) Labour Party Election Manifesto, 1938.

(2) Dominion, 2 September, 1943.

come to use credit to establish secondary industries. His warnings against raising further loans were also most pointed. The book was a considerable embarrassment to the conservative leaders of the party during the 1938 campaign. When Lee proposed to publish the chapter on "Banking and Finance" as a pamphlet⁽¹⁾ he received a letter from Wilson, the party secretary, describing it as the best summary of Labour's financial policy he had seen - and asking Lee not to publish it! The Grey Lynn branch went ahead and did so, forcing the party's head office to take over production of the pamphlet.⁽²⁾

Shortly afterwards came the accidental publication of the "Lee Letter". This was a circular addressed by Lee to all Labour M.P.'s shortly after the 1938 election and accidentally shown to a member of the Opposition by W.J. Lyon, M.P. for Waitemata.⁽³⁾ It was certainly not intended for publication for it attacked the Government, particularly Nash, the Minister of Finance, in trenchant terms. Lee held that the Government's timid financial policies had resulted in the sudden and drastic imposition of import controls, which would have been quite unnecessary had exchange control been used after 1935. His criticisms also ranged over such sore points as pension increases and the nationalisation of the Bank of New Zealand, and his criticism of individual Ministers was sharp. The unintended publication of the document made many people aware for the

(1) J.A. Lee, Money Power for the People.

(2) J.A. Lee, letter to the author.

(3) J.A. Lee, A Letter Every New Zealander Should Read.

first time of the rift in the Party, and the Opposition seized on it gleefully. At the 1939 Easter Conference Lee was censured for allowing the document to be made public, and for attacking Cabinet Ministers. There was some complaint that the conference had been forced to vote for the motion of censure because Cabinet made the issue one of confidence.⁽¹⁾ The letter itself was loudly applauded, much to the discomfiture of the platform, when it was read to the conference on the motion of Nordmeyer.⁽²⁾

The "left wing" rebellion on financial policy simmered down rapidly when Lee's position was weakened, first by the publication of the article "Psychopathology in Politics" (suggesting, correctly, that Savage was dying and should retire) which gave his opponents a convenient stick to beat him with, and second, by his expulsion from the party in March 1940. Anyway, it was obvious to most that in war conditions severely deflationary policies would be necessary. By the time Nash laid down the main lines of his wartime policies in the 1940 Budget, the sting had been drawn from the "left wing" on this issue. Only Langstone among the Labour members continued to preach the virtues of "debt-free money" on every occasion.

The changes in the party in the early months of the war left effects which were plain by the 1943 elections. Most

(1) Tomorrow, 26 April, 1939.

(2) H.E. Herring, letter to the author.

obvious was the increased reliance of the Government on its record. In 1938 the Party's policy was essentially forward-looking; Labour had the initiative still. It could promise the implementation of the Social Security Act, extension of state control of credit and currency, encouragement of secondary industries, and expanded housing and public works programmes. The party's manifesto was circulated in a number of forms, principally as part of a pamphlet entitled "The Prime Minister's Personal Message to You". In 1943 the party's policy statement was not widely circulated, and in fact contained little of interest. The most important points on which the Government promised action were (1) an extension of war pensions and (2) a pledge to "re-establish in a secure and prosperous civil life all men and women, Maori and Pakeha, who have served in the war or been engaged in the war effort".⁽¹⁾ Continuation of economic stabilization and a "free health service for all" were also promised. Fraser's opening of the Labour election campaign on 30 August was symbolic of the party's reliance on its record. His speech was a survey of Labour achievements since 1935,⁽²⁾ and it was stated that a policy announcement was to come in "the next four days". Fraser made it quite clear that the main lines of Labour policy would be followed without change when he said

It was essential for him to review the administration of the Government since ...1935, because the Government's policy was inextricably bound up with the

(1) Dominion, 2 September 1943.

(2) Dominion, 31 August 1943.

administration, and that policy would continue to be followed".

It is likely that Fraser did not appreciate how much this would result in Labour being forced into defensive positions, for if the party relied on its performance in office alone, then it was open to attack from Democratic Labour where it had failed to implement parts of its original policy, and from National where its actions had misfired. An instance of the latter was the legislation controlling land sales passed in 1943.

The time when the party spoke in broad radical phrases about "Socialism" and "the public credit" was gone, and such extravagant talk was now officially discouraged. Yet this aura of broad, undefined radicalism had a lot to do with the success of the party in the previous elections, and it is fair to say that in 1943 this had passed to Democratic Labour. The Labour Party tended to replace it with an increased emphasis on the social security and welfare planks in its platform. In the Party's 1943 policy statement the only fields in which it promised further action, as opposed to stressing previous achievements, were rehabilitation, the provision of a minimum "home and family income" and a universal free health service.⁽¹⁾ Labour speakers in the campaign relied heavily on these topics. Again, the type of pamphlet material issued during the campaign differed from that of 1935

(1) Ibid.

and 1938. In both these years the Party had circulated its policy statement widely, summarising proposals for the future under such headings as "Social Security", "State Control of Credit and Currency", "Defence", "Guaranteed Prices", "Housing" and "State Advances". In 1943 there was no wide distribution of a formal party policy statement, but instead a series of small pamphlets, nearly all summarising the Government's record on specific topics. Typical titles were "The World Pays Tribute to New Zealand in Peace and War" (four pages of laudatory quotations from many sources), "Labour's March to Economic and Social Security", "Safeguarding the Home" and "Labour's Magnificent Record in House Building". The Federation of Labour also circulated a series of pamphlets summarising advances in wages and working conditions since the depression. Although Labour could still offer constructive programmes for rehabilitation, the trend towards the policies of its post-war term in office was already quite clear. Speaking of that period fifteen years later the president of the party said

"We had become too obsessed with materialism and acted as though mankind existed entirely on an economic plane we tried desperately to think of ways in which we could make the people better off - financially - and we kept thinking of what they could do for us - electionally - in return".⁽¹⁾

The party's move to the right brought with ^{it} an increase in the power of industrial labour leaders in it. Union block

(1) Evening Post, 8 May 1961.

votes had swung the balance in favour of Lee's expulsion at the 1940 Easter Conference, and many of the larger unions did not consult their membership on the question. There had been little love lost between the "left wingers" and the unions, and the contrast between the Labour M.P.'s in Parliament before 1935, and those elected in that year, gives one reason why. Of the 24 Labour Candidates elected in 1931, 13 had held office in a trade union, but out of 28 new members in 1935 only 2, James Thorn and J.B. Cotterill, were, or had been, union officials. Of the rest, mostly farmers, small businessmen or professional men, few had any contact with the industrial labour movement, and there was naturally some suspicion of them in the unions.

Few of the big unions, which by 1943 wielded so much power in the party, had helped it much in its years of growth. As Lee wrote,

Theirs was no evangelical effort to modify a capitalist system. They had no policy which visioned any long-distance effort toward a new social system, the tactic of these organisations being exclusively one of expediency. All that was sought was the best wage and condition bargain. Indeed, some of the largest groups of organised workers did not team up with the Labour Party until it appeared likely that the Labour Party was bound to become the Government, and a Government so likely to yield a dividend that a measure of trade union shareholding became justifiable. Some of these leaders over the years addressed meeting after meeting in the various centres throughout New Zealand, at which they frankly stated that they had no concern whatever with politics.⁽¹⁾

(1) J.A. Lee. Socialism in New Zealand, p.260.

Many Labour supporters who, like Lee, had no affiliations with industrial Labour, felt bitter that the unions should have become so powerful in the political movement that they had taken little part in building. Lee's impression after twenty years in the party was that

The balance sheets of the Labour Party at election time would show that although trade union capitulations were largely responsible for maintaining the national offices and the district offices of Labour (Representation) Committees, the actual work of winning New Zealand, the actual expenditure of time and money and of energy, was through branches of the Party which anyone could join.⁽¹⁾

That was the heart of the matter; the hard work in the early years, the gradual increase in Labour's vote, and the winning of the marginal seats in 1935 was done by the dedicated branch members alone.

The conflict eased over the years. In 1938 eight of the M.P.'s elected in 1935, including such "left wingers" as H.E. Herring and Ormond Wilson, lost their seats. The joint Labour Party-FOL conference on conscription in 1940 symbolised the acceptance of industrial labour as a full partner of the party in the Labour Movement. Although relations between the political and industrial movements lie outside the scope of this study, it may be said generally that Fraser and the Cabinet worked in close co-operation with the FOL leaders during and after the war, and relied on their support in making Government

(1) Ibid., p.261.

manpower and stabilisation policies acceptable to the unions and in dealing with the crises such as the strike in the Waikato coalfields in 1942.⁽¹⁾ The appointment to Cabinet in 1942 of McLagan, the president of the FOL, gave the unions a direct voice in the government for the first time. Although constitutionally unprecedented it was a successful risk, for McLagan was able to identify Government manpower policy with the Federation without losing his own authority in it. Finally, when Fraser, in June 1942, went to speak to the National Party caucus on the War administration proposals, he was accompanied by two of his ministers, Sullivan and Jones, and also by McLagan and Walsh, the President and Vice-President of the FOL.⁽²⁾

Despite the changes since 1940 the Party in 1943 was ready for the election as a united party. Since the departure of Lee and his supporters there had been no major defections. The new Ministers appointed to Cabinet since 1940 - McMillan, Barclay, Nordmeyer, Skinner and O'Brien - were an infusion of new blood, although their addition did not alter Government policy. McMillan, Nordmeyer and O'Brien were definitely "left wingers" and all had voted for caucus election of Cabinet in 1938.⁽³⁾ There were still differences of opinion on such

(1) See L.C. Webb, Leadership in the Labour Party, in "Political Science", September 1953.

(2) NZPD, Vol. 261, p.702.

(3) John A. Lee's Weekly, 20 January 1943 and J.G. Barclay; letter to the author.

subjects of finance and manpower, but they were no longer paraded publicly or an immediate danger to party unity.

Nevertheless there were two disputes in the party which played some part in the 1943 election: one was Frank Langstone's resignation from Cabinet over the post of Minister to the United States, the other the alleged "railroading" of C.G. Scrimgeour, Director of Commercial Broadcasting, into the Air Force. Langstone's case was potentially more embarrassing. In May 1941, when he was Minister of Lands, Langstone went to the U.S. to discuss trade, and to make preliminary arrangements for the New Zealand legation in Washington. He remained there with his status undefined until 18 November, when it was announced that Nash was appointed Minister to the United States. Langstone was then appointed High Commissioner to Canada, but resigned in November 1942. On his arrival in New Zealand he made a statement maintaining that he had been "doublecrossed as to the Washington appointment."⁽¹⁾ His bitterness suggests that there might have been an informal agreement that he would be appointed Minister, but no official announcement had been made, and by the end of 1941 Fraser had apparently decided that, as war with Japan drew nearer, a member of the War Cabinet should have the job. What made the case important was that Langstone had been a consistent critic of the financial and credit policies of the majority in Cabinet,

(1) Dominion, 8 December 1942.

and the wrangle over the Washington appointment was only the "last straw" in a series of disagreements. As he said, "I have swallowed my own views and opinions on many matters."⁽¹⁾

There was a danger that this matter might provoke another flare-up of "left wing" discontent in the Party. Shortly before the 1943 Easter Conference the Labour Representation Committee in Waimarino, Langstone's electorate, adopted a resolution

"re-affirming its confidence in Mr. F. Langstone as its member and expressing the view that differences of opinion on the Party's banking, currency and credit policy were behind the dispute culminating in his resignation of the New Zealand High Commissionership in Canada."⁽²⁾

After a full discussion at the Party Conference it was voted with only three dissentients, that no injustice had been done Langstone, and the matter simmered down.⁽³⁾ Nevertheless, Langstone now made no secret of his disagreements with Government policy, and his speech in the 1943 Budget debate, at a time when little dissent at all was heard in the Party, was a slashing attack on "debt finance" worthy of Lee himself.⁽⁴⁾ On 30 May the Waimarino LRC, after a long discussion of Langstone's position and attitude, pledged

(1) Ibid.

(2) Dominion, 3 March 1943.

(3) New Zealand National Review, 15 May 1943.

(4) NZPD, Vol. 262, pp.761-769.

confidence in him as its candidate in the election, and inferentially in his ideas as well.⁽¹⁾ Langstone remained in the Party until his resignation in 1949.

The Scrimgeour affair was less serious but its sensational aspect and nearness to the election gave the Government some anxious moments. In some ways "Uncle Scrim's" survival into the days of Fraser's rule was an anomaly. His Sunday night radio session "The Man in the Street" had been broadcast over the Friendly Road station during the depression and was credited with a large part in Labour's victory in 1935. The programme, a mixture of popular Christianity and vague, rather saccharinish humanitarianism, was fantastically popular.

To many folk Sunday was the highlight of the week - "Uncle Scrim" could be heard from 1ZB, Auckland. Radios were tuned in in every city, in every town and every village. Silence reigned in many homes. "Scrim" was on the air.⁽²⁾

In 1936 his old friend, Savage, now Prime Minister, appointed Scrimgeour Director of Commercial Broadcasting over the objections of most of the Cabinet.⁽³⁾

"The Man in the Street" continued on the air throughout the thirties, and up to 1942, but Scrimgeour's first open breach with the Government came just a few days after Savage's death. The following Sunday "Scrim" delivered a eulogy

(1) Standard, 10 June 1943.

(2) J.R. Hastings. The Uncle Scrim Mystery, p.3.

(3) NZPD, Vol. 263, pp.639-643.

praising not only Savage, but also Lee, who had just been expelled from the Party. As time went on his broadcasts became almost openly critical of the Government. During 1941 he also offended some people with a timely talk on "Sex and its Contagious Diseases" and further angered the Government by giving a laudatory account of the U.S.S.R. shortly after she entered the war. This talk began with a word of praise for the New Zealand Society for Closer Relations with Russia, a proscribed organisation for Labour Party members.

In June 1942 "The Man in the Street" again went off the air, allegedly because Scrimgeour was ill. The session was not resumed when he recovered. The writing was obviously on the wall for "Uncle Scrim" and early in 1943, the Government seized a ready-made chance to get rid of the unwanted Controller by refusing to appeal for him when he was called up for military service. On June 14, a few days before he was to go into camp, he issued a statement complaining that he had been "railroaded" into the Air Force for political reasons and that the case was "discrimination and victimization at its worst."⁽¹⁾ The next day Fraser and Wilson both replied, denying the charges and making public an exchange of letters in which Scrimgeour had agreed to "faithfully carry out the Government's policy in regard to broadcasting", to make no public statements without the Minister's permission,

(1) Dominion, 15 June 1943.

and not to "take up a hostile attitude toward the Minister".⁽¹⁾ Scrimgeour repeated his charge of victimization⁽²⁾ and the following day Cabinet with caucus approval dismissed him. Fraser said the reason for this was the public statements Scrimgeour had made in the past few days, which were "attacks" on Wilson and the Cabinet.

"Apart from this being a complete breach of the undertaking given by Mr. Scrimgeour," said the Prime Minister, "it was an act of most serious insubordination and could not be tolerated, nor could anyone guilty of such conduct be retained in the Public Service without disastrous results to discipline".⁽³⁾

There the matter could - and should - have rested. Although Cabinet could not legally impose a ban on statements by a public servant and therefore could not dismiss him for breaking it, it could have based a case for dismissal on Scrimgeour's imputations that state machinery had been used to "railroad" him. However, an element of low farce was introduced when Fraser somehow acquired a recording of a function held in Scrimgeour's office to farewell a member of his staff. According to Fraser this was a "drunken orgy" at which "obscene and blasphemous language" was used⁽⁴⁾ and visitors to the Prime Minister's office were regaled with private playings of "The Record" as it soon came to be known. Whether the record was offensive or not, the private

(1) Ibid., 16 June 1943.
 (2) Ibid., 17 June 1943.
 (3) Ibid., 19 June 1943.
 (4) NZPD, Vol. 263, p.640.

performances and Fraser's shocked references to it only made the Government look ridiculous as well as subjecting Scrimgeour to a nasty form of character assassination.

The affair of "The Record" strengthened suspicions that the former Controller had been unfairly treated and probably helped him in his campaign as an Independent candidate in Wellington Central, Fraser's own electorate. Scrimgeour, as was expected, proved a most effective campaigner. Running on the Democratic Labour platform, he received 2,253 votes, resulting in Fraser winning his seat with a minority of the votes (46.12 per cent).⁽¹⁾ Scrimgeour's case, still fresh in the public's mind at election time, was made much of by National and Democratic Labour candidates as a dreadful example of Labour's treatment of the public service and the unwisdom of "patronage" appointments.

The Langstone and Scrimgeour affairs, both at bottom symptoms of the decline of the party's "left wing", were embarrassing rather than dangerous to Labour. Langstone could not plead unfair treatment, as he freely admitted the choice of Minister to Washington was the Prime Minister's alone, and Scrimgeour probably had more enemies, including most of the Cabinet, than supporters in the Labour Party. His appointment had been a political one, and therefore dismissal for political reasons was seen as a risk he should have been prepared for rather than an injustice.

(1) See below, Chapter 7.

The approach of the election and the increasing toughness of the Opposition during 1943 completed the closing of Labour ranks that had been so carefully fostered since 1940. The quiescence of the "left wing", the absorption of its leaders into Cabinet, and the closing of the question of unity with the Opposition had removed the main causes of dispute in the party.

CHAPTER 3

THE NATIONAL PARTY

National emerged from the 1938 general election a demoralised and bewildered party. Its share of the vote had increased 6.19 per cent since 1935, but Labour's had increased 6.49 per cent.⁽¹⁾ Although National won seven seats, all these were in rural farming electorates, the party's traditional stronghold. Elsewhere its performance was unimpressive. It lost the New Plymouth seat and failed to make any headway at all in the cities. In fact, Labour won Wellington West from R.A. Wright, an Independent who usually supported National, leaving the party with only two city seats - Christchurch North and Remuera.

National obviously expected to do better than this and many supporters were surprised at the small gains made. The party had certainly not stood still since 1935. After the formal fusion of the Reform and United Parties in 1936, an all-out effort was made to improve party organisation, and to build up a mass membership.⁽²⁾ There had been much dissatisfaction and apathy among party workers at the 1931 and 1935 elections, when leaders intervened to force unwanted candidates on some electorates. The result had been a rash of unofficial candidates, many of them attracting enough support to split the vote and allow Labour to win the seat. In 1938 the selection

(1) These increases were due, of course, to the elimination of the third party and Independent candidates who had stood in 1935.

(2) See A.D. Robinson, *The Rise of the New Zealand National Party, 1936-1949*, Chapter 3.

of candidates was left in the hands of the electorates, and a Divisional Committee could call on a sitting member to submit his name to ballot, with the approval of the electorate concerned.⁽¹⁾ The party also worked to build up a strong organisation - something sadly lacking in 1935 - and had succeeded by 1938. The results of the election, however, showed that this was not enough by itself. The party's image was still one of a "depression party" and its policy was backward-looking and unappealing. It included abolition of the compulsory unionism laws and promised not to operate the Social Security Act. Although the party was equivocal on the latter point, most of its utterances were hostile. The main National propaganda pamphlet had been a crude attempt to identify Labour rule with the social collapse that had preceded Fascism in Europe. It was scarcely surprising that demands for a new Leader and policy were heard as soon as the election results were known, and the next four years saw their gradual fulfilment. Moves to replace Hamilton began early in 1939⁽²⁾ but no public evidence of them was seen until the formation of the War Cabinet in 1940. On this, as on other occasions during the war, the question of political unity was the catalyst of change in the party; changes in National's relationship with Labour were always followed by changes in the balance of power in the National Party.

(1) National Party Constitution and Rules (1936).

(2) Evening Post, 28 December, 1940.

The appointment of Coates and Hamilton to the War Cabinet was immediately followed by a move in the National caucus to replace Hamilton as Leader. The Christchurch "Press" reported that

a section of the party, mainly the younger members, considered that the two offices (Minister and Leader of the Opposition) were incompatible if the National Party was to function fully as an Opposition. When the question was considered, however, at a caucus, a move in the direction of a new Leader was blocked by some of the older members, who gave their opinions as experienced politicians.⁽¹⁾

The "Press" also reported that caucus had decided Hamilton was to "act as Leader", but that S.G. Holland was favoured by the younger members. Caucus had made its decision, but the matter did not rest there by any means. It was soon made clear that the organisation was calling the tune on the leadership issue. On 4 September the quarterly Dominion Council meeting received reports from several Divisions that "a new policy and leader were essential". One delegate stated that

"Speaking from the organisational side, we are faced with the continual cry 'We cannot support you until you get a new Leader.' "⁽²⁾

The Council meeting came to no decision, but it accelerated discussion and many Divisional Executive meetings were held to discuss the matter. On 1 November the Dominion Executive met in Wellington and unanimously decided that Holland should replace Hamilton. E.T. Beaven, the Canterbury divisional

(1) Press, 19 July 1940.

(2) Dominion Council. Minutes, 4 September 1940, quoted in Robinson op. cit., p.104.

chairman, said later, in some rather indiscreet remarks at a National Party function;

"From Auckland to Bluff, the executive of the National Party was unanimously behind 'S.G.' and for that reason you in Christchurch North should feel proud of the entire rank and file organisation expressing their opinion, through their chairmen, in favour of 'S.G.' "(1)

7 C.H. Weston, the party's president, was asked by the executive to break the news to Hamilton and recommend his retirement. The executive also resolved that Coates and Hamilton should stay in the War Cabinet and that the new Leader should not join it, and that the new Leader should submit himself to re-election by caucus after the next election. (2) Hamilton shortly afterward announced that the question of Leadership would come up when caucus met before the session resumed on 26 November. (3) This was interpreted in some quarters as an announcement that he was retiring, (4) but when caucus met on 25 November Hamilton was obviously not willing to retire at the dictation of the Dominion Executive without putting a case to caucus. The result was that no nominations were made after a full day's discussion on the 25th. (5) At the start of the next day's meeting members were asked to write on a piece of paper the name of the person they proposed as Leader, with the result that Holland received a majority of

(1) Evening Post, 28 December 1940.

(2) Dominion Executive. Minutes, 1 November 1940, quoted in Robinson, op.cit., p.106.

(3) Evening Post, 6 November 1940.

(4) See Waikato Times, 8 November 1940 and Te Awamutu Courier, 11 November 1940.

(5) Dominion, 27 November 1940.

"five votes in a poll of twenty."⁽¹⁾ This was then endorsed in an open vote, and Holland was confirmed by the Dominion Council on the 28th.

Apart from the wider implications of the change which will be discussed later, the party had obviously gained a more effective Leader. Hamilton was hard-working, patently honest and sincere - too sincere - in his conservatism. Elected Leader as a compromise candidate in 1936, he completely lacked any inspirational qualities and was a poor platform and a poorer radio speaker. What was worse, he was irretrievably identified in the public mind with the "old gang" who formed the Coalition Government during the depression. Yet, perhaps because this had made him sympathetic with the difficulties of a Government in crisis conditions he was more interested in co-operating with the Labour Government in the War Cabinet than in making capital out of its difficulties. It was National dissatisfaction with the War Cabinet which first brought the question of Hamilton's leadership into the open and gave the party a convenient excuse to replace him.

Holland, on the other hand, was a young member elected in 1935, and had no connection with the Coalition "old gang". Like all his contemporaries in the party, he favoured stronger criticism of the Government, and as time went by this was directed at its war effort as well as its domestic policies. The

(1) Press, 27 November 1940.

younger members felt that the War Cabinet, or any such body short of a full coalition government, put the Opposition at a disadvantage without giving it much in return. They were not impressed by Hamilton's argument that the Opposition's first duty in the war was to help the Government and give up some of its critical privileges. Holland certainly did not believe that it should, and the National line toward the Government hardened quickly in 1941. Holland's vigorous and ebullient - if not very profound - personality made him an attractive Leader, and he was determined to give the party a "new look".

Between 1940 and 1943 National policy became more positive and popular, accepting Labour's achievements but criticising it on tactical points as vigorously as ever. Holland himself did not have a dogmatically orthodox approach to social or economic problems; his submissions to the Monetary Committee in 1934 were in some ways pure Social Credit.

The change in Leadership only worsened the breach between the old and new elements in the party, and many of Hamilton's supporters were disgruntled at the methods used to get rid of him. Early in 1941 D.W. McClurg, the party's secretary since 1936, resigned⁽¹⁾ because of his disapproval of the absorption of the People's Movement by the National Party, one of Holland's first accomplishments. In September 1941 the Christchurch "Star Sun", describing the still obvious disunity in the party, said,

(1) Dominion, 6 March 1941.

As far as the Opposition in the House is concerned, it is obvious to keen observers that the members do not constitute a homogenous whole. The "old gang" studiously avoids the "new gang". Some of the older members have steered a non-party course ever since the outbreak of the war. These include the members who were not happy about the displacement of the Hon. Adam Hamilton by Mr. Holland.⁽¹⁾

However, Holland in July 1942 scored a "personal triumph" in persuading a hostile party conference to accept the War Administration.⁽²⁾ Holland, of course, had wholehearted support from the older members of the Parliamentary party in entering the Administration, and its short life marked the high point in National Party unity during the war. Only one member, F.W. Doidge, voted against the Prolongation of Parliament Bill, and his objection was not to the new body so much as to the postponement of the election. However, National Party divisions played their part in the break-up of the War Administration. One of the minor matters which contributed to it was the censor's refusal to release a statement of Holland's announcing an inquiry into war expenditure. Apart from the fact that the statement, like many of Holland's was of phenomenal length for the amount it said, it also inferred that the War Cabinet had been lax in its administration of the War Expenses Account.⁽³⁾ Sullivan, the Minister of Supply, later said that a member of the War Cabinet had threatened to "go to

(1) Star-Sun, 8 September 1941.

(2) Press, 14 July 1942.

(3) See "Cabinet Resignations and Why" (National Party, 1942).

the papers" in its defence if the statement were issued,⁽¹⁾ and this was probably the reason for its retention by the Government. Holland challenged Sullivan to reveal who had made the threat, but the Minister refused to say. Polson, one of the ex-Ministers in the War Administration, was quite outspoken in revealing that it was Coates who had done it.

"I know to whom the statement was submitted. I know that the right honorable the member for Kaipara has disapproved of everything the Leader of the Opposition has tried to do. I know the friction there has been, and I know where the opposition has come from."⁽²⁾

Coates' personal dislike of Holland was well known, and the two men were not on speaking terms after 1940.

The break-up of the War Administration finally forced National M.P.'s to take sides. The exact chronology of events in September and October 1942 is quite significant. During the second week in September the strike on the Waikato coalfields became complete, and Semple, Webb and Sullivan all made firm statements criticising the miners for striking and promising the strongest action against them. Holland followed these with his own statement.

"This is a time for the strongest action. I must assure the public that the law will be observed and that those who break it will be dealt with fearlessly and firmly. There can be no thought of any arrangement that interferes with the processes of the law, by which those who break it are punished The question of who is to rule this country must be settled once and for all."⁽³⁾

(1) NZPD, Vol.261, p.691.

(2) Ibid., p.698.

(3) Dominion, 16 September 1942.

Bodkin, one of Holland's colleagues in the War Administration, told him not to make the statement. "I said that the Government was mishandling the business and getting into an impossible position which it could not sustain."⁽¹⁾ Bodkin showed more judgement than Holland in realising that the Government would soon have to back down. On 18 September 182 miners were sentenced to one month's imprisonment for taking part in an illegal strike,⁽²⁾ but the following day the sentences were suspended and McLagan, the Minister of Manpower and secretary of the Miners' Federation, travelled to Huntly to try to persuade the men to return to work.⁽³⁾ His mission was at first a complete failure; the miners boycotted his meeting and moved away when he tried to address them in the street. The next day a meeting was held, however, at which McLagan accidentally mentioned that the Government was considering State control of the mines. The miners immediately seized on this, the meeting continued for seven hours, and apparently McLagan was forced into promising State control if the miners resumed work.⁽⁴⁾ The Government now had to make up its mind between State control and a resumption of work, or continuance of private control and the stoppage. There was little point in hedging once McLagan had let the cat out of the bag, and on the evening of the same day (21 September) as the Huntly meeting, a joint meeting of

(1) NZPD, Vol.261, p.704.

(2) Evening Post, 18 September 1942.

(3) NZPD, Vol.261, p.643.

(4) Dominion, 21 September 1942.

Cabinet and the War Administration was held. Fraser proposed that work in the mines should be resumed, that the dispute should go to the National Disputes Committee, that the Waikato mines should be a State-controlled industry for the duration of the war and that the miners should give "adequate guarantees" of uninterrupted work during the war.⁽¹⁾ Holland later said that Fraser also proposed that the sentences on the strikers should be suspended and the men bound over.⁽²⁾ Holland told Fraser that he disagreed with the proposals and left the meeting. The other four National Ministers (Bodkin was away from Wellington) voted for the proposals. Next morning before nine o'clock, however, Polson went to see Fraser and told him that he and Broadfoot stood with Holland.⁽³⁾ There was no talk of resignations, however, for Holland "came back and sat with the War Cabinet for two or three days afterwards."⁽⁴⁾

Events in the Waikato moved quickly after the meeting. On 22 September Webb, the Minister of Mines, and Coates flew to Auckland to talk to the mine-owners, and next day Webb announced that the Government was taking control of the mines during the war, the owners to resume control afterwards.⁽⁵⁾ At the same time Coates issued a statement distinguishing State Control

(1) Evening Post, 30 September 1942.

(2) NZPD, Vol.261, p.633.

(3) Ibid., pp.696-7.

(4) Ibid., p.644.

(5) Evening Post, 24 September 1942.

from nationalisation. On the 24th Holland openly criticised the Government's actions for the first time.

"The question of whether or not the Government's proposals constitute socialisation, nationalisation or merely some other form of state control is beside the point. The immediate issue in this dispute is whether the Government's authority is to prevail and whether its laws are to be enforced or not. With regard to the decision to take over the control of the mines I accept no responsibility whatever."⁽¹⁾

It is significant that at this stage Holland was still speaking for himself only. On the 25th a ballot was held among the strikers, who voted 715 to 418 in favour of returning to work on the Government's conditions, and by the 28th all work had been resumed.

On the evening of the 29th, the National Party caucus met, and voted to withdraw its ministers from the War Cabinet and the War Administration. Hamilton was not at the meeting, but two other members voted against withdrawal.⁽²⁾ The following day the party's Dominion Council unanimously endorsed the caucus decision,⁽³⁾ and on 1 October the resignations of Holland, Broadfoot, Polson and Bodkin, but not of Coates and Hamilton, were forwarded to the Prime Minister. At the same time, H.S.S. Kyle, M.P. for Riccarton, resigned from the party, and announced that he and Coates had voted against the withdrawal of Ministers "because he believed it was vital to the war effort

(1) Evening Post, 25 September 1942.

(2) Evening Post, 6 October 1942.

(3) Dominion Council. Minutes 30 September 1942, quoted in Robinson, op. cit., p.142.

that Mr. Coates and Mr. Hamilton should remain in the War Cabinet."⁽¹⁾ The breach was now quite open and Coates and Hamilton delayed handing in their resignations for several days, finally doing so because "the selection was endorsed by members of the National Party." Both immediately rejoined the War Cabinet at Fraser's invitation. In a statement they declared their support for the Government and called the resignations a "political strike". The decision that "our duty to the country is more important than our duty to party" must have been a hard one to make for the two former party leaders, and was a break with the associations of a lifetime.⁽²⁾ Holland replied that "by their decision Mr. Coates and Mr. Hamilton have chosen to sever their connection with the National Party."⁽³⁾ Four National members, Coates, Hamilton, Kyle and Massey ceased attending caucus meetings, and later spoke and voted against the motion of no-confidence in the Government moved by Holland. The rest of the party, including those Ministers who had originally supported the Government's proposals for ending the strike supported Holland in the House and voted for the motion.

Of the four rebels, Hamilton and Massey later made their peace with the party, Coates died, and Kyle stood at the election as an Independent but withdrew before polling day. Had Coates lived the split might have done great damage to the party.

(1) Dominion, 20 October 1942.

(2) Evening Post, 6 October 1942.

(3) Ibid.

Despite his political isolation the former Prime Minister still had tremendous prestige, and his opinion that party politics should be subordinated to an "all in" war effort must have been shared by many people who felt no great attachment to either party. Whether Coates made any effort to rally Parliamentary support, particularly National Party support, to his way of thinking is hard to tell, but indications are that he did. After Coates' death, John A. Lee wrote

Gordon on many occasions over the war years sounded me as to the possibility of my joining a Coalition team, but I generally looked at the ceiling and tried to whistle. (1)

Just before he died, Coates wrote to a friend in Kaipara (the letter was later quoted in the election campaign in the electorate)

For your information I feel that the National Party has been badly led and their tactics open to public criticism. An afterthought occurs to me that the National Party no more represents the views of the farming community than the man in the moon. (2)

Nevertheless, when Kyle issued a statement on 1 April saying that a "Win-the-War" group had been formed by Coates and Hamilton to contest "many seats" (3) the two Ministers merely commented that

Mr. Kyle expresses a purely personal view in his statement. Mr. Kyle is free to say whatever he cares to (4)

(1) John A. Lee's Weekly, 16 June 1943.

(2) Northern Advocate, 24 September 1943 (My Emphasis)

(3) Dominion, 2 April 1943.

(4) Dominion, 3 April 1943.

and repeated their view that an election could and should have been avoided. However, Coates was not prepared to let matters slide in his own electorate. At the beginning of May he travelled to Kaipara and met delegates from his committees in the northern part of the electorate at Dargaville. At the meeting Coates announced his intention of standing as an Independent, and on his return to Wellington said that the meeting had given him a "blank cheque" to do as he thought best.⁽¹⁾ He secured a similar endorsement from the committees in the southern part of Kaipara on 22 May.⁽²⁾ Feeling in Kaipara was summed up later by a member of Coates' committee who said "Mr. Coates has (sic) represented us for 32 years and we trusted him. Hence the blank cheque."⁽³⁾ Loyalty to Coates was, among many of his supporters, loyalty to the man rather than to the party he represented, and had he lived it is doubtful if National could have found much support for an official candidate against him.

Coates' announcement had immediate effects. On 14 May Massey met the Franklin electorate committee, which at the end of the meeting resolved that

Mr. Massey having declared his intention to contest the Franklin seat as an Independent Nationalist, this meeting, after having given serious consideration to the matter, is of the opinion that Mr. Massey can win the seat in this capacity, and earnestly urges the National Party to support this candidature in order to present a united anti-Labour front.⁽⁴⁾

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- (1) North Auckland Times, 3 May 1943 and Dominion, 4 May 1943.
 - (2) North Auckland Times, 25 May 1943.
 - (3) Ibid., 20 September 1943.
 - (4) Evening Post, 17 May 1943.

On 19 May the "Southland Times" announced that

a decision to support the present member for Wallace, the Hon. Adam Hamilton, as National Party candidate for the electorate at the forthcoming general election was reached at the annual meeting of the Wallace branch of the New Zealand National Party yesterday.

The position of Massey and Hamilton was different from Coates' in that their committees hoped for official National co-operation (for Massey) or endorsement (for Hamilton) for their candidates, who had voted against the party on a confidence motion. Nevertheless, the declarations were a serious challenge to a Leader who had virtually read Coates and Hamilton out of the party a few months before, and it appeared as if Kyle's prediction of a group of Independents defecting from

election they were endorsed as official National candidates. With the exception of the Remuera affair⁽¹⁾ National ranks were closed in good time for the election.

This outline of events between 1940 gives only a partial picture of the changes in the party. In many cases the apparent clash of personalities and opinions really masked fundamental changes in the balance of power.

The most obvious was the growing influence of the extra-Parliamentary organisation. The National Party's founders had consciously set out to see that the organisation was not completely dominated by the Parliamentary party, as had happened in the Coalition at the 1931 and 1935 elections, and in fact throughout the twenties and the depression period. In the Reform and United Parties the Leader and Cabinet had had almost complete control over policy formation. In 1931 and 1935 the situation became more irksome when the Coalition leaders agreed among themselves that sitting members would be nominated as official Coalition candidates, thus giving the electorates no opportunity of getting rid of unsatisfactory members. The Coalition also allowed its electoral organisation to run down completely between 1931 and 1935, and this fault was blamed for a major share in the 1935 debacle.

The founders of the National Party set out to give the organisation more say in policy-making, the electorates means of refusing nomination to a sitting member, and to improve

(1) See below, pp. 86-89.

electoral organisation. A Policy Committee was set up consisting of six members appointed by Dominion Council and three M.P.'s nominated by the Leader. This body was to advise on "general policy".⁽¹⁾ In 1941 the constitution was amended to ensure that the Leader consulted the Committee on "immediate policy" as well. Procedures for the election of candidates were laid down, and a Divisional Committee could call on a sitting member to submit himself for renomination, with the consent of the electorate concerned.⁽²⁾ Party membership was given a more permanent and real nature, and fruitful efforts made to recruit a mass membership with an active core in every electorate that would keep the local organisation functioning between elections.

Members were first of all organised into local "branches", which sent delegates to an electorate committee according to their membership. Above electorate level were the six Divisions, representing the electorates, and the Dominion Council, consisting of the President, five vice-Presidents, sixteen members elected by the Divisional Committees, five elected by the National M.P.'s and six others.

The Divisional and Dominion Councils each had executives, and their functions were defined loosely. The Divisions were to control organisational work, employ organisers, and to give final approval to candidates. The Dominion Council was to

(1) National Party. Constitution and Rules (1936) Sect.XVI (3)
 (2) Ibid., Sect. XIV (5)

control the party's "general affairs". The organisation as a whole, said C.A. Weston, the party's first President, was to be independent in managing its funds and selecting Candidates, and to "consult with its Parliamentary representatives in framing its policy from time to time."⁽¹⁾

The organisation improved greatly before 1938 and membership built up rapidly. However, the party did not make great progress in 1938 and the feeling grew that the main reason had been the association in the public mind of Hamilton and other members of the "old gang" with the depression. Enough has been said about the replacement of Hamilton to show the part played by the Dominion Executive, which was acting only after the Dominion Council's meetings had revealed that some Divisions would cease supporting the party unless a new Leader were found. Faced with this the Parliamentary caucus, in whose hands the matter theoretically rested, had little choice. The Dominion Executive also resolved that the new Leader should not join the War Cabinet, and that he should submit himself to re-election by caucus after each election.⁽²⁾ The resolution concerning the War Cabinet shows the organisation's attitude to co-operation with the Government. It was, after all, Hamilton's desire to promote political unity which had hastened his replacement and given the party an excuse to effect it. The organisation, whose primary task between elections was to maintain

(1) National News, 20 May 1937.

(2) Dominion Executive. Minutes, 1 November 1940, quoted in Robinson, op. cit., p.106.

interest in the party and keep supporters in touch with their members, saw little value in political unity. Its outlook may have been small-minded, but it is easy enough to understand; supporters who saw their party co-operating with its opponents would lose interest as controversy died down, membership and financial support would fall off and party machinery would run down. The organisation's feelings of frustration at the moves for unity were intensified by knowledge that war conditions left Labour open to criticism as never before, and National was now at the stage where gains could be made at Labour's expense. To National's supporters, therefore, it seemed folly to soft-pedal party politics in return for the uncertain and unspectacular rewards of political unity. For the same reason the organisation was firmly against postponement of the election, for party enthusiasm waned the longer the contest was postponed.

It is easy to see why the War Administration was greeted with chagrin by the extra-Parliamentary party. Holland had provided the aggressive Leadership expected of him; his criticism of the Government had been far more vigorous and partisan than Hamilton's, and there had been no moves for political unity during 1941, the election itself only being postponed at the last minute. The War Administration fell short of the "full national government" that National had previously demanded. It seems obvious that the National

organisation played a part in modifying the Prolongation of Parliament (1942) Bill to include annual renewals of Parliament's life. The original proposals, simply allowing for the extension of Parliament "for the duration of the war and one year thereafter", were approved by the National caucus with only one dissentient.⁽¹⁾ However, the party organisation seemed much less happy about the indefinite postponement.⁽²⁾ This indeed seems to have been the feeling in both parties and on 9 July the changed draft of the Bill, to provide for a mandatory annual renewal of Parliament's life, was announced.⁽³⁾ In spite of this, the National Conference on 23 July passed a resolution calling for a general election as soon as the war situation permitted.⁽⁴⁾ Holland was lucky to get off so lightly at Conference. One newspaper stated that delegates were "at first openly hostile to those who had taken part in the negotiations" and were determined to "record their disapproval" of the War Administration.⁽⁵⁾ Holland's speech, already quoted, saved the day and was described as a "personal triumph".⁽⁶⁾ Nevertheless, delegates were using phrases like "the end of the National party" and there were alarming reports of branches breaking up and members resigning.⁽⁷⁾

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- (1) Evening Post, 24 June and Dominion, 7 July 1942.
 - (2) See, e.g. W. Appleton in Evening Post, 4 July 1942.
 - (3) Evening Post, 10 July 1942.
 - (4) Evening Post, 24 July 1942.
 - (5) Press, 24 July 1942.
 - (6) Ibid.
 - (7) Robinson, op.cit., p.134 et seq.

Dominion Council seems to have played an important part in the National resignations from the War Administration. Holland had dissociated himself from the Government's policy on 24 September, but had not mentioned resigning. The next day the miners voted to return to work, and by the 28th all mines were working normally. The National caucus did not meet until the 29th, by which time delegates for the quarterly Dominion Council meeting had arrived in Wellington. Thus the Council was in session at the same time as caucus was to decide whether to withdraw its Ministers, and it unanimously endorsed the caucus decision the next day.⁽¹⁾ The caucus meeting seems to have been deliberately postponed to coincide with the Council meeting, and any waverers among the M.P.'s would certainly have had an opportunity of finding out how strongly the organisation felt on the subject.

The organisation, which had, as feared, run down badly during the War Administration period,⁽²⁾ was galvanised by Holland's speaking tour late in 1942. There was now no uncertainty about whether an election would be held, but the organisation was still plagued by constant loss of man-power and by paper shortages.⁽³⁾ Party electoral organisation for 1943 has been summarised by Robinson.⁽⁴⁾ A big step forward was taken when the party wound up the "National Newsletter" and replaced

(1) Evening Post, 6 October 1942.

(2) Robinson, op.cit., p.147.

(3) See W.A. Broadfoot in Dominion, 13 April 1943.

(4) Op.cit., pp.147-8.

it in May 1943 with a monthly newspaper, "Freedom". The new paper did not measure up to "Standard", its Labour counterpart, in content or format, but it was on sale to the public and was used to publicise National policy and candidates at election time.

Holland seemed to have worked more harmoniously with the party organisation than his predecessor had done, perhaps because Hamilton tended toward the Reform Party practice of keeping the organisation very much in its place, where it was neither seen nor heard very much. In addition, by 1940 both the organisation and the younger M.P.'s, typified by Holland, had both come to the conclusion that the "old gang" were an electoral liability which the party could no longer afford. In 1938 Labour had made much of the fact that the party was still led by Hamilton and Coates, two leading Coalition Cabinet members, and the two men seemed linked firmly with memories of the depression in the public mind. The result of the election seemed to bear out the feeling that National needed new leaders who had no association with the period before 1935. The eight new N.P.'s elected in 1935 and 1938 were all young men and impatient with the leadership of a group that had been repudiated by the electors. That Coates and Hamilton should have been singled out for attack was somewhat unfair, for the former had been the most progressive Minister in the Coalition, and the latter never a member of its "inner circle".

The overhauling of the party's image by no means stopped at the ejection of Hamilton from the Leadership. The older Reformers took the defeat of Hamilton with very bad grace, and the rift between the "old" and "new" gangs widened as a result. H.S.S. Kyle, a veteran Reformer, resigned as Chief Whip when Holland became Leader, and he joined W.P. Endean, J.N. Massey and T.D. Burnett in a group who made no secret of their dissatisfaction with the new regime in the party. All these members had had long political experience; Coates had been in Parliament since 1911, Burnett and Hamilton since 1919, Kyle since 1925, Massey since 1928 and Endean since a by-election in 1930. To the younger members they represented the "old gang" with a vengeance, and a somewhat rash attempt was made to force some at least to retire as the 1941 election approached. Some, such as Coates and Burnett, were so well entrenched in their own electorates that the party had no choice but to renominate them, but it was rumoured that the others had threatened to stand as Independents if the official nomination were denied them.⁽¹⁾

In Remuera, however, the electorate committee exercised its right under new party rules to require Endean to submit his nomination to a postal ballot of party members. Endean had announced his intention to stand again early in June, and when nominations were called for the following month, he did

(1) Standard, 30 July 1941.

not submit his name. Announcing that he would stand instead as an Independent National candidate, he said,

"I was advised that there was a bias against me worked up by a small group of members, and that I would not get an impartial consideration if I were to submit to a ballot.

I do not think that the National Party in Remuera at present is truly representative of the people nor do I think that the 9,605 electors who voted for me in 1938 will, to any great extent, not cast their votes in my favour at the coming General Election"(1)

The chairman of the electorate committee, T. Clifton Webb, (later a well-known National Party figure) replied that party members "had a perfect right to review the candidature of a sitting member if they felt there was a substantial desire for change".(2) The committee already had five nominations (but not Endean's) and could have held a ballot then and there. At this stage Holland stepped in, saying that a "dead-lock" had been reached at Remuera and that the matter had been referred to him. "After consultation with various interested parties, including the Parliamentary Opposition", he said, he had decided to support Endean .(3) Apparently the Remuera electorate committee was not one of the "interested parties" so consulted, for Webb described the news as "a bombshell" and said "The first intimation I got of it was when I read it in the newspaper this morning", and hinted darkly that it was not the end of the matter.(4)

(1) Evening Post, 23 July 1941.

(2) Another Remuera Nationalist accused by Endean of "working up a bias" against him was Mr. (later Sir) Leslie Munro.

(3) Dominion, 2 August 1941.

(4) Dominion, 4 August 1941.

A postal ballot was held after Holland's announcement to decide simply whether Endean should be nominated or not, and the result was an affirmative vote of 676 - 563. A month later Holland and Gordon, the President of the National Party, addressed a meeting of the party in Remuera, which then confirmed Endean as its candidate.⁽¹⁾ The affair was, for the "new gang", a rather humiliating demonstration of the local strength of the older members.

In 1943 four veterans, Cobbe, Dickie, Forbes and Ransome announced their retirement. (Ransome died before the election and Burnett died in 1941.) However, the four Nationalists who had voted with the Government on the no-confidence motion in 1942 all intended to stand again. In the end, as already described, only Kyle stood as an Independent; Coates died, and Hamilton and Massey were adopted as official candidates after their electorate committees publicly supported them. Kyle's hold on his electorate had never been strong and he had nearly been unseated in 1938. His campaign in 1943 attracted little interest, and he withdrew just before polling day after making a few speeches criticising the decision to leave the War Administration and attacking the "handful of Hereford Street gentlemen" who he said now controlled the Christchurch National Party.⁽²⁾

(1) Dominion, 8 September 1941.

(2) Press, 3 September and 23 September 1943.

Endean, however, although he voted with the National Party on the no-confidence motion in 1942, was not as lucky as Hamilton and Massey. While he was overseas, in August 1943, nominations were again called for and R.M. Algie was adopted as the official candidate. Algie offered to go to a postal ballot with Endean, but the latter, despite urging from the Auckland Divisional Executive refused and again announced that he would stand as an Independent.⁽¹⁾ Intense pressure was put on him to withdraw, and on 7 September he did so, leaving Holland to make the announcement.⁽²⁾

Despite the capitulation of the "old gang", National candidates showed an extraordinary sensitivity on the subject during the campaign. For instance, R.G. Gerard, the National candidate for Mid-Canterbury, stressed that

The National Party in this election was definitely not the "old gang" criticised by the Labour Party. The party was reformed in 1936, and of the seventy-seven candidates now in the field, only eight were in Parliament from 1931 to 1935. The party had a new philosophy and a virile leader.⁽³⁾

A.R. Guthrey, the candidate for Christchurch South, promised new conquests

"We are going to purge the party of its old Tory tradition. I say that without apology to any old Tory who may be here tonight. We are going to build a new and better party."⁽⁴⁾

Such statements were commonplace from National speakers in 1943.

(1) Dominion, 17 August 1943.

(2) Dominion, 8 September 1943.

(3) Press, 18 September 1943.

(4) Press, 21 September 1943.

The hypothesis of "old" versus "new", however, only goes part of the way towards explaining the split in the National Party between 1940 and 1943. Apart from the problem of breaking the "old gang's" dominance the party also had to adjust its policy and outlook in keeping with the results of Labour's rule. This resulted in the paradox that those Nationalists most bitterly opposed to Labour during the war were those who were most progressive in their policy, simply because they realised that Labour could be beaten only if National became more forward-looking. Thus Holland was supported by a number of former United Party members, particularly those who had been back-bench critics of the Coalition. Two of these, W.A. Bodkin and W.J. Broadfoot, became Holland's closest associates. During the election campaign Bodkin, in reply to an interjection about the "old gang", said

"The back benchers of the Government of the depression fought those proposals tooth and nail, but they had no "say" and I know because I was one of them."⁽¹⁾

The quarrels in the Coalition were finally worked out in the National Party in the 1940's. A section of the United Party nursed a grievance after some of their Ministers lost office when the Coalition was formed, and these members grew increasingly rebellious against Reform dominance. This minority, which included the United city members and some

(1) Oamaru Mail, 7 September 1943.

rural ones, notably Bodkin (Central Otago) and McSkimming (Clutha), was opposed to the alteration in the exchange rate and other measures which they regarded as unwarranted concessions by Reform to its rural supporters. In 1935 two United members stood as Democrats and several other Coalition dissidents as Independents. The more far-sighted remained in the hastily-formed National Political Federation, which became the National Party in 1936. The Nationalists who survived the election numbered 18; 9 Reform, 8 United, 1 former Independent (Polson) and 2 new members. However, of the Reformers, two (Holyoake and Hargest) were young men who certainly favoured a change in the party's leaders and policy. The situation was later described, somewhat impressionistically, by Bodkin.

After the 1935 Conservative landslide, due to the implementing of the economic policy of Professor Copland during the depression, the Liberals and the more progressive Reform members were left to get together under Mr. S.G. Holland, to hammer out the present progressive policy of the National Party. That party was not the "same old gang" as was in office during the depression.(1)

Bodkin's omission of any reference to Hamilton shows that his Leadership was regarded as a transition period by many in the party. The election of six new Nationalists in 1938 decisively tipped the balance against the veterans. Most of the latter supported Hamilton's policy of soft-pedalling party politics during the war; if newspaper reports of the

(1) Southland Daily News, 17 August 1943.

voting on Holland's election as Leader were correct⁽¹⁾ the number voting against him exactly equalled the number of old Reformers at the caucus. Their eclipse became complete under Holland's Leadership. His closest associates were Broadfoot and Bodkin, both former United members, and Polson, who entered Parliament as an Independent after defeating a Reform member in 1928. These three all favoured a much stronger line towards Labour than the Reformers. The seal was put on the association of the United remnant with Holland when Forbes, the former United leader, was made Deputy Leader of the Opposition when Holland was overseas in 1941. In the vote on the no-confidence motion in 1942 the four rebels were all old Reform members. On the other hand Forbes broke a long Parliamentary silence to support Holland, although he had previously been in favour of co-operation with the Government.⁽²⁾ As a footnote on this subject, National's candidates in 1943 included a number of well-known former Liberals or Independents. W.A. Veitch, who contested Wellington Suburbs for the party in that year (and polled better than most National candidates in the cities) had been a Coalition United member in 1931 but had joined the Democrats in 1935. Miss Ellen Melville, contesting the Grey Lynn seat, had stood unsuccessfully six times since 1919, three of them as an Independent Reformer against official candidates. A.J. Murdoch (Marsden) had first won

(1) See above, p. 68.

(2) NZPD, Vol. 261, pp. 686-90.

the seat as an Independent in 1922, lost it in 1925, and regained it in 1928. He, like Veitch, was one of the United Ministers who "retired voluntarily" when the Coalition was formed in 1931, and he lost his seat again in 1935. He was successful in 1943 and held the seat until 1954, when he retired. R.A. Wright, who had held the Wellington Suburbs seat as an Independent in 1935 after twenty-seven years as a Reform member, was to have stood as a Nationalist for his old seat in 1941,⁽¹⁾ but was not renominated in 1943. Finally, William Sullivan, who won the Bay of Plenty seat for National at a by-election in 1941, had been an Independent United candidate for Tauranga in 1931, and had been listed by one newspaper as Labour!⁽²⁾

The basic reason for the bad feeling in the party, and for the changes in it, was the slow realisation that the rural seats had ceased to hold the balance of power in New Zealand politics, and that the party would have to make substantial inroads in Labour's urban strength before it won another election. The table on page 295 below shows how weak National's vote was in urban areas. In 1935 its share of the total vote in all seats with between 66 per cent and 85 per cent of urban population was 33.95 per cent and in seats with over 85 per cent urban population, the "city seats" proper, only 25.94 per cent. In 1938 its share in the two groups increased by 7.80 per cent and 6.94

(1) National Newsletter, August 1941.

(2) Dominion, 22 November 1931.

per cent respectively, but Labour's share increased by 7.78 per cent and 7.25 per cent, for both parties gained votes that went to third party and Independent candidates in 1935. Thus National actually made smaller gains than Labour in these two classes of seats in 1938. In the number of seats won, National's position was much worse. In 1935 it held only two of the 66 percent - 85 per cent urban seats, and after 1938, with the loss of New Plymouth, only one. In 1935 and 1938 the party held only two "city seats", and the loss of Wellington West by R.A. Wright, an Independent, in 1938 was in practice a loss of a seat for National.

A perspicacious warning was given to the party in 1943 by a periodical which usually reflected urban business and commercial opinion. The occasion was the Christchurch East by-election, in which National had run third after the Labour and Democratic Labour candidates and polled only 25 per cent of the vote.

The farming community would be well advised to appreciate that the day of their political dominance was doomed when the Exchange rate was raised to provide a bonus to aid farmers in adversity, and when this action was followed by Mortgage adjustments, again to the detriment of the investing rentier class, the warrant of unfitness for the farming community to dominate the community was endorsed in red ink. The future of New Zealand depends upon the future development of the farming interests, but there will also be an enlargement of industries and increasing urban populations. Urban populations have shown no indication to turn to the National Party after a period of nearly

eight years of Labour in office, and this must be attributed to the lack of sympathy and interest exhibited by the National members representing rural constituencies towards the urban population. They must either mend their ways or get men in the cities to take the platform for the Party. They would be wiser to take both courses. The only way to secure a wider rank of men of ability is to assure outstanding men that if they fight on the political frontiers they will not be pushed into the background so that the soft-spot M.P.'s may enjoy cabinet rank because of their longer standing as members of Parliament. There is no chance of men of ability coming forward to pull the chestnuts out of the fire for the men who have shown no capacity to win urban votes even in their own constituencies.⁽¹⁾

Actually, the "new men" in the party had taken such advice to heart long before 1943; the rural elements in the party still held the majority of National seats, but the power was slipping from their hands. This was shown dramatically in 1940 when Hamilton, a farmer representing a Southland rural electorate, was replaced by Holland, a manufacturer from one of the party's two city seats. The "old gang" mostly represented rural seats, and they felt that their exclusion from power in the party after 1940 as a sign that it was neglecting rural interests. Coates' opinion in 1943 that "the National Party no more represents the views of the farming community than the man in the moon" shows how he himself felt. The cry was taken up astutely by some Labour candidates in rural seats. "They (the National Party) pushed out the farmers with Mr. Coates and Mr. Hamilton,"⁽²⁾ was a theme used often by C.W. Boswell in the Bay of Islands back country.

(1) N.Z.Economist and Taxpayer, 29 February 1943.

(2) Northern Advocate, 21 September 1943.

(Boswell, a school-teacher, lost the seat to a National farmer candidate.)

Much of this feeling was due to National's acceptance that Labour wage levels and social security benefits had to be maintained, for farmers had found the increase in agricultural wages and taxation a sharp increase in costs, particularly during the war when labour was scarce and award rates meant very little. Sometimes there were more specific grievances. Some farmers were disappointed that the party had dropped the compensated price for farm products from its policy in 1938. This idea, sponsored by the Farmers' Union after the depression, claimed to equalise "the reward of the exporter with the value of wealth he has procured for the Dominion in foreign trade". To do this, farmers' returns from exports were to be subsidised to relate Sterling prices to New Zealand and British price levels.⁽¹⁾

The proponents of the scheme argued that if protection for New Zealand secondary industries were abandoned, it would present no difficulties, but since it entailed a subsidy to be paid by general taxation it understandably enjoyed little support outside the more extreme advocates of "farming first". Nevertheless, in some quarters the dropping of the compensated price was seen as a "betrayal" of the farmers by the National Party. Two Independent candidates, Closey (Manawatu) and Penniket (Waikato), based their campaigns on the compensated

(1) N.Z. Farmers' Union (Auckland Province), "Compensated Prices" (1936).

price, and claimed that National no longer represented farming interests. Closey held that this was the result of National's absorption of the Democrats in 1936. This enlivened the Manawatu contest considerably, for M.H. Oram, the National candidate, was a Palmerston North lawyer who had stood as a Democrat in 1935.

The party's candidates in 1943 showed some attempt to move away from the old predominance of farmer M.P.'s. Coates' successor was T.C. Webb, an Auckland lawyer, and Cobbe's in Manawatu was Oram, another lawyer. But in most cases, as in previous elections, National nominated farmer candidates for farming seats. The fact that only seven out of seventeen new members were farmers reflected National's gains in more urban seats, not a general rejection of farmer candidates.

Closey's charge concerning the Democrats brings to light another pressure at work to change the National Party. The Democrats themselves were mostly absorbed in 1936, when a formal fusion took place, and in 1943 there were four former Democrats among National's candidates - W.A. Clark (Thames), T.C.A. Hislop (Wellington North), the former leader of the Democrats, M.H. Oram (Manawatu) and W.A. Veitch (Wellington Suburbs).⁽¹⁾ However, this by no means ended moves by organised political groups to change the National Party.

(1) H.L. Harker, Democrat candidate for Bay of Plenty in 1935, was a brother of C.G.E. Harker, National M.P. for Waipawa since 1940.

In 1937 a group of "men who hold or have held positions of trust and responsibility in the community" (a hallmark phrase for conservative groups) met in Auckland to found the New Zealand Freedom Association. The Association soon gathered considerable financial support and in 1938 enlisted Professor R.M. Algie, of Auckland University, as its executive officer. Its aims were to

protect rights being filched away from us one by one in exchange for some system of so-called security, with its necessary accompaniment of political and bureaucratic control.⁽¹⁾

With its theme of freedom lost and bureaucracy rampant the Association was obviously an anti-Labour body. Its importance was that its programme of educating the public about these dangers involved an almost explicit intention to put pressure on the National Party to become a more effective anti-Labour organisation. At the 1938 election the Association supported National, admitting that "there was clearly no popular desire for the setting up of a third political party, and the only other alternative was that support should be given to the National Party". However, as the Association admitted it had been coldly received by the party.⁽²⁾ After the election in a pamphlet called "Democracy Re-discovers its Backbone" with the significant sub-title "The Middle Way", the Association voiced the dissatisfaction that many National supporters must have felt at the party's ineffectiveness. Criticising those who

(1) Democracy Re-discovers its Backbone, p.2.

(2) Ibid., p.4.

would "support the National Party simply because it opposes the Labour Party",⁽¹⁾ the Association pinned its hopes on a large group of uncommitted, non-political electors.

The Association believes that between the extremes of current political thought in this Dominion, there is, in fact, a middle way which the majority of our citizens desire to find and to follow.⁽²⁾

The Association's criticism of the National Party's "extremism", shows that dissatisfaction with National was widespread among those who should have been the party's strongest supporters. Seen in this light, the talk of a "middle way" was an attempt to prise the party away from its unpopular conservatism, to improve its public image and enable it to compete more effectively with Labour. This, in fact, was the problem of Holland after 1940.

The Freedom Association did not follow up its hints of political action, and it does not seem to have made much impression on the public. Algie's speeches, though witty and interesting, did not go much beyond fairly general expositions and constitutional law. The Association was wound up in July 1943 when Algie accepted nomination as National candidate for Remuera.

The People's Movement, launched in March 1940, was a far more serious threat to the National Party; for the first time since 1934, when the Democrat Party was born, a new,

(1) Ibid., p.5.

(2) Ibid., p.1.

frankly political group was challenging National on its own ground.⁽¹⁾ The Movement, although claiming to be a centre group politically, was actually to the right of the National Party. Its demands for a more effective Opposition, and a change of Leaders obviously frightened the party and must have been a major factor in Hamilton's replacement. It is easy to see in retrospect that the People's Movement was not very important, but in 1940 its threats looked serious, and there was no telling how powerful it might have become. At the Movement's first meeting in the Wellington Town Hall in April 1940, the president, E.R. Toop, set out its attitude to the existing parties.

"We are not satisfied with the Socialistic record of either the Government or the National party ... if there is no alteration in personnel, constitution and policy of the existing parties, we will not hesitate to place our whole organisation and candidates into the political arena to oppose them There are thousands of dissatisfied National supporters today. They cannot vote Labour, but they would vote for a middle party. A third party at the next election will have a greater chance of success than either of the present parties. The selfishness of those who try to frighten the electors with the split-vote bogey is beyond belief."⁽²⁾

The National Party reply to Toop⁽³⁾ showed no desire to come to terms with the new group. Nevertheless, negotiations began between the Movement and the party's leading Parliamentarians to try to iron out their differences. These met with no success, and since the Movement's demands were for a

(1) See below, Chapter 4.

(2) Evening Post, 1 May 1940.

(3) Dominion, 2 May 1940.

"completely new party with a new name, a new leader, a new personnel and a new policy",⁽¹⁾ this was not surprising. The Movement then showed signs of moving into active politics, holding a series of rallies in November 1940 and publishing a programme entitled "A Lead for New Zealand". However, negotiations had resumed again when Holland was elected Leader, and on 12 February 1941 one newspaper reported that "representatives of both organisations" had agreed on a merger.⁽²⁾ A week later Holland officially announced this, saying that "steps are being taken to ensure that the People's Movement is given full and adequate representation on the various branches and headquarters of the widespread National organisation".⁽³⁾ Holland gave no details of how the National Party had mended its ways in accordance with the Movement's previous conditions, except to mention that the party's name remained unchanged. So, apparently did its other features. Toop and another member of the Movement joined the party's Dominion Council,⁽⁴⁾ and Toop stood as a National candidate in Wellington South in 1943. The "amalgamation" was immediately repudiated by the Movement,⁽⁵⁾ but, to judge from its subsequent statements, it had lost most of its politically aggressive leaders and now came out in favour of a national government and a cessation of party politics. At the end

(1) Dominion, 15 November 1940.

(2) Truth, 12 February 1941.

(3) Dominion, 19 February 1941.

(4) Dominion, 1 March 1941.

(5) Evening Post, 17 March 1941.

of it all the National Party seemed to have absorbed some of the Wellington personnel of the Movement with very little concession in return, for Toop was content to commend National to his supporters on the strength of Holland's accession to the Leadership.⁽¹⁾

At the same time mergers were concluded with two embryo parties, a New Liberal Party and a returned soldiers' political movement.⁽²⁾ Neither of these created any public stir, although mention was made of a New Zealand Liberal Movement in Southland in July 1943⁽³⁾ but no more was heard of it. The absorption of these movements was Holland's first success as Leader, and it was the beginning of a movement by Holland and his younger colleagues to rejuvenate the party.

How true was the claim that National was "a new party with a new leader"⁽⁴⁾ by 1943? The contrast between Holland and Hamilton needs no further stressing. The new Leader's colleagues, too were men who had no part in the Coalition Government, and had in fact severely criticised it. They made it clear, after 1940, that they considered the "old gang" a liability to the party and were glad to see most of them retire in 1943. No attempt was made to use the experience of such men as Coates and Hamilton, and their open disagreement over the War Administration and their decision to

(1) Evening Post, 1 March 1941.

(2) Dominion, 20 February, 1941.

(3) Dominion, 24 July 1943.

(4) Round Table, December 1943.

stand as Independents in 1943 indicates they they felt they no longer had any role in the party.

National's candidates in 1943 were predominantly "new men", as Table I shows.⁽¹⁾ Only candidates not in Parliament between 1938 and 1943 are included, but two who had been before 1938 are.

TABLE I

Number of Previous Contests of
National Candidates

(Excluding M.P.'s at Dissolution, 30/8/43)

<u>No. of Contests</u>	<u>No. of candidates</u>	<u>No. successful</u>
None	41	12
One	8	2
Two	2	-
Three	2	1
More than Three	4	2

Candidates who had stood once:

Aderman	(New Plymouth)	1938	National	(Dunedin South)
Fortune	(Eden)	1940	Independent	(Auckland West by-election)
Hislop	(Wellington North)	1935	Democrat	(Masterton)
Kealy	(Auckland West)	1938	National	(Auckland West)
Merritt	(Auckland East)	1938	National	(Auckland East)

(1) T.C. Webb is included in this table, for although he stood as "Independent National" he was virtually an official candidate. (See below pp).

Oram	(Manawatu)	1935	Democrat	(Manawatu)
Park	(Onehunga)	1938	National	(Onehunga)
Taylor	(Lyttelton)	1935	National	(Westland)

Candidates who had stood twice:

Clark	(Thames)	1935	Democrat	(Auckland Suburbs)
		1938	National	(Thames).
Falconer	(Dunedin West)	1935	National	(Dunedin North)
		1938	National	(Dunedin North)

Candidates who had stood three times:

Appleton	(Wellington Central)	1931	Coalition United	(Wellington Sth)
		1935	Independent	(Otaki)
		1938	National	(Wellington Central)
Sheat	(Patea)	1925	Labour	(Taranaki)
		1931	Labour	(New Plymouth)
		1935	Independent	(New Plymouth)

The candidates who had stood more than three times were an interesting quartet. The youngest, K.J. Holyoake, had held the Motueka seat as Coalition Reform in 1932 and as National in 1935, losing it to C.F. Skinner in 1938. A.J. Murdoch (Marsden) had first contested the seat as an Independent in 1919 and had won it in 1922. He joined the Liberal Party in 1925 but lost the seat, regaining it as a United candidate in 1928. He was Minister of Agriculture in the Governments of Ward and Forbes, but "retired" when the

Coalition was formed. He lost his seat in 1935, regained it in 1943 and remained in Parliament until 1954, becoming Minister of Agriculture again in the National Government. W.A. Veitch (Wellington Suburbs) had boxed the political compass between Labour and Democrat as M.P. for Wanganui from 1911 to 1935. Although 73 years old in 1943, he fought a vigorous campaign but actually polled a slightly lower percentage of the vote than O.C. Mazengarb in 1938. The only National candidate in this last group who had not been in Parliament was Miss Ellen Melville, an Auckland lawyer. She had contested every election, in various Auckland seats, between 1919 and 1931, three times as official Reform and three as an Independent. On one of the latter occasions, the 1926 Eden by-election, her intervention split the Reform vote and Labour ^{won} ~~one~~ the seat. Standing in Grey Lynn in 1943, she was swamped beneath the large votes for Hackett and Lee and finished third with only 17 per cent of the vote.

The new members elected in 1943 brightened National's image as a "new party". Most of them were young; their average age was 48 and four were under 40. Although many of them had local body experience they were generally new faces in the National Party.

As a further proof of his party's changed character, Holland after 1940 made much of the "freedom" allowed M.P.'s

in votes in the House. He claimed that this had been allowed since 1940, but his first public announcement of it was not made until shortly before the election.

Except on motions of no-confidence in the Government when members were naturally expected to conform to their electoral pledges, the National Party did not place its members in strait-jackets. The former custom by which they were expected to vote as decided by the leader had been ended when he became leader, and members were now free to vote according to their consciences.⁽¹⁾

Holland stressed the difference of this from both Coalition and Labour Party practice, and he was also trying to capitalise on a revulsion from "party politics" expressed by the People's Movement and by other non-political bodies. Before the election, of course, it was hard to tell how widespread this feeling was, and both main parties were more concerned than they need have been. Actually, Holland's formula was so obviously an attempt to play on this popular feeling that it probably had the opposite effect from that intended. He could only point to two instances of members using this right; Doidge's vote against the Prolongation of Parliament Bill in 1942 and Kyle's for the River Control and Soil Conservation Bill in 1941. Ngata's speech against the holding of an election in 1943 had to be dragged in as another case of "freedom" being exercised. The proposal was criticised by Fraser as "humbug" during the campaign. W.E. Barnard, a severe critic of party politics in wartime and an Independent candidate himself, put his finger on its weakness.

(1) Dominion, 7 April 1943.

"So long as the National Party remains in opposition, it is possible to allow each of its Parliamentary members to vote according to his own views, but as a Government this would be impossible, as Mr. Holland knows. Any leader of a Government must be able to rely on the full support of its followers in the House on every measure involving Government policy, otherwise no Prime Minister could carry on." (1)

This, however, was only an incidental to the party's "new look". In other respects its policy in 1943 was as different as could be from 1938 - not in specifics, but in outlook and tone. National did not repeat the mistake of trying to frighten the electors with the bogey of Socialism and of simply opposing and pointing out flaws in Labour proposals. Instead, the policy had a new tone; an optimistic, undoctrinaire belief that it was within the ability of man and the state to settle all social problems, and a full acceptance of Labour's welfare legislation.

The first characteristic was typical of Holland himself. In a pamphlet called "Passwords to Progress", published in July 1943, he gave an outline of the party's political philosophy which also gives a first-hand idea of Holland's own. These passages show its tone

Poverty is avoidable and must be banished. (p.9.)

Every person subject to our laws who accepts the liabilities and obligations of citizenship is also entitled as of right to be guaranteed the essentials of a decent life A living standard does not consist of a bare minimum of food and clothing. People who work hard and are industrious are entitled to more than the bare minimum. (p.13.)

(1) Dominion, 16 September 1943.

Governments have learned that slumps can and must be avoided in future We will never allow another 1930-35 to happen in this country - that is definite and positive. (p.21)

The pamphlet ranged over a wide field, mostly stating broad aims with which anyone could agree, as the chapter headings - "Our Rights and Duties as Citizens", "A Christian Democracy", for instance - show. Holland's "Ten passwords", however, had a more political ring. Under such headings as "Work", "Freedom", "Government From the People Upwards - not from Officialdom Downwards", "Private Ownership", "Free Enterprise and Competition", and "Industrial Harmony", there were sharp criticisms of trade unions, "agitators", "leaners" allegedly living off social security, and "dictatorial regulations and restrictions".

The pamphlet set the tone for National's election policy.⁽¹⁾ To begin with, the war might just as well not have been going on; it received mention in only one short paragraph (in five pages) stating the mandatory pledge of a "full war effort". The specific proposals on the war included only an examination of war expenditure by a Commission of Enquiry and an overhaul of publicity and censorship. The rest of the policy was concerned solely with the domestic and rehabilitation proposals. The policy was said to be founded on four planks; employment "as of right", removal of the avoidable causes of want (unem-

(1) The following points and quotations are from the "Election Manifesto; New Zealand National Party, 1943".

ployment and sickness), "the restoration to New Zealanders of their fundamental British right of freedom", and "justice for the family". On subjects such as Rehabilitation and Taxation virtually nothing substantial was said, although tax revision to encourage larger families was promised.

One of the most important points was housing. State tenants would be allowed to purchase their homes. This proposal was played up, apparently successfully, by Labour, using the slogan "Houses on the Market, Tenants on the Street", as an attempt to sell all State houses, for by the end of the campaign National was forced to emphasise that tenants who did not wish to buy could remain in their houses. A housing plan "surpassing in magnitude and type anything hitherto attempted in New Zealand", with 25,000 men employed on it for ten years was promised.

In other fields, the party promised the abolition of much licencing and the need for permits for various undertakings, and a ballot of trade unionists on the question of compulsory unionism. This replaced the 1938 promise to abolish the compulsory unionism laws. Under the heading "Cost of Living" a lowering of prices following a return to "competition" and complete abolition of the Internal Marketing Division were promised. The same sweeping, impractical "solutions" to complicated problems were evident in the proposals for primary production.

Producer-control of production and marketing in co-operation with Government.

Guaranteed minimum prices for farm produce with ceiling prices determined by the producers themselves.⁽¹⁾

What the last proposal meant the party never explained, despite urging from farm spokesmen, particularly from the dairy industry. Apparently, from what National speakers said in the campaign, the money required to finance the minimum price would have been found out of general taxation and anything above the minimum price would have gone to the producers. It is doubtful if the party had thought out this point at all; it seemed to be playing on the general demand for an increase in the guaranteed price while hoping that it would not have to try to put its own scheme into practice.

It will be clear by now that the election manifesto was not designed to put forward specific proposals for action (there was no mention of manpower, for instance) but to create an impression - an impression of a liberal, middle-of-the-road party dedicated to free enterprise but believing in government responsibility for social welfare and social security. For this reason the general announcements in the policy - for instance that the party would extend social security benefits in some cases and maintain wage and pension rates - were more important than any specific proposals. The party was largely successful in creating a new image of itself; Labour's attack

(1) See also below, pp. 277-8

still made use of the depression memories and warnings that National would cut wages and benefits, but Fraser himself admitted the increasing weakness of these charges when he remarked,

"After reading the manifesto by Mr. Holland, I am not sure that there are two contending principles. It appears that the Nationalists want to trot alongside of us and are stammering in a language that is natural to the Labour Party." (1)

There could hardly be a testimonial for the "new party" from a better source than that.

CHAPTER 4

THE NEW PARTIES, 1940-1943

i. The Democratic Labour Party

Of the three new parties in 1943, the only one with sufficient organisation and cohesion to be worthy of the name was the Democratic Labour Party. Beside the votes of the two main parties, its performance appears unimpressive. Its 51 candidates⁽¹⁾ polled a total of 40,433 votes, or 4 per cent of the total, averaging 793 per candidate. These figures, however, give little idea of the achievement of starting a new party - a breakaway from the Labour Party - in wartime, and of keeping it alive for three years to contest an election with candidates in more than 50 electorates. All this had been done in the face of hostile Labour propaganda at a time when paper shortages, censorship and black-outs made political activity unusually difficult.

The man whose personality and energy were mainly responsible for the party's existence was John A. Lee, probably the most interesting political personality in wartime New Zealand and certainly the only one really able to enliven party politics in those years. Lee had been the Labour Party's best propagandist after H.E. Holland; he had written some of the most effective party pamphlets in the early thirties, and had prepared its Speakers' Notes for the election in 1938. When the Labour Government was formed in 1935 Lee was made Under-

(1) These figures apply to European seats only.

Secretary to the Minister of Finance, with control over housing, but he never attained Cabinet rank. The usual Labour criticism of Lee after his expulsion was that he was "no team man". This was unfair in that Lee never had an opportunity to work as a responsible member of the Cabinet team, but it was true that after 1938 he carried his fight with the party leadership on in public with increasing vigour.

Tensions in the Labour Party were brought to breaking point by Savage's illness and there were some heated scenes in caucus after the war broke out. In December 1939 "Tomorrow" published Lee's notorious "Psychopathology in Politics", giving his opponents an opportunity to force a final showdown with him on an extremely emotional issue. The conference that expelled Lee was in fact dominated by the knowledge that Savage was dying, and it is undeniable that this was played on expertly by those who sought Lee's expulsion. The party has since always denied that Lee was expelled because of his financial ideas. The charge levelled when the matter was raised again in 1946 was "disloyalty to the Party and treachery to the Leader, M.J. Savage".⁽¹⁾ There was foundation for the first point in that in January 1940 Lee had agreed, under the threat of expulsion, to submit anything he wrote to the National Executive, and that he later wrote a strongly worded letter to the party secretary refusing to do this.⁽²⁾ The publication of the "Lee Letter" although

(1) Labour Party, Annual Conference Report (1946), p.5.

(2) J.A. Lee, Expelled from the Labour Party for Telling the Truth.

accidental, was in itself a serious breach of party discipline. However, whether Lee was expelled because of his ideas or not, it was the publication of "Psychopathology in Politics" that finally tipped the balance against him.

Lee was expelled by the Labour Party Conference on 25 March 1940. The resolution, which read

That Mr. J.A. Lee, M.P. for Grey Lynn, having been guilty of conduct and acts inconsistent with his position as a member of the Labour Party, this conference, in the interests of the Labour movement, hereby expels him from the New Zealand Labour Party. (1)

was carried by 546 votes to 344.

Lee immediately showed that he was considering political action on his own. The day after the Conference decision he told the "Evening Post" that

he supposed he could now regard himself as a "Democratic Labour Party - and all completely returned soldier". (2)

The Labour Party must have waited anxiously to see how many of their supporters would follow Lee out of the party. His position had looked fairly strong in the months before his expulsion. On 11 January the Auckland L.R.C. had met to discuss "Psychopathology in Politics" and to consider disciplinary measures, but had instead passed a resolution expressing confidence in Lee by 109 votes to 85. The meeting then passed a motion in the same terms regarding the Prime Minister. (3)

(1) Evening Post, 26 March 1940.

(2) Ibid.

(3) Tomorrow, 24 January 1940.

Savage promised that "it would not be left at that"⁽¹⁾ and it was probably the result of the Auckland meeting that decided Lee's opponents to force his expulsion. The 344 votes - over a third of the total recorded at the Conference against Lee's expulsion - were a very substantial minority, especially if, as Lee claimed, they were mostly cast by branch delegates with only one vote.⁽²⁾ One delegate believed that several M.P.'s resigned from the party after the vote, but thought better of it the next morning.⁽³⁾

Lee went to work immediately. On the day after his expulsion a meeting of about 30 delegates in his Wellington house decided to form a new party.⁽⁴⁾ On 10 April the Grey Lynn Branch of the Labour Party joined Lee. The meeting, attended by between 150 and 175 members, lasted about two hours. Lee was not present, but Mrs. Lee attended and strongly supported her husband. The resolution (passed with 22 dissentients) read

That members of the Grey Lynn branch of the Labour Party ... believe that Mr. Lee was disciplined for refusing to compromise in his efforts to put into operation the policy on which Labour was elected on two occasions and for his fight for democratic control of the Parliamentary Labour Party. Therefore, in order that the branch's support can be accorded Mr. Lee, this branch withdraws from the New Zealand Labour Party and pledges itself to support Mr. Lee wholeheartedly.⁽⁵⁾

(1) Dominion, 13 January 1940.

(2) Evening Post, 26 March 1940.

(3) H.E. Herring, letter to the author.

(4) John A. Lee's Weekly, 25 September 1940.

(5) Dominion, 11 April 1940.

On 7 April W.E. Barnard, M.P. for Napier and the Speaker of the House, also resigned from the Labour Party, giving as his reasons the lack of democracy within the party, the Government's financial orthodoxy, and (a hint of controversies to come) its "servility" to Britain over the disposition of the New Zealand Division.⁽¹⁾ The loss of Barnard was serious for the Labour Party. He had never been regarded as a militant left-winger, and his moderation, as seen in his restrained letter of resignation, and his ability as Speaker had given him great prestige. His resignation made it seem for a time that disaffection might have been more widely spread than was thought, but no other M.P.s resigned although Carr and Langstone came very close to it.⁽²⁾ And, as Lee said later of his younger supporters, they "showed a greater desire to grab portfolios than to reach for the stars".⁽³⁾

On 17 April the foundation meeting of the Democratic Labour Party was held in the Grey Lynn Library Hall. Over 500 were present. Lee said he was "definitely starting a new party" and outlined his plans for the future.⁽⁴⁾ At the beginning of May, he and Barnard toured the main cities and attracted large audiences despite the serious war situation. The tour was climaxed on 8 May by a rowdy meeting of 3,000 at the Auckland Town Hall, where the 20 police in attendance

(1) Standard, 11 April 1940.

(2) Press, 19 July 1940.

(3) John A. Lee's Weekly, 17 March 1943.

(4) Dominion, 18 April 1940.

had to remove several interjectors.⁽¹⁾ Many of those who attended were probably only curious, but the packed halls and enthusiastic meetings described in newspaper reports reflected a great deal of genuine interest as well.

Lee and Barnard put the interest to work quickly, and there is no evidence that either of them had any hesitation in 1940 about forming a party. A Provisional National Executive was set up, with the following members:

P. Connors - Chairman	A.E. Yarker
W.G. Bishop - Vice Chairman	H.E. Herring
F.M. Earle - Secretary	Mrs. Lee
A.H. Carman - Treasurer	P. Addis
J. Thomson	N.V. Douglas
G.J. Hamilton	S.J. Bennet (2)

The most important single point about the party at this stage was that it was so completely dominated by Lee and Barnard that neither bothered to take any official position. The other personnel, however, were interesting. Most had been Labour Party members. Herring had been M.P. for Mid-Canterbury between 1935 and 1938, and a thorn in the flesh of the Cabinet, and Connors, Bishop, Earle, Carman, Yarker and Douglas were all members who left or were expelled from their party branches after the 1940 Conference. This first executive also had a fair representation of trade unionists. Douglas, who was editor of "John A. Lee's Weekly" and an associate of Lee's for many years, was a member of the Auckland Trades Council and had been Secretary of the Federation

(1) Evening Post, 9 May 1940.

(2) John A. Lee's Weekly, 10 July 1940.

of Labour as well as a member of the Auckland City Council. Connors and Yarker were both members of the Wellington Watersiders' Union executive, Connors later being elected President. Addis was a prominent Lower Hutt Social Crediter, the first of many who joined the party.

Strict control was kept of the setting up of branches. The first moves had to be taken by a "convenor" appointed by the National Executive. His task was to form a small committee - half a dozen members or less - preferably at a meeting in a private home. This was to discuss "ways and means and when of forming a branch, including possible officers and a candidate". The committee could then make its first move by calling a public meeting to set up the branch proper and elect officers. Membership cost three shillings, and party members were exhorted to buy books of membership tickets and enrol new recruits. A minimum of ten members could form a branch, and Lee made it clear that this was sufficient in some cases:

Quantity is not as important as quality. Better a branch of one dozen members, than a large one like many in the Labour Party whose members are only "paper members".

Branches were urged to meet about once every fortnight, and to concentrate on discussion, social occasions and singing "workers' songs".⁽¹⁾ Progress, as recorded in the "Branch News" column of "John A. Lee's Weekly", was rapid. On 10 July, 17 branches were operating, mostly in Auckland and Wellington, but with one in Napier, two in the Waikato and one in Christchurch. On 28

(1) John A. Lee's Weekly, 7 August 1940 and 7 April 1943.

August, the number was "about thirty", on 25 September, 36, and by 30 October, at the time of the first conference, it had leapt to 61. Since branches were at first expected to be small, they were formed at below electorate level, although sometimes, as in Napier, a branch took in a whole electorate.

How many members the new party took away from Labour is of course the crucial question. Democratic Labour never published any membership figures, and with branches continually dying and being created it is doubtful if the National Executive itself knew what they were. The number of resignations from Labour Party branches in Lee's Grey Lynn was, however, published by "Standard". 45 out of 450 resigned at Grey Lynn, 17 from 120 at Westmere and 33 from about 130 at Point Chevalier,⁽¹⁾ in all about one seventh of the total. Other electorates probably fell well below this. Nevertheless, there was evidence to show that, as Lee always maintained, Labour lost some of its oldest members and best workers to Democratic Labour.⁽²⁾ At Point Chevalier, for example, the President, Vice-President, Secretary, Assistant-Secretary and Treasurer all resigned,⁽³⁾ and at Grey Lynn the whole executive joined Lee.

The packed meetings addressed by Lee and Barnard in 1940 showed that people were eager to hear what line the new party would take. The criticisms made of Labour followed the lines

(1) Standard, 23 May 1940.

(2) J.A. Lee, letter to the author.

(3) N.Z. Herald, 17 May 1940.

already hinted at in the muffled "left wing" protests after the outbreak of war. The Government's failure to conscript wealth and the effects of war taxation on the lower-paid were the main objects of attack. Lee and Barnard saw the financial orthodoxy of the 1940 Budget as the final betrayal of Labour's policy, capped by the coalition of "Tory and Tory-Labour" voting against Lee and Atmore when they forced a division on it in the House.⁽¹⁾ Lee linked this vote with the formation of the War Cabinet - the first step, as he saw it, toward an inevitable coalition between parties with no real differences in policy.⁽²⁾

Lee's main theme, in his speeches, in "John A. Lee's Weekly" and in his pamphlets, was the decline of the Labour Party as a radical organisation. This formed a background to all Lee's propaganda, and was a constant theme in his newspaper, often filling most of the editorial space when politics were quiet. His comment after the Waitemata by-election in July 1941 was typical.

Labour has held its machine vote, but all the radicals who build a machine vote are elsewhere these days, and that machine vote is a deteriorating quality.⁽³⁾

(In other words, Lee was learning that Labour could lose its radicals and still win elections!) Shortly before the 1943 election Lee wrote, in a scornful obituary for Labour's radical past,

(1) NZPD, Vol.257, p.343.

(2) John A. Lee's Weekly, 24 July 1940.

(3) Ibid., 23 July 1941.

All that the Labour Party has is a Social Security into which Cabinet is being kicked against its will, and which is being swallowed up by the high price of cabbages, potatoes, clothes, fuel, etc., a determination to stabilise purchasing power as it was stabilised back in 1914-1918, i.e. the Massey policy, or an ability to shed tears at the mention of Labour saints, or use a tombstone as a soapbox. New Zealand listens and is no longer stirred. The song is ended, the melody is stale. (1)

Democratic Labour's criticism of Labour's financial policies attracted much Social Credit support, just as Labour had done during the depression. Strangely enough, "Standard" regarded this as a further proof of Democratic Labour's depravity, and went so far as to state that the Social Credit Movement, which was entering politics, would not oppose Democratic Labour candidates at the next election. (2) Lee later stated that had it come to the point his party would have opposed Social Credit candidates in 1941, (3) but he was glad to acknowledge their support.

Our monetary policy is not a Douglas Credit policy, but they (the Social Credit Movement) realise that it is radical and sound. Members of the Douglas Social Credit Movement are co-operating with us for the same reason that they assisted the Labour Party to power in 1935, when certain successful Labour candidates were members of the movement. (4)

Lee warmly welcomed the New Zealand tour of John Hogan, the Australian Social Credit organiser, and Barnard chaired a number of his meetings, stressing the similarities of Hogan's policy with that of the D.L.P. on important points.

(1) Ibid., 14 April 1943.

(2) Standard, 17 October 1940.

(3) Interview with the author.

(4) John A. Lee's Weekly, 13 November 1940.

However, the main driving force in the party was Lee himself, and it was he who attracted most of the attention. He was an excellent speaker, and his hard-hitting, colourful addresses brought packed houses at a time when controversy between the main parties was muted. Lee also made good use of his new freedom in Parliament. In May 1940 he proposed, on the second reading of the Emergency Regulations Amendment Bill,

That the question be amended with a view to inserting the following words "This house will agree to read this Bill a second time when there has been inserted therein provision for the taking of a referendum before conscripting men for service overseas." (1)

The amendment lapsed for want of a seconder, and Lee did not take up a campaign against conscription, being actually not opposed to it in principle. During the Budget debate in July he again moved an amendment, this time criticising the proposals for their failure to use the "public credit to increase New Zealand's internal production", the increase in the public debt and reductions in purchasing power. This time he found a seconder in Atmore, the Independent member for Nelson. They forced a division, and Labour and National voted together against the amendment, giving Lee a fine example of "Tory-Labour" co-operation to use for years afterwards. Atmore flirted with Lee only briefly, returning to his safe position as a supporter of official Labour when the new party's first appeal wore off after 1940.

(1) NZPD., Vol.257, p.33.

Probably Democratic Labour's most permanent legacy will be the series of pamphlets written by Lee and Barnard in 1940. The first, "I Fight for New Zealand", written by Lee and published in June, was the longest and best known. Obviously written in the heat of the moment after his expulsion, it reviewed the quarrel in the Parliamentary Labour Party between the right and left wings since the early nineteen-thirties. Although obviously biased on some points, it remains the only source for details on the Labour caucus during this period, and its revelations of Cabinet's disregard of caucus votes on important policy issues provided chapter and verse for Lee's charges of undemocratic control in the party. "Expelled from Labour Party for Telling the Truth" was a reprint of "Psychopathology in Politics" with an exchange of letters on the article between Lee and Wilson, the Labour Party secretary. "Debt-Free Currency for War and Peace" and "This Debt Slavery" set out Lee's financial ideas, and a speech by Barnard at Napier explaining his resignation was reprinted as "The Speech of a New Zealander". The circulation of these pamphlets after Democratic Labour had been in existence for a year shows the interest in the party.

"Debt-Free Currency"	20,000
"The Speech of a New Zealander"	10,000
"I Fight for New Zealand"	40,000
"This Debt Slavery"	"many thousands"
"Expelled From the Labour Party for Telling the Truth"	"many thousands" (1)

(1) John A. Lee's Weekly, 2 July 1941.

July 1940 saw the first issue of "John A. Lee's Weekly", a considerable achievement in wartime conditions. The paper created a sensation in its first few months of life, and continued to be the most lively political journal seen in New Zealand since "Tomorrow". Beginning as a four-page broadsheet-size paper, it was changed in January 1941 to eight pages with a smaller size. Most issues contained two pages of editorial comment (mostly written by Lee), some Democratic Labour branch news (later dropped), articles from foreign periodicals and a two-page article by Lee on some current topic. Lee's editorials often ranged widely over his own life and past events in the Labour Party, and "John A. Lee's Weekly" is a fascinating source of information not only on Democratic Labour, but on the Labour Party as well. Added to this, of course, was a fair amount of abuse of Labour leaders and resurrections of old quarrels. Lee's writing and his outspoken, pithy commentaries brought to the Weekly a wide enough membership to keep it alive, if not financially healthy. In July 1942 it had "50,000 to 60,000 regular readers"⁽¹⁾ and by February 1943 the circulation was twice what it had been two years before.⁽²⁾ Nevertheless, the paper ran on a shoestring, and for much of its life Lee and the editor, Norman Douglas, themselves wrapped up the issues for posting. All told, 1940 was the annus mirabilis for the Democratic Labour Party. In

(1) Ibid., 12 August 1942.

(2) Ibid., 7 July 1943.

not quite a year it spent £2,000, all of it from private donations, on "political activity".⁽¹⁾

Democratic Labour's first conference was held in October 1940 in the Wellington Town Hall. The opening address by Patrick Connors, the party chairman, was a clear statement of Democratic Labour's aim; to capture Labour's image as a progressive, and particularly as a left-wing party.

"The Labour Party was elected to substantially change the old order. The Democratic Labour Party represents the new order promised to the people in 1935 and 1938 and betrayed in 1939 and 1940 This conference is the first step in the creation of a party that will give to the people of New Zealand the splendid things promised by the Labour Party. The Democratic Labour Party will give effect to the most vital part of the Labour Party's policy the immediate control of credit and currency in the interests of the people This party will not fail in its effort to make banking and finance the servant of the man instead of the master

"The Labour Party, dominated by a few political and industrial bosses, has become a machine without a soul, without a purpose except self-perpetuation. The National Party is a party of yesterday, a party representing the banking interests. We have recruited, and we shall recruit, from both the old parties. Our mission is to scrap both the old gangs and start afresh."⁽²⁾

The policy statement approved by the Conference, provides the best illustrations of the character of the new party, and is worth quoting in full.

(1) Ibid., 12 February 1941.

(2) Ibid., 6 November 1940.

Monetary

1. Complete control in the interests of the people of currency and credit.
2. Recognition of the principle that debt-free currency can be issued to the extent of unutilised capacity.
3. The setting up of a tribunal to determine the best means of securing price stability under a state-controlled monetary and credit policy.
4. Provision of finance to farmers, homebuilders, manufacturers and local bodies, at the lowest possible rate of interest and the development of a stock and station finance department within a State-owned Bank of New Zealand.
5. Recognition of the fact that external debt services must be revised if the post-war standard of living is to be maintained.

War and Peace

6. Support of New Zealand's war effort with definite regard to the democratic objectives to be achieved by the war and the necessity of defending the Dominion itself against aggression.
7. Provision of adequate works, remuneration and pensions to soldiers on demobilisation, or on return incapacitated.
8. Encouragement of good relations with all countries bordering on the Pacific and, as a first step, the appointment of a representative at Washington.

Industrial

9. Diversification of primary industries
10. The appointment of a Minister of New Industries; investigation and settlement of a definite programme for the development of new industries and the expansion of existing ones Establishment of an Industries Finance Corporation to assist manufacturers and others in the production of consumer goods.

11. Transference of workers from non-productive work
12. Expansion of housing construction, provision of funds for modernisation of older houses and the definite undertaking of slum clearance.
13. The representation of farmers and workers on boards of management of industries and marketing projects under State direction or control.
14. The basic wage to be fixed by Parliament.
15. Equal pay for equal work.

Social

16. Provision of assistance to enable children, regardless of the economic circumstances of the home, to enter the train for any profession and up to the number determined by the requirements of the State.
17. Free school requisites.
18. Increased expenditure out of radio revenue for the encouragement of New Zealand music, drama and art.
19. Special provision for motherhood endowment, plus a family allowance commencing with the first child, without any sustenance or income qualification, with a view to expansion of the population.
20. The Social Security Act to be given effect in its entirety.
21. Benefits under Social Security Act, War Pensions Regulations and State superannuation schemes, to be adjusted upon any increase in wages authorised by the Court of Arbitration. (1)

(1) Ibid.

The policy statement was an accurate portrait of the party itself. The emphasis was on development, not socialism, which was not mentioned at all. Economic development was to be achieved by a radical approach to the monetary system, and by an extension of social services. Apart, however, from these two points there was little echo of Labour policy. Lack of support in the trade union movement was one of the party's chief weaknesses, and the policy was attacked in the following terms by the "Union Record", one of Lee's bitterest critics.

The so-called "industrial" section of the programme has nothing to say of the workers' interests - except that the basic wage should be fixed by Parliament and there should be equal pay for equal work. But it has a lot to say about the establishment of new industries (with "cheap credit") to benefit the manufacturers and small employers.

Let Lee begin to do a job for the trade union movement - and show that he is interested in the workers and not the bosses - then we might believe there is some sincerity in all this talk of trade union corruption.⁽¹⁾

However, Democratic Labour candidates in 1943 seemed unsympathetic and in some cases quite hostile to unionism. It was obvious that the party considered its monetary proposals the most important part of its policy. For instance, A.E. Petty, the party's candidate in Marsden, stated that "No one would deny that the pledge which swept Labour into power in 1935 was control of credit and currency."⁽²⁾ It

(1) Union Record, 1 May 1943.

(2) Northern Advocate, 9 September 1943.

was Labour's alleged neglect of this pledge, more than any other, which was mentioned by Democratic Labour speakers when they criticised Labour for failing to carry out its programme. The placing of the "Monetary" section of the party's policy at the head of the election manifesto was no accident; this was the part of the programme stressed most often by candidates, and the one to which they could all subscribe with equal fervour. To some it was a means of promoting industrial development, others regarded it from a traditional Social Credit standpoint, but all agreed that nationalisation of all or part of the trading bank system was essential.

The 1940 conference also showed up another characteristic which was to dog the party; domination by the National Executive, and particularly by Lee himself. In the formative months this was not particularly resented, for it was Lee's inspiration that built the party initially, but when branches were well established, as at least some of the fifty represented at the 1940 conference were, they naturally felt that their efforts entitled them to some autonomy. The initial clash was over the selection of candidates. Lee proposed that they should be chosen only from a "short list", approved by the National Executive, from which electorates could select a candidate, by a ballot of party members if necessary.⁽¹⁾ This system was far stricter than that operating in the Labour Party, which allowed electorates to choose their candidates

(1) John A. Lee's Weekly, 23 April 1941.

without preliminary vetting. Lee's proposal was greeted with ironical laughter by the conference, and a large number of delegates walked out then and there.⁽¹⁾ The proposal was, however, adopted. Even the party's policy was not made by conference. The policy statement, drafted by Lee and Barnard, was simply presented to conference for approval, with a promise that the party could consider changes after the next election.

For many supporters the conference was a sad disillusionment, particularly since Lee had so bitterly attacked undemocratic control in the Labour Party. In December 1940 the National Treasurer, A.H. Carman, and his Tawa Flat branch withdrew from the party claiming that

The old mistakes that wrecked the true democracy of the Labour Party are repeated, and inherent in the new party are all the factors which caused us to leave the old.⁽²⁾

Carman also complained that Democratic Labour was only a "halfway compromising" party between capitalism and socialism. Early in 1941 there was some unrest in Christchurch branches over the decision by the National Executive not to contest the municipal elections,⁽³⁾ and in April the Petone branch executive resigned, claiming that the party policy was

becoming National Socialist, with just a tinge of Labour politics to make it seem acceptable to unwary persons who have found cause for dissatisfaction in the rapidly changing nature of the Labour Party.⁽⁴⁾

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- (1) Information from A.E. Yarker, a conference delegate and foundation executive member.
 (2) Dominion, 6 December 1940.
 (3) Press, 27 March 1941 et. seq.
 (4) Dominion, 27 April 1941.

A number of executive members who incurred Lee's displeasure found that they simply were not sent notices of meetings after a few months.⁽¹⁾ Lee claimed that these troubles were due mainly to pacifists who had joined the party in the hope that it would adopt an anti-war policy and oppose the Emergency Regulations.⁽²⁾ It was quite true that many of the foundation members were also members of the Peace and Anti-Conscription Movement, and Barnard himself had implicitly welcomed them with the remark that "he was a very poor hand at heresy hunting".⁽³⁾ Carman, for instance, was fined for holding a meeting prohibited under Emergency Regulations shortly after he left the party. However, Lee decided that there was a distinct danger of the party becoming a vehicle for anti-war propaganda. He himself was determined to support a full war effort, although differing from the Government over the disposition of New Zealand forces. He and Barnard therefore decided that pacifists could belong provided they "did not bring any anti-war activity into the party".⁽⁴⁾ This proviso was accepted by some; H.E. Herring and W.G. Bishop, both members of the Wellington Peace and Anti-Conscription Council in 1940, remained prominent in the party through the rest of its life.

On 6 September 1941 another conference was called on "matters appertaining to the policy and organisation of the

(1) Information from A.E. Yarker.

(2) John A. Lee's Weekly, 28 May 1941.

(3) Dominion, 2 May 1940.

(4) John A. Lee's Weekly, 26 August 1942.

party".⁽¹⁾ What it actually discussed is something of a mystery. A few policy measures were adopted for the expected election, including closer relations with Russia, annual paid holidays and better pay for the armed services. A new executive was elected with the following members:

W.E. Barnard	-	President
P. Connors	-	Vice-President
F.M. Earle	-	Secretary
F.G.J. Temm	-	Treasurer
J.A. Lee		
H.E. Herring		
W.G. Bishop		
T.W. Dick		
B.E. Souter	(2)	

Besides the contraction from twelve to nine, there was little change in membership from 1940, except that Lee and Barnard became members for the first time. The new treasurer had been Lee's secretary in the days of his Under-Secretaryship.

However, it appears that the real importance of the conference was that it produced another clash between the executive and party members over organisation. When the Auckland Central branch left the party in 1942 after complaining about "Fascist tendencies", it stated that "attempts had been made to have the constitution so amended as to afford a greater measure of rank and file authority and power, but without result".⁽³⁾ Lee dismissed the resignation contemptuously.

(1) Ibid., 1 October 1941.

(2) Ibid.

(3) N.Z. Herald, 22 January 1942.

This branch is merely excited because the last conference of the D.L.P. ruled that all candidates must be approved by the National Executive before being submitted to ballot. This is, of course, necessary to prevent any freak with a pound forming a branch of eight members and announcing himself as a candidate. The freaks naturally objected.⁽¹⁾

The National Executive had in fact been busily sorting out candidates for ballots for some time and the first list had been announced in April 1941.⁽²⁾

Later, in an article, "Barnard and Lee Not for Sale", Lee made clear his opposition to any major alteration in the party's policy, and his bitter tone suggests that in many ways his party had been a hindrance rather than a help.

Democratic Labour was not formed so that reactionaries or alleged revolutionaries might come in, form a machine, find new principles for Barnard and myself, cash in on our political integrity, and give another example of betrayal We have no ambition to allow some opponent to join our party by paying half a crown and get twenty pounds worth of publicity by staging a public resignation.⁽³⁾

Later, Lee described the party's programme as our deed of trust, our reason for existence, not amendable at an annual phrase-chopping holiday by groups of people who believe that principles can be altered by majority vote.⁽⁴⁾

Democratic Labour fought its first campaign, and received its first setback, at the Waitemata by-election of 19 July 1941. The party nominated Norman Douglas, a member of the Auckland

(1) John A. Lee's Weekly, 4 February 1942.

(2) Ibid., 23 April 1941.

(3) Ibid., 12 August 1942.

(4) Ibid., 24 February 1943.

Trades Council and editor of "John A. Lee's Weekly", as its candidate and fought the campaign mainly on opposition to the Government's war taxation and the conscription of married men for overseas service. Interest in the election seems to have been slight; Lee considered attendances of thirty to sixty at his meetings as good.⁽¹⁾ There were five candidates. Labour nominated Mrs. Mary Dreaver, a well-known Auckland City Councillor and President of the New Zealand Spiritualist Church. W.B. Darlow, although running as an Independent, received National support and was in effect the party's candidate. R.P. Gardner appealed mainly for the support of ex-servicemen and H.T. Head represented something called "Pan-New Zealand Political Union". Despite Lee's wild surmises that Douglas would win the seat and that Mrs. Dreaver would lose her deposit, Labour won the seat, though with a minority (45.22 per cent) of the votes, and Douglas polled only 940 votes, or 9.67 per cent of the total.

The party was not put to the test of a general election in 1941, which in the light of the Waitemata result was probably a good thing. However, with the postponement of the election, interest in the party flagged and, as Barnard later admitted, it "virtually ceased to function" after the 1942 Prolongation of Parliament Bill was passed.⁽²⁾ "John A. Lee's Weekly" dropped its "Branch News" section early in 1942, and its place was taken by overseas commentaries and extracts

(1) Ibid., 9 July 1941.

(2) Press, 8 September 1943.

from radical English and American periodicals. The paper lost most of its early enthusiasm and pioneering flavour.

As one reader complained in 1943

After reading time and again how Mr. Lee was expelled from the Labour Party, and numerous other little incidents which the writer is determined will never be allowed to die in the minds of New Zealanders, one becomes rather wearied and bored .. He has managed skilfully to rehash a cold stew, and serve it up hot week after week. (1)

During 1942 Lee parted company from John Hogan when the latter's paper, "Democracy", was suppressed under the Emergency Regulations. Lee said that the suppression was warranted, as Hogan's campaign against War Loans was "one likely to lead almost to an anti-war campaign", and refused to print any of his articles. Hogan replied that Lee was forsaking his ideals of monetary reform, but Lee stressed that "genuine" Social credit articles were always welcome. (2)

Democratic Labour was at a low ebb, then, when H.T. Armstrong, the Labour member for Christchurch East, died in 1942. Despite the fact that the party's organisation in Christchurch had died completely, Lee decided to contest the seat and immediately launched a campaign appeal for £200. (3) Early in December a meeting of party members in Christchurch selected H.E. Herring, the Labour member for Mid-Canterbury from 1935 to 1938 and a D.L.P. executive member, as the party's candidate. At the same time Lee made it clear that the party would fight

(1) John A. Lee's Weekly, 4 August 1943.

(2) Ibid., 17 June 1942.

(3) Ibid., 18 November 1942.

the election on the issue of New Zealand's manpower commitments. It demanded a "rest in New Zealand" for 2 N.Z.E.F., a tapering-off of Home Guard and fire-watching duties, and condemned the recently announced call-up of the 41-45 age group.⁽¹⁾ All these were backed by the party's insistent assertion that New Zealand's manpower could not support Divisions in both the Pacific and the Middle East, and that the exhaustion of manpower resources was leading the country to economic disaster. During the campaign the Government showed some alarm at these criticisms. It was officially announced that men in the 41-45 age group would not be called up for full time military service,⁽²⁾ and one Cabinet Minister, D.G. Sullivan said

"I can only say to you that it is the desire and intention of the Government and the War Cabinet to return our division to New Zealand from the Middle East as soon as it is possible to do so."⁽³⁾

To the public such statements appeared as back-tracking in the face of criticism, and Herring and Lee's hammering at the issue obviously made the Government nervous. National tended to neglect the topic of manpower in favour of taxation and shortages of consumer goods, and Holland condemned Sullivan's statement as "hopelessly out of touch with public opinion".⁽⁴⁾ Democratic Labour had been the only consistent critics of the Government's manpower policies for the previous three years, and the by-election came just at the time when

(1) Ibid., 9 December 1942.

(2) Press, 28 January 1943.

(3) Ibid., 21 January 1943.

(4) Ibid., 5 February 1943.

Cabinet was almost thinking aloud about revising them. Even so, Lee must have been as surprised as anyone at the result. Herring polled 2,578 votes - 207 more than the National candidate and 26.7 per cent of the total. Although Labour's position remained comfortable its share of the total dropped from 75.7 per cent in 1938 to 47.2 per cent. Herring had an advantage in that he was well known in Christchurch and had been an M.P. whereas the Labour candidate, Miss Mabel Howard, was not a very impressive candidate.

The by-election result was seen by Lee as a confirmation of his view that the Labour Party had degenerated beyond repair, still able to hold its "machine vote" but bereft of soul and principles. After Langstone's outspoken 1943 Budget speech, a classic attack on "debt finance", Lee wrote

Frank has so far said about ten times as much as I was expelled from the Labour Party for saying, but the party is a weak, shambling thing unable to expel anyone, and at heart ashamed of the scoundrellism which was used to expel me Of course if all had shown the same spirit (as Langstone) years ago, the Labour principles would not have gone down the drain. Certainly the younger men showed a greater desire to grab portfolios than to reach for the stars. (1)

Lee was outspoken in his attacks on individual Labour leaders. His criticisms of Government propaganda and restrictions on freedom of speech were certainly well founded. Wilson was described as a "hopeless" Minister of Information - "He couldn't lift self-raising flour". Lee did not attempt

(1) John A. Lee's Weekly, 17 March 1943.

to make too much of the pacifist background of many Labour Ministers, but he managed to keep his readers constantly reminded of the fact by such comments as

The Frasers, Webbs, Semples, Parrys, Thorns did all the talking in the last war and are determined to do all the talking in this. Most of our chaps fought in the last war or in this or in both. (1)

However, Lee reserved his sharpest attacks for the leading figures in the Federation of Labour, as it was they who had been the prime movers for his expulsion. Christening them "Industrial Bouncers", Lee castigated them as "gold-diggers" ensconced in powerful positions by an unjust system of compulsory unionism. He was on firm ground when he pointed to F.G. Young's ventures in racehorse-owning, or James Roberts' high salary as a Waterfront Commissioner, but as time went by his charges became more sweeping, and by 1943 Labour was able to accuse Lee of attacking the trade union movement as a whole. Although Lee had little support among union leaders, and had never been close to the trade union movement, this charge was unjust. However, it was uncomfortably close to the truth as far as some of the party's candidates were concerned, particularly those who were farmers or businessmen. However, a mild comment by Frame, the candidate for Wellington Suburbs, was fairly typical.

(1) Ibid., 1 September 1943.

"I believe in trades unionism, but only under the old system when it was voluntary and when trade union secretaries were human chaps. If the Government thinks that compulsory unionism is necessary, why don't they let the workers vote on the question instead of keeping them dominated by trade union bosses?"⁽¹⁾

Of course, Democratic Labour still based its main case on Labour's failure to carry out parts of its policy, particularly that relating to control of the banking system. Many Democratic Labour candidates had taken part in the Social Credit Movement, and a number, like G. Barclay (a brother of the Minister of Agriculture) had held office in it. Lee, however, tended to regard credit control as useful only if it accelerated industrial development, and it was this part of his policy which he set out to amplify more than any other. A very interesting article by H. Mercer, in "John A. Lee's Weekly" of 2 April 1941, called "Secondary Industries and State Banking", shows that the party realised that Labour had lost the confidence of many businessmen, particularly the small ones, and that they were not ready to trust National - the "farmers' party". This explains Lee's "Manufacture or Perish" campaign,⁽²⁾ in which he attacked further agricultural development and over-emphasis on public works. Mercer's article went a step further in denying socialism a place in New Zealand's present stage of development.

(1) Dominion, 9 September 1943.

(2) John A. Lee's Weekly, 29 January 1941 et seq.

The attitude of many Socialists, of regarding all owners of means of production as exploiting capitalists, does not accord with our situation ...

Tackling the bastions of finance is not just the best thing we can do, it is the only thing on which to base a unity broad enough to be effective. You Socialists who feel this is not enough and withdraw in dudgeon or disgust from the political arena cannot withdraw from the effects of politics on your life and ours. Who dreams of heaven still must awake on earth.

Lee's speech to the Canterbury Manufacturers' Association on 16 February 1941, in which he for the first time put his ideas forward to a meeting of businessmen, attracted wide attention. His general thesis was that if New Zealand was to escape a reduction in her standard of living due to the difficulty of exporting primary products during the war, she had to pay more attention to developing diversified secondary industries to produce consumer goods. The Government, in relying on public works, was following the line of least resistance in economic development. Lee's outlook was much more optimistic -

People used to say it was impossible to insulate New Zealand economically from the rest of the world. I was one of those who always believed it was possible to do so.⁽¹⁾

The "Press" called the speech "the soundest sense about the future of secondary industries in New Zealand that has been spoken by any politician for a long time"⁽²⁾ and his audience was apparently most impressed. In February 1941

(1) Ibid., 26 February 1941.

(2) Press, 18 February 1941.

a sub-committee of the D.L.P. National Executive was set up to amplify the party's industrial policy. It decided that

1. Population growth should be encouraged by Motherhood Endowment and other social security measures.
2. An "ever-increasing removal of taxation" from companies was necessary so that profits could be turned back into the business.
3. State Advances funds for expansion should be secured "against the new expansion only and not as a charge against all the manufacturer's assets".⁽¹⁾

However, Lee did not believe that private enterprise could find the finance to develop the large-scale raw materials industries such as paper and iron and steel, and it was here that he saw the need for "considerable state interference and direction". The State would provide the finance (preferably "debt-free") and appoint half the directorate. The other half would be appointed by the manufacturers who would use the raw materials, for example printers in the case of the paper industry.⁽²⁾

Lee hoped his advocacy of a better deal for small businesses would bear fruit at the election; one of the widely used Democratic Labour advertisements read "Shopkeeper and Businessman - Mr. Lee is the one M.P. who has sought to defend your interests". This was partly a reference to Lee's constant call for a reduction in manpower commitments. He believed that New Zealand could maintain only one division overseas and opposed sending

⁽¹⁾ John A. Lee's Weekly, 12 March and 16 July 1941.

⁽²⁾ NZPD., Vol.260, p.1195.

further reinforcements to the Middle East after the Pacific war started. In June 1943 he wrote

The election will be fought largely on manpower. There is a progressive destruction of our rural life going on, manufacturers are unanimous in their appreciation of national breakdown through excessive manpower commitments. Only Democratic Labour has sounded the warning note. Only Democratic Labour is in tune with public sentiment in regard to the need for reducing manpower commitments to one Division with that Division engaged in the Pacific so that periodic tropical leave may maintain our home life. No Labour or National voices have supported mine in my efforts to avoid a European commitment. There is warm appreciation of the urgency of revising our commitments among the people, and the Fraser-Nash and Holland parties are hopelessly out of touch with the people on these issues.⁽¹⁾

The question of return of 2 N.Z.E.F. to the Pacific, potentially a highly explosive issue, was not as simple as Lee sometimes made it out to be. He had, in 1940, been initially opposed to conscription for service in the Middle East, and thought that New Zealand's Division should serve in the Pacific. However, once the Government had made up its mind he decided not to make a major issue of the matter, partly because he realised that shipping difficulties made the return of the Division almost impossible.⁽²⁾ Lee had first attacked excessive manpower commitments in an open session of Parliament in October 1942,⁽³⁾ and he and his party condemned the decision to try to equip a division for service in the Pacific. The National Party could not use this issue with the same force, for although it called for a reduction of commitments it was

(1) John A. Lee's Weekly, 16 June 1943.

(2) J.A. Lee, interview with the author.

(3) NZPD., Vol.261, pp.757-760.

opposed to bringing 2 N.Z.E.F. back to the Pacific. The election result was thus a shock to Lee.

The country voted and voted clearly for the Government's manpower commitments which had only been opposed by Democratic Labour, which lost deposits everywhere. True, no one knew what those commitments were, but the country voted.⁽¹⁾

One field in which Democratic Labour forced the Government into action was social security, and much of the wind was taken out of Lee's sails as a result. He had always believed that "a tremendous increase (in benefits) is possible",⁽²⁾ and after 1940 advocated it constantly. Two of his most important demands were met, in 1941 when family allowances were made payable for the first child, and in 1943 when war pensions were increased. Democratic Labour's campaign on behalf of the latter in Christchurch East had probably had much to do with its success. In the 1943 campaign Democratic Labour still advocated a big increase in all benefits, particularly family benefits and old age pensions, and this may well have been the most attractive part of its programme.

The three points of credit control (coupled with industrial expansion), manpower and social security were those stressed most by Democratic Labour in 1943. On the whole, the party did not put itself forward as a Socialist breakaway from the Labour Party. Some candidates were quite explicit about this. A.E. Petty (Marsden) "believes that his party provides

(1) John A. Lee's Weekly, 8 December 1943.

(2) NZPD., Vol.263, p.927.

the middle choice for electors between the Government and the National Party", read one newspaper report.⁽¹⁾ Petty also said that "the only difference we have with the Labour people is over credit and currency"⁽²⁾ and D. Cresswell (Timaru) was even more definite.

"We are Socialists, if Socialism means a State bank. Give us that State bank and we are a hundred per cent private enterprise."⁽³⁾

The party, given its cue by Lee, opposed violently the Servicemen's Settlement and Land Sales Act, rivalling the National Party in its warnings of "land socialisation". Lee obviously considered that the issue was too good to leave unused, but nevertheless his party failed to poll significant votes in rural electorates.

Democratic Labour candidates also give an important clue as to the classes to which the party appealed in 1943.⁽⁴⁾ There were twelve farmers, a higher proportion than in any other party, and ten businessmen of various types. The party's relatively high representation of professional engineers is also interesting; two of them (H.E. Herring and C.M. Moss) were Labour Party veterans. Manual workers were actually better represented proportionately than in the Labour Party, but the DLP's lack of support in the trade union movement was underscored by its having only one union official (N.V. Douglas) among its candidates.

(1) Northern Advocate, 27 August 1943.

(2) Ibid., 22 September 1943.

(3) Dominion, 9 September 1943.

(4) See Appendix B.

Apart from Lee, only four Democratic Labour candidates had stood for Parliament before;

N.V. Douglas	(Onehunga)	1941	Democratic Labour (Waitemata by-election)
M.W. Grace	(Marlborough)	1935	Independent (Marlborough)
H.E. Herring	(Wellington North)	1935 1943	Labour (Mid-Canterbury) MP 1935-8 DLP (Christchurch East by-election)
C.M. Moss	(Dunedin North)	1922 1928	Labour (Dunedin West) United (Dunedin West)

Subsequent appearances of Democratic Labour candidates are more interesting. Lee himself stood in 1945, at the Hamilton by-election, and in 1949, when he tried to win back his old Grey Lynn seat. On the latter occasion he was still able to poll 2,627 votes. Five others of his candidates stood in later elections:

A.E. Allen	(Hamilton)	1954 1957	National (Onehunga) National (Franklin) MP 1957-
R.R. Beauchamp	(Riccarton)	1949	National (Lyttelton)
R.E. Crawford	(Wairarapa)	1960	Social Credit (Wairarapa)
P.T. Curran	(Auckland West)	1949 1951 1954	Labour (Eden) Labour (Roskill) Labour (Tamaki)
N.V. Douglas	(Onehunga)	1960	Labour (Auckland Central) MP 1960-

Allen had been a member of the National Party before the war, and rejoined again later.⁽¹⁾ Crawford had been President of the Featherston Labour Party and a member of the Wairarapa L.R.C. A farmer, he obviously supported Labour, and later Democratic Labour, because of their emphasis on credit control.

(1) A. Mitchell, The New Zealand Parliaments of 1935-60 in Political Science, March 1961.

Curran and Douglas rejoined the Labour Party in 1949, and the latter's nomination from among five candidates for a safe Labour seat in 1960 may mean that the wounds caused by Democratic Labour are at last healing.

Democratic Labour began organising for the election immediately after its success in Christchurch East. In March the party's name was changed to Democratic Soldier Labour, largely as the result of a misunderstanding over the printing of some tickets by the Christchurch branch.⁽¹⁾ Lee thought the change a great success, but the obvious attempt to make capital out of servicemen was generally deprecated, and some candidates made no secret of their disapproval.⁽²⁾ The party's branches had nearly all died by late 1942,⁽³⁾ but Lee had great faith in the ability of a weak organisation with a cause to make inroads in the vote of the Labour machine. As he put it

.... every worthwhile opinion, every new political philosophy, was started without money, without halls - started on the street corner or not at all.⁽⁴⁾

Urging the party not to worry about its lack of money, he wrote

It isn't money that wins. It is the cause and brains Our very financial poverty puts a premium on brains. The Diplodocus was a creature which weighed 35 tons. It had no brain.

(1) John A. Lee's Weekly, 7 April 1943.

(2) The name was not universally used during the campaign, and was dropped immediately afterwards, therefore the form "Democratic Labour Party" will be used here except in direct quotations.

(3) John A. Lee's Weekly, 13 October 1943.

(4) NZPD., Vol.260, p.396.

It perished. The Brontosaurus was about 70 feet long and weighed 60 or 70 tons. It had no brain and it perished. Man and £500 versus the Machine and £80,000.(1)

Revealing that the Labour Party in 1935 had a national fund of only just over £1,000, Lee launched a "David versus Goliath" appeal for funds.(2) The Labour Party Goliath was, he said, "weighed down with over one hundred thousand pounds squeezed out of workers' wages by Industrial Bouncers".(3) In the end Democratic Labour raised about £1,000. Of this £600-£700 was spent on newspaper advertising - mostly at Lee's personal discretion.(4) £400 of this went to full-page or half-page advertisements, usually advertising candidates for a city. Some of the remainder went to paying for Lee's New Zealand tour. Each candidate was given sheets of small stickers to the value of about two pounds. After this there were only about three pounds per candidate left, so that "many candidates did not get a penny" in grants-in-aid.(5) This meant, as Lee had warned earlier, that branches would have to stand on their own feet, and "candidates would have to raise their own funds".(6)

The selection of candidates was made under the same system as that outlined for the 1941 elections; branches could nominate candidates who, if approved by the National Executive,

(1) John A. Lee's Weekly, 14 July 1943.

(2) Ibid., 4 August 1943.

(3) Ibid., 15 September 1943.

(4) Ibid., 14 July 1943.

(5) These figures were given in John A. Lee's Weekly, 13 October and 29 November 1943.

(6) Ibid., 10 March 1943.

were placed on a "short list" from which candidates for the election could be selected by ballot. This could, and did, place decisive power in the hands of the Executive. Nevertheless, if a branch was well established, as in Auckland and Wellington, its choice was more or less automatically approved. (1)

Lee set out to back up the insertion of "Soldier" in his party's name by giving his candidates a pronounced returned soldier content. He first outlined his idea in February.

At least one third of the Parliamentary seats to men and women who have worn the uniform in THIS WAR In each area one third of the candidates will not be selected until the last moment to give all soldiers, sailors, airmen or women serving a fair chance. This will necessitate the adoption of some special procedure.

The final result was that thirty-four candidates were either in the forces or returned men, twenty-five having served in World War II. No less than twenty were on leave without pay from the forces for the campaign. The concentration on servicemen candidates had some effect; as a group they polled slightly better than the civilians. The median vote of the twenty servicemen was 700; that of the civilians was 540. The servicemen were handicapped by having only a month's leave, and that without pay, for campaigning. A number were standing in electorates where they were in camp, often well away from their home towns. L.A. Harbord, for instance, stood in Invercargill but had his home in Wellington. Thus, in overcoming

(1) H.E. Herring, letter to the author.

these handicaps, the servicemen did even better than would appear at first sight.

The "special procedure" Lee had mentioned for selecting last-minute candidates turned out to be selection by the National Executive, or by Lee himself. The selection of R.H. Bates, (Mid-Canterbury) was, for instance, announced as follows.

Mr. D. Cresswell (the South Island organiser) was advised yesterday by Mr. J.A. Lee that the party's selected candidate for Mid-Canterbury is Mr. R.H. Bates.⁽¹⁾

One such late selection in Christchurch caused a public row in the party on the eve of the election. The Christchurch East Branch had originally nominated Ari Pitama, a full-blooded Maori, as its candidate, but he had withdrawn after receiving legal advice that he was ineligible to stand in a European electorate. Lee tried to persuade the Government to introduce legislation allowing Maoris to stand for European seats, but Fraser said that if this were done the whole question of Maori representation would have to be reviewed too.⁽²⁾ After some delay it was announced that H.T. Schou had been chosen to replace Pitama, who became the candidate for Southern Maori. The trouble arose when the Christchurch area executive, representing all the branches in the city, refused to endorse Schou and disclaimed any connection with the Christchurch East Branch.⁽³⁾

(1) Press, 6 August 1943.

(2) NZPD., Vol. 263, pp.326-327.

(3) Press, 22 September 1943.

What was at the bottom of the quarrel was not stated, but J.H. Parry, the National Treasurer, dismissed it as "an organised attempt by a small group of disgruntled persons to disrupt the party's unity", and added,

"The public should be made aware of the fact that any subordinate executive is out of order disclaiming anything which has been endorsed by the National Executive of the party".⁽¹⁾

Obviously the dispute could have been avoided if the Executive had consulted the Christchurch organisation more carefully about the selection of a candidate.

Lee had promised a party conference to consider an election manifesto sometime before the election.⁽²⁾ This conference was never held. In fact, there was no conference between that held in September 1941 (which lasted only one day) and the election. The party's 1943 policy was actually almost word for word that adopted at the 1940 conference. The only important addition which was emphasised in the campaign, was the provision of 1½ per cent State Advances loans for housing, and a big expansion of State rental housing. The question of 2 N.Z.E.F., said the policy, "will be dealt with in candidates' speeches". This did not reflect any division in the party, but a reluctance on Lee's part to be too specific on the issue since the Government had recently decided that 2 N.Z.E.F. should proceed to Europe. The newspapers, too, were reticent in their reporting of speeches on the subject, but most Democratic Labour cand-

(1) Ibid., 23 September 1943.

(2) John A. Lee's Weekly, 28 April 1943.

idates seem to have restated their view that, in principle, New Zealand should field only one division and that it should fight in the Pacific.

The party's publicity followed a set pattern. Its main pamphlet was a virtual reprint of the 1940 policy, with a portrait of the candidate in whose electorate it was circulated on the front cover. In addition to these most candidates also circulated a small leaflet with a portrait and an endorsement from Lee on it, with sometimes a summary of part of the party's policy printed underneath. The format of these was identical. The manifesto and the sheets of stickers were paid out of national funds and distributed to candidates. These stickers were one of the happiest inspirations of the campaign. Forming a sheet about two feet square, they varied from two to four inches square in size, ideal for attaching to windows, lamp-posts or motor cars. The inscriptions were sometimes quite pithy, to say the least. For example -

X-CO is a Cabinet decoration
 Lee - the man they slander is DCM
 Aye-aye sir - any Labour MP to an Industrial
 Bouncer.
 £1300-a-year Jim Roberts
 Stabilised Civil Servants' Wages

The last, a reference to the high salary paid to the Labour Party President as a Waterfront Commissioner, is a good example of the technique used. Roberts, of course, had nothing to do with carrying out stabilisation policies, but no one could miss the point.

Lee knew and acknowledged that the election would make or break his party, but it was hard to forecast how much support it would attract. By-elections provided contradictory portents; at Waitemata (July 1941) its proportion of the vote was 9.7 per cent, at Christchurch East (February 1943) it was 26.7 per cent. Superficially the last result was encouraging, but it was achieved at a time when the Government was under heavy attack on its manpower commitments, and both National and Labour nominated weak candidates. Lee's wildly optimistic talk of winning many city seats stopped abruptly after Waitemata. After that he obviously hoped to build up the DLP vote sufficiently to either split the Labour vote or force the party to bargain with him. After Waitemata he wrote

The Labour M.P.'s are all becoming mathematicians. They are now subtracting a minimum 1000 from their totals, allowing a ten per cent swing to the Nationalists, and are feeling ill as they contemplate the result, (1)

and in July 1943

On Christchurch East figures we need another fifty per cent to challenge Labour in any stronghold. (2)

This would still not have enabled the party to win the seat, but it would have forced Labour to come to terms with the DLP as the price of its survival. Still, as the election approached, Lee was talking bravely.

(1) John A. Lee's Weekly 6 August 1941.

(2) Ibid., 7 July 1943.

We are of the opinion that candidates of the right calibre can win Bay of Islands, Marsden, Thames and a host of other seats.⁽¹⁾

This, as the results showed, was pure wishful thinking. However, no one was prepared to predict that Lee himself would lose his seat. For instance, in its election forecast the Christchurch "Press" mentioned in passing that he was sure to hold it.⁽²⁾ In the end, he was merely the only DLP candidate to save his deposit.

The details of DLP support will be discussed in Chapter 7, but here it can be noted that Labour lost probably four seats as a direct result of Democratic Labour's intervention. This assumes, of course, that all Democratic Labour's votes were taken from Labour. Labour would have won Hamilton, Masterton, New Plymouth and Waitemata if the DLP votes in these electorates had been added to Labour's. This was not the case in any other seat lost by Labour, and in New Plymouth the situation was complicated by an Independent who polled 689 votes, and whose political orientation was neither definitely left nor right. Thus even in these four cases there cannot be complete certainty that Democratic Labour was responsible for the loss of the seats.

Democratic Labour's performance in 1943 must be accounted a failure, even though the gathering of 40,433 votes by 51 candidates was a considerable feat in war-time conditions. The

(1) Ibid., 23 June 1943.

(2) Press, 23 September 1943.

party failed to win any seats and lost the one it held previously. It failed to split the Labour vote in enough seats to seriously embarrass the Government, let alone bring it down.

The reasons for the party's failure are obvious, and in retrospect Lee can be seen to have attempted an impossible gamble. It was impossible to escape the stigma of a "Scab Labour" party, a theme constantly reiterated by Labour speakers and by "Standard" and trade union newspapers week in and week out. Their plea not to split the Labour vote was successful, and was probably the main single factor in Democratic Labour's failure. The line taken by the "Union Record", Lee's most virulent opponent among trade union newspapers, shows how the "Scab Labour" argument was used to stifle criticism under the overriding demand for "Labour unity".

Five years ago criticism of the Government meant trying to serve the workers by forcing the official policy along progressive lines. But now criticism can only have the effect of endangering the workers' interests by further weakening the only possible government which is likely to help them.⁽¹⁾

The trade unions have vision enough to see that Lee is today the most dangerous man in New Zealand to the Labour movement. We might agree with some of his criticisms, but Lee is a dangerous man Lee's candidates will do only one thing; they will reduce the Labour vote, for the less wideawake workers will express their irritation by voting that way. By reducing the Labour vote, they will tend to let the Tories in.⁽²⁾

(1) Union Record, 1 May 1943.

(2) Ibid., 1 September 1943.

Lee himself realised the power of such arguments. After the election, he told a meeting of party supporters,

"I am convinced that fear and not faith won the contest. People came to listen and approve, and then went away believing in us but not in our ability to win."⁽¹⁾

Lee's ties with industrial Labour had never been strong. As a pioneer Labour worker he was resentful of the position the unions suddenly attained in the party after 1930, and he was quite open about this in "Socialism in New Zealand". He blamed the union card votes for his expulsion in 1940, and from then on his attacks on "Industrial Bouncers" and on individual union leaders never ceased. Hence in 1943 the Federation of Labour was glad to do some of the Labour Party's dirty work in its campaign against Lee. Its chief contribution was a leaflet headed by a portrait of Lee and the title "This Man Apes the Fascists". It continued

The Trade Union Movement in (name of city) appeals to you to have nothing whatever to do with J.A. Lee, the leader of the "Democratic" Soldier Labour Party. The path this man is following leads to the very same goal as that of Hitler's Nazi Party, which started by promising the moon and finished with terror and persecution of the workers.

Yet some German workers voted Hitler into power, because they believed his promises and failed to see the dangers.

But Hitler's policy was framed to aid the business people, not the workers - so is Lee's.

Hitler hated the Jews - Lee hates non-New Zealanders.

Hitler attacked the Catholics - so does Lee.

Hitler screamed against the Communists - so does Lee.

(1) John A. Lee's Weekly, 6 October 1943.

Hitler's political gangsters used strong-arm methods against opponents - a 73-year-old literature-seller at a Palmerston North meeting of Lee's this month was seized by the neck and ejected into the rain.

Hitler slated the Trade Unions, the workers' only line of defence, and afterwards destroyed them - Lee has been campaigning against trades unionism and would destroy it if he got the chance.

It was crude propaganda, but it was effective. Lee's complaints about individual union leaders might have had some foundation, but his indiscriminate attacks on "Industrial Bouncers" made it all too easy to accuse him of attacking the movement as a whole, and there were a number of heated meetings of the Auckland Trades Council at which Douglas was asked to specify charges of "bossism" and "corruption" appearing in "John A. Lee's Weekly", of which he was editor.⁽¹⁾

Apart from the damage done by the attacks of the Labour Party and the F.O.L., the D.L.P. had already proved that it could achieve little even in the areas of its greatest strength - the city electorates. This was clear after the Christchurch East by-election. Herring had polled 26.7 per cent of the vote, beating the National candidate, but Miss Howard still had a majority of nearly 2,000 votes. Although Christchurch East was Democratic Labour's finest hour, it was also certain that it could not repeat the success, for even with a quarter of the votes cast it failed to break Labour's hold on the seat. Lee must have realised too, that at the general election the

(1) Union Record, 1 May 1943.

fate of the Government, and not just one seat, was at stake, and that electors would be much less prodigal with their protest votes. No D.L.P. candidate came close to Lee's 23 per cent of the vote in Grey Lynn. Even there Hackett, the Labour candidate, had a majority over 6,000 votes, the highest in New Zealand.

Some observers thought that Democratic Labour's efforts were spread too thinly, and that had Lee been less ambitious he could have saved his own seat and perhaps gained one or two others.⁽¹⁾ The party's financial resources were certainly too sparse to support 51 candidates, but this is not to say that Lee was wrong in putting forward as full a "slate" of candidates as possible. There were two good reasons for doing this. Wartime conditions meant that Governmental stability was an important preoccupation with electors, and for a party to gain any support it obviously had to have a chance of forming a Government. With Democratic Labour this was only an outside chance, but the psychological value of fielding 51 candidates instead of only ten or 12 was important. Secondly, Lee had always maintained that his party was the true successor of the Labour Party, and the inheritor of its radical tradition. If this were to be proved true, Democratic Labour had to gather support in as many electorates as possible, not just in a few Labour strongholds. It is often said that Lee expected to hold his own seat on the strength of his personal following,

(1) Cf. Democracy, 6 October 1943.

and that he was surprised when he lost it. This is doing him an injustice both to his common sense and to his intentions. Lee knew very well that electors voted for the party, and that personal appeal would not be decisive. His comments after the election showed that he was not surprised at the loss of Grey Lynn; had he stayed in the electorate "campaigning on every corner", he said, he could have added only another thousand votes at the outside to his total.⁽¹⁾ Both before and after the election he always stressed that it was more important to "fight for New Zealand" than to hold his own seat.

Another factor that should be mentioned, but which is tantalizingly elusive, is Lee's antipathy to the Roman Catholic Church. This quarrel had its beginning in September 1941 when Lee attacked an article in "Zealandia" which lauded Spain as the fulfillment of "Corporate State" ideals.⁽²⁾ Lee responded with his usual vigour, and he was quite right in his charges that the attitude toward Fascism of contributed articles and some editorial comment in "Zealandia" was at best equivocal. Some of it, strange as it seems, was almost openly admiring, particularly toward the Franco government. This infuriated Lee. After September 1941 hardly a week went by without the issue being raised in "John A. Lee's Weekly" and sometimes it took up nearly the whole of a number.⁽³⁾ The controversy, like so many in which Lee was involved, quickly broadened until he

(1) John A. Lee's Weekly, 6 October 1943.

(2) Ibid., 3 September 1941.

(3) Cf. 1 October 1941.

was involved in a running fight with "Zealandia" and "Tablet" and his charges grew steadily wider until they became indiscriminate attacks on the Church on the theme that "the Vatican opposes Democracy".⁽¹⁾ He also committed an error of judgement in speaking on "Clerical Fascism" at meetings of the Orange Lodge chaired by Howard Elliott, the organiser of the notorious Protestant Political Association in 1919.

Lee maintained at the time that the Catholic vote had been "regimented" against Democratic Labour, and that in some areas the Communists, who also bitterly opposed him, had distributed literature aimed at Catholic voters to Catholic homes, but not to others.⁽²⁾ Obviously religious influence on voters is extremely hard to measure. Labour Party official propaganda did not mention Lee's attitude, although the F.O.L. pamphlet already quoted did. Lee's charges that the Church was responsible for his defeat⁽³⁾ were probably made in the heat of the moment while his disappointment was still keen. Speaking to the author in 1961, Lee said that he thought any loss in Catholic votes was amply compensated by "sympathy votes" from Protestants, many of whose clergy actively sympathised with him because of the Catholic attacks, and from Catholic intellectuals who disapproved of "Zealandia's" outlook. Lee numbered the latter at about five per cent of Catholic voters throughout the country.

(1) John A. Lee's Weekly, 8 March 1944.

(2) The author has been unable to find examples of this propaganda.

(3) John A. Lee's Weekly, 6 October 1943 et. seq.

What probably did more damage to the party was the extent to which it was obviously dominated by Lee and the National Executive. Enough has been said about this already to show how deep-seated dissatisfaction was at certain times, and branch withdrawals from the party had been embarrassingly frequent. Early in 1943 the party suffered its most serious blow for some time when W.E. Barnard resigned and announced that he would stand as an Independent. Barnard was widely respected and a much less controversial political figure than Lee. His membership added prestige to the party. Barnard's ostensible reason for leaving was his opposition to a wartime election, but he also added, "there is a growing dissatisfaction with party politics".⁽¹⁾ Although he denied that he had "altered (his) political principles", his rift with Lee had been obvious for some time, partly because he favoured national unity in wartime, and partly because he was a prominent member of the Campaign for Christian Order. This body, comprised of churchmen and various leaders of social and youth movements, concentrated on social questions but avoided political controversy. Its statements were generally unexceptionable and well-intentioned, and it had no noticeable effect on the New Zealand scene. Lee's rift with Barnard probably dated from an article written by the former about the campaign in November 1942, in which he almost openly appealed to the latter to stop wasting his time with it.

(1) Democracy, 15 April 1943.

The (Campaign) excites as much enthusiasm as it does hostility, and so far the hostility has been nil

Some of the speeches delivered so far would suggest that many have not thought too much about social questions apart from booze, betting and sex. Slums, debt, wages, the right of the worker to be more than a cog, the sermons come boldly up to the point of action and then, with rare exceptions, fizzle.(1)

Apart from Barnard, nearly half the party's executive resigned early in 1943. F.J. Temm, the National Treasurer, followed Barnard, and his Catholicism probably played a part in his resignation. At the same time E.B. Newton and P. Adds also left. The former, one of the few union officials left in the party, told "Standard" that he had protested at Executive meetings against attacks on the unions in "John A. Lee's Weekly", and added

"I was dissatisfied with the party for other reasons also. I was dissatisfied with the fact that the candidates were being selected by only one or two people, mainly Mr. Lee himself. I considered the policy was not truly socialistic and could be construed to mean anything".(2)

These resignations could not have come at a worse time, and were the clearest indication yet of the dissatisfaction with Lee's leadership and policies.

Lee must have realised that the Democratic Labour Party was dead as a result of the election, but he promised a gathering of his supporters that he would carry on.(3) Little was

(1) John A. Lee's Weekly, 11 November 1942.

(2) Standard, 20 May 1943.

(3) John A. Lee's Weekly, 6 October 1943.

heard of the party for a time. Renewed activity was promised in 1945,⁽¹⁾ and Lee did, in fact, contest the Hamilton by-election in May. He secured 1,095 votes after only eleven days campaigning in an area where Democratic Labour had no organisation, not even a telephone.⁽²⁾ A conference was held (only the third in the party's life) in October "to consider when the party should move again". The executive elections showed that little fresh blood had been attracted.⁽³⁾ The party finally decided not to contest the 1946 elections, as there was a movement in the Labour Party to readmit Lee to membership at the time. Lee himself was not anxious to stand because of illness in his family.⁽⁴⁾ He made a determined effort to win back Grey Lynn in 1949, and had strong assets in his opposition to peacetime conscription, and in a campaign fund collected from all over New Zealand. His vote was 2,627 - over 1,000 less than in 1943. After this the party quietly faded away. "John A. Lee's Weekly" became a fortnightly in 1947 and a monthly in 1954. It died the next year, and with it the last vestige of New Zealand's only rebel Labour party.

ii. The Independent Group (The People's Movement)⁽⁵⁾

The Independent Group betrayed in its very name the contradiction on which it was founded. Beginning as a non-

(1) Evening Post, 2 January 1945.

(2) Ibid., 28 May 1945.

(3) Dominion, 23 October 1945.

(4) Dominion, 30 October 1946.

(5) A matter of terminology may be settled here. The People's Movement, founded in 1940, sponsored a group of candidates in 1943. These candidates were known as the Independent Group.

party body opposed to the holding of wartime elections, it contested the election as a virtual party whose main policy plank was opposition to the party system. Its history is an example of the impossibility of taking organised political action against "party politics".

The People's Movement had its origin in a body known as the 1939 Committee, which in September of that year met in Auckland to organise, for unspecified aims, political action outside the two main parties. The Committee launched the Movement at a closed meeting in the Wellington Concert Chamber in November, but it was allowed to lapse as a result of the outbreak of war. Early in 1940, when the "political truce" began to break down, it was revived "to meet anticipated greater political activity by Leftists". The Movement stated in a supplied report that it was in favour of "Christian and British Democracy", and opposed to "Bureaucratic Government, Party Politics and the subordination of the individual to the State".⁽¹⁾ The first real interest in the Movement was created by the announcement that A.E. Davy had been appointed its organiser. The Movement's president dismissed the news with the comment "Mr. Davy has been appointed outside organiser. That is all. He has been with us only very recently",⁽²⁾ but it nevertheless created a sensation. Davy was still well known as the political organiser with something of a golden touch. He had first

(1) N.Z. Herald, 13 April 1940. See also Evening Post, 30 March 1943.

(2) Evening Post, 30 April 1940.

organised for the Reform Party in 1925, and repeated his success for the United Party in 1928. This was apparently forgiven by Coates, the Reform Leader, for Davy was appointed organiser for the Coalition in 1931. In 1935 he organised, and was one of the founders of, the Democrat Party, which despite Davy's organisational and fund-raising abilities⁽¹⁾ failed to win any seats. He then disappeared from the political scene for some years, and his sudden return in 1940 attracted great interest.

The Movement's first public meeting was held in the Wellington Town Hall on 30 April 1940. The president, E.R. Toop, a Wellington tea importer, opened by saying that he was

"not here to give "hell" to anybody, but by a constructive and commonsense approach to our problems to save us from the hell of bureaucratic socialism and the suffering that it will entail."

Toop made no bones about the political position of the Movement.

"We are not satisfied with the Socialistic record of either the Government or the National Party."

On specifics of policy he was extremely vague; the Movement did not believe in "isms".

He advocated as few "controls and restrictions as possible". The financial policy of the Movement, though vaguely phrased, was clear enough in intention

(1) See C.G. Rollo, the Election of 1935 in New Zealand.

1. Restore the balance between state and private expenditure
2. Return men from state employment to private employment
3. Curtail expenditure on non-productive and luxury schemes

Other proposals called for "efficiency" in Government departments and the encouragement of private investment for national development. However, the most important part of Toop's speech was his threat that the Movement would take political action if its demands were not met.

"If we are convinced that these changes can best be made, or can be made only by our own direct action, we shall not hesitate to put a political party in the field to do so."⁽¹⁾

The speech might have been vague, but its challenge to the National Party was clear, and was taken up at once. Most of the newspapers which usually supported the National Party praised the Movement's views, but warned against any vote-splitting by third parties.⁽²⁾ Actually, negotiations were proceeding secretly between the Movement and the National Party but they had no success until after Holland was elected leader.

The People's Movement amplified its financial ideas in its comments on the 1940 Budget, and incidentally gave the clearest indication to date of its conservative character. The root of the trouble, said the Dominion Executive, was the high rate of "non-war expenditure", which was forcing the Government to invade the field of private enterprise and levy

(1) Evening Post, 1 May 1940.

(2) See Dominion, 2 May 1940 and Evening Post, 1 May 1940.

high taxes. The wages and sales tax increases were too large, and would lead only to wage demands. These taxes, said the statement, should be replaced by (a) restricting social security "to those actually in need" (b) a twenty per cent increase in income tax rates for single people and ten per cent for married couples (c) cuts in public works and housing expenditure, and (d) the setting up of a War Council "empowered to investigate departmental expenditure with a view to effecting economies where possible".⁽¹⁾

This War Council, which the Movement advocated consistently, was to include representatives of farming, manufacturing, trade union, and "other" interests, to "advise" the Government on all phases of the war effort.⁽²⁾

The Movement's negotiations with the National Party broke down toward the end of 1940⁽³⁾ and it sprang to life again at a meeting in the Auckland Town Hall held on 14 November to announce a full manifesto and programme.⁽⁴⁾ At the same time the Movement published its manifesto as a pamphlet with the title "A Lead for New Zealand". Toop began his speech at Auckland by stating that negotiations with the National Party had failed because of lack of goodwill on the part of Hamilton and other M.P.s which, in view of the Movement's demands for

(1) Dominion, 2 July 1940.

(2) Evening Post, 16 May 1940.

(3) See Chapter 3, pp. 99-102.

(4) Dominion, 15 November 1940.

"a completely new party with a new name, a new leader, a new personnel and a new policy", was not at all surprising. Much of his speech, accordingly, was devoted to an attack on the party and threats to "end party politics once and for all" by putting up candidates at the next election. These threats could well have been a deciding factor in prompting the National organisation to move against ~~Holland~~ ^{Hamilton} and the "old gang".

The Movement's policy, as outlined by Toop in his Auckland speech and in "A Lead for New Zealand", was a strange mixture of vague talk, calls for retrenchment in State activities, and a few sweeping proposals for change. The important points were (1)

Establishment of outside advisory councils to "examine all policy and legislation in the light of technical, scientific and practical knowledge"; this would "remove the curse of party-ridden Government".

Approval of "the principle of credit and monetary reform the exact methods cannot be precisely defined".

Reductions in State expenditure; "greater efficiency at lower cost in the administrative system".

"Efficiency" to the Movement, meant reductions in staff. This, it was promised, would lead to lower taxes and "increased national production without increasing national costs".

Encouragement of immigration, the aim being the five million immigrants from Great Britain in the next twenty years.

(1) The following points are condensed from "A Lead for New Zealand".

Incentives to increase natural population growth, including basic family wages, tax remissions for large families and the reduction or abolition of Social Security Tax and the National Security Tax.

For farmers, "we propose to extend credit facilities or commonsense tax adjustments which will meet the main difficulties of cheap rural finance". Also (a foreshadowing of future wrangles) the introduction of cost control as a "corollary" to price control.

The abolition of Social Security Tax and of all universal benefits, with payments only to "those unable to help themselves". Universal maternity benefits were, however, proposed as part of the population programme.

Curtailement of state housing, and the right for state tenants to buy their houses.

The industrial policy was of special interest. The amount of attention given to it left no doubt that the Movement's main supporters were city manufacturers or, like Toop, importers. It also reflected the lack of attention paid to the subject in the past by the National Party. Democratic Labour's concentration on its industrial policy was also a symptom of the fact that National had, under the leadership of the rural-centred "old gang", completely lost the confidence of manufacturing interests. The Movement's policy, however, differed fundamentally in outlook from Democratic Labour's. It proposed self-extinguishing credits for new industries, but was careful to say that this should not lead to inflation. Removal of taxation "and all restrictions" was aimed at.

Once we remove the present barriers to investment the wheels of industry will turn as never before.

Specific mention was made of a New Zealand iron and steel industry and much space was taken in "A Lead for New Zealand" to prove its feasibility.

These proposals were yoked awkwardly to a vague demand for a "change" in import policy aimed at the eventual removal of controls, which the Movement did not attempt to reconcile with its industrial development policies. Finally, ominous hints were made about the need for "flexibility" in Arbitration Court awards, and for the abolition of compulsory unionism.

The most significant thing about the Movement's policy was, however, its attitude to party politics. In this it echoed closely the New Zealand Legion of the nineteen-thirties, but its criticisms were more strident and basically more irrational. This was partly due to wartime conditions. Efforts to achieve co-operation between the Labour and National parties had proved unfruitful, yet many people felt that "party politics" should cease, or be curtailed, while the country was at war. Another reason for the dislike expressed by some conservatives was that, for them, the party system had virtually stopped working. The National Party could, up to 1940, have taken one of two courses. It could have proceeded as it had done since 1935, ruled by the Coalition leaders and making no attempt to improve its image by changes in policy and personnel. This would have left the party with little chance of winning an

election in the foreseeable future. Alternatively, it could have discarded its old leaders, liberalised its policy and accepted without demur the changes of the Labour era. Neither of these alternatives was very attractive to the less realistic of Labour's opponents, for even the limited state interference with the economy during the depression left the National Party indelibly branded as "Socialist" in the eyes of the supporters of the People's Movement.

What for them was the solution? The "old principles" of individualism, free enterprise and limited state activity still held good. Therefore the fault was in a political system which denied them expression; "modern tools to meet modern conditions"⁽¹⁾ were needed to restore them to their place. This meant the destruction of the party system,

(Party Government) may mean that one large section of the community is governed by another section of the community This form of government in New Zealand has brought about most of our present troubles.⁽²⁾

These included "class legislation" the putting^{of} party before country, and "bidding and out-bidding of parties for public favour"

We believe that the old party idea of cajoling the electors with false or extravagant promises is dead Today the people want the truth, and all they ask in the way of policy is honesty, commonsense and economic and social justice for all.⁽³⁾

(1) A Lead for New Zealand, p.12.

(2) Ibid., p.21.

(3) Ibid., p.12.

Davy, once one of the most prominent figures in "party politics", evidently saw the tide flowing against it. At a Wellington meeting in November 1940 he said "I venture to say that the most unpopular thing in politics today is party politics", and referred to the "credulity" of the audience listening to Lee expounding Democratic Labour's policy. "To him that policy was a cruel one because of the impossibility of its implementation."⁽¹⁾ Davy's repentance of his political sins was the occasion of great wonder and some amusement.

Referring to him as "the most washed-up Messiah in New Zealand politics", Lee wrote

The People's Party (sic) is merely a nursery-rhyme and baby-fed congregation of nitwits prepared to achieve vicarious importance by paying an organiser. The great political Levante persuades folk with spare cash that he can perform a political rope trick. The infantile People's Party is to climb to heaven by a mythical rope, but before they climb the conjurer goes around and collects the organising fee from among the performers, rather than the audience.⁽²⁾

Nevertheless, Davy usually kept in the background and was not seen to be so obviously one of the leading figures as he had been in the United and Democrat Parties.

As its cure for party politics, the Movement promised "entirely new methods in Government", which would "return democracy to its rightful place and bring, in reality, more business in government and less government in business."⁽³⁾ The

(1) Dominion, 27 November 1940.

(2) John A. Lee's Weekly, 14 May 1941.

(3) A Lead for New Zealand, p.22.

proposals were not very spectacular, however, although they were quite interesting. There were to be

non-political advisory councils to co-operate with Parliamentary committees in considering legislation, and to present independent and impartial reports to the House.⁽¹⁾

These councils were to be purely advisory and it was to be left to Parliament to actually legislate. They were to have a corporate basis, with representatives from economic interests and the churches. The aim of this system was to free the Government from "the system of bureaucracy which has grown up as a bad substitute for the system we propose". In accordance with this all administrative tribunals were to be abolished and the public service made "efficient and business-like". The end result of these reforms was to be an end to "wild election promises and class legislation" and "the restoration of confidence in Government". The People's Movement's immediate demand, which it repeated regularly until 1943, was for a War Council. What its composition and powers were to be was never stated in detail, but the Movement obviously had in mind a body with executive powers, that would have entirely superseded Cabinet.

We need a War Council that has real powers - a War Council embracing Manpower, Production, Supplies, Finance, and Fighting forces and the Civil Services. This Council should have power to divert money from (say) public works to war needs. It should have power to suspend policies which stand in the road of a full war effort.⁽²⁾

(1) Ibid., p.23.

(2) Ibid., P.17.

It is safe to say that the War Council's sponsors never really thought out the implications of this proposal, but even as outlined it showed a complete lack of understanding of the system they sought to improve.

The Movement's new proposals were greeted with much less enthusiasm than had been shown earlier in the year. Among conservative newspapers, the reaction of the "Otago Daily Times" was fairly typical, though more outspoken than most.

So contemptuous is the People's Movement of the present, as it considers, debased form of party politics that it has decided to put itself forward as a new party to end all parties. It is an unfortunate failing of human nature that when the people are allowed to speak they do not customarily speak with one voice on questions that come within the sphere of party politics National politics in this country are in need of many things, but not of the intervention of new parties with vague and delusive strings of promises and cliches. If those who are pledging themselves to the People's Movement wish to render service to the nation they have the opportunity to do so within the present party alignment, for with deference to the ardent Mr. Toop it must be suggested that the people of New Zealand already have voices, and are quite capable without his interference of making themselves heard at the appointed time.⁽¹⁾

The National Party under Holland apparently made more serious efforts to absorb the Movement than it had under Hamilton. Negotiations began again, Toop being given authority by the Dominion Executive to represent the People's Movement.⁽²⁾ A merger was announced jointly by Holland and Toop on 19 February 1941.⁽³⁾ However, ten days later, J. Crisp, the President of the

(1) Otago Daily Times, 18 November 1940.

(2) Evening Post, 1 March 1941.

(3) Dominion, 19 February 1941.

Movement's Auckland Division, denied that any such amalgamation had taken place.

"Mr. Toop was never given authority to make an unconditional surrender of our movement to the National Party. The position is that the National Party has merged only with Mr. Toop and a Wellington committee..."⁽¹⁾

Crisp was right on both scores. Toop has secured no promises from Holland except that members of the Movement would be given representation on National Party branch committees and on the Dominion Council; no changes in policy were forecast and Toop was able to use only the change in Leadership as evidence of a change of heart in the National Party.⁽²⁾ The "merger" was repudiated by a meeting of the Movement at which every committee except the Wellington one was represented. Crisp was elected Dominion chairman, and Davy remained as organiser.⁽³⁾ This made Toop look very foolish and although he probably took some other members of the Movement into the National Party, his status was that of an individual member rather than the leader of a movement. Davy was probably a major force behind the repudiation of the merger. He was on record as favouring a unification of anti-government forces in principle,⁽⁴⁾ but if, as "Standard"⁽⁵⁾ reported, National had refused to have him associated with the party, it was not surprising that he should have changed his mind.

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- (1) Evening Post, 1 March 1941.
 - (2) Dominion, 19 February 1941.
 - (3) Evening Post, 17 March 1941.
 - (4) Dominion, 27 November 1940.
 - (5) 27 March, 1941.

A press statement by Crisp, the Movement's new chairman, placed great emphasis on the need for a national government.

"We of the People's Movement," said Mr. Crisp, "state quite definitely that party strife should cease at once. There should be a National Government formed. There should be an immediate announcement that the elections are to be postponed. The People are not concerned at this time with "ins" and "outs", and their nerves and war efforts are upset by the uncertainties of party warfare and rival domestic policies. The people want unity and "win the war" action

"The present industrial and political unrest and the apparent war apathy have been brought about by party politics and lack of leadership." (1)

Crisp's statement showed a marked difference in emphasis from previous ones by the Movement. The postponement of elections was mentioned for the first time, and the stress on the need for a coalition was new. This was, in fact, the line that the Movement was to take over the next three years, with increasing focus on the insidious role of the partys' extra-Parliamentary organisations. The absence of any abuse directed solely at the National Party suggests that those who left the Movement were more concerned with forcing a revitalisation of the party than with promoting national unity. The Movement never again attracted the same attention as under Toop's energetic leadership and although after 1941 its motives may have been purer, its influence was less.

In April 1941 the Movement published the results of what must have been the most unscientific public opinion poll ever conducted. A questionnaire had been distributed in twenty-

(1) Evening Post, 17 March 1941.

eight electorates asking whether a coalition government should be formed and the elections postponed, whether a War Council should be set up, with what powers, and who should lead it. Those in favour of the first proposition were 65.57 per cent of those polled, with 93.22 per cent in favour of the second. 87.20 per cent thought it should have "executive powers." On the question of leadership, the voting was

Coates	71.40 per cent
Holland	9.03 per cent
Fraser	5.09 per cent
Lee	3.49 per cent ⁽¹⁾

How many people voted in the poll, and how it was organised, was never revealed, but the results were apparently published in all seriousness.

During 1941 the Movement kept up an incessant fire of press statements calling for a coalition government and postponement of the elections, but it made no hints about putting up its own candidates. Apparently Davy considered that until it was better organised the Movement would make sufficient political capital from its denunciations of party politics.

Nothing was heard of it during 1942, but shortly after Parliament decided to hold elections in 1943 the Movement announced that unless they were again postponed it would contest seats. From then on it followed a policy of ensuring peace by

(1) N.Z. Herald, 24 April 1941.

preparing for war - in this case calling for a postponement of the elections while preparing for them. At the same time, it set out to prove that it was, as the "Otago Daily Times" had called it in 1940, "a party that was not a party". In announcing its participation in the election, Crisp stated

"To avoid this movement lapsing into a party machine, no party machine, no party organisation, as it is known at present will be set up. Candidates committees will be personal committees, and not branches of a party machine The parliamentary group will meet in due course to choose a leader and to outline a case for the people, and this will become its platform."⁽¹⁾

Shortly after this the Movement sent a letter to all M.P.'s and Labour Conference delegates saying that unless another attempt were made at a coalition the electors would make an issue of it whatever the politicians did.

In June Crisp announced that "a Dominion-wide representation (of candidates) will be complete in the near future."⁽²⁾ However, of the first list of candidates announced⁽³⁾ nearly half were not heard of again. Nevertheless, in July the Movement had enough prospective candidates to hold meetings of them in Palmerston North and Christchurch, "to decide on a common course of action and consider a policy which would be mutually acceptable". The policy⁽⁴⁾ was much the same as that of 1940. Added to it, however, was a proposal whose authorship was obvious - the raising of a post-war loan of one hundred million

(1) Dominion, 17 March 1943.

(2) Dominion, 10 June 1943.

(3) Dominion, 22 June 1943.

(4) Dominion, 24 July 1943.

pounds for national development and rehabilitation. Davy obviously expected this to work the same magic as his seventy million pound loan in 1928 for the United Party, for he several times referred to the People's Movement's proposal as "the seventy million"! (1) Other points were

"The tapering off of war taxation after the war, with the surplus going to national reconstruction schemes."

A fifty pound mufti allowance for returned servicemen, with maintenance on "full standards of living pay" until work was found.

The encouragement of the principle of co-operation in industry.

A twenty-five per cent reduction of the membership of the House of Representatives.

The 1940 proposals for a "cost-of-living" base for wage rates and benefits, family wages, and Parliamentary advisory councils were also included. The candidates did not, despite the earlier promise, elect a leader, but decided to adopt the name "Independent Group".

As promised in this policy announcement, Independent Group candidates concentrated on attacking the party system, and did their best to make it a major issue in the election. Their attitude was best summed up by C.D. Drummond, the candidate for Wellington West, who saw the parties as a social divider "to blame for most of the people's troubles", and manipulated by unscrupulous hidden interests.

(1) Dominion, 17 September 1943.

"Members of both the Labour and National parties are inescapably tied by pledges and their party constitutions to obey the dictates of organisations outside Parliament. That is why these organisations pour out tens, and even hundreds of thousands of pounds to publicise and support their parties. They want this control for their own selfish purposes - to grab money and power, to smash opposing interests. They have accordingly carried their party warfare in to everything, embroiling all the people, with the result that we have poverty, social and economic injustices, industrial unrest and fear, and a constant struggle between costs and income. Good government is impossible under party rule as practised in this country. We urge you to smash this system."(1)

Many candidates directed their fire at Parliament. The following passage from a speech by R.E. Crawford (Otaki) shows the nature of such criticism (as well as a cavalier attitude to the Group's policy). Crawford proposed cutting the number of M.P.'s by half (not twenty-five per cent as the policy stated) and an elective Prime Minister, something which the People's Movement had favoured in 1940, but had not officially adopted in 1943.

"I contend that half the present number (of M.P.'s) provided they were good sound business people, would do twice as much work, twice as well and with one tenth of the haggling as at present goes on. This would cut out the "runaround" type of politician and would attract only men of real ability and national outlook. We would also cut out seventy-five per cent of the present Government departments, Boards, Commissions, Controllers, etc. We would have an elected Prime-Minister - that is to say the Prime Minister would be elected by the vote of the whole Dominion instead of being elected by a handful of fellow Parliamentarians. We would reduce to a minimum all legislation by order - in-council and regulation, the amazing growth of which has been responsible for a lot of un-British statutes being placed on record."(2)

(1) Otago Daily Times, 24 September 1943.

(2) Levin Chronicles, 18 September 1943.

The Group's social and economic policies were left to the candidates themselves to amplify, and this they did, though with marked differences on some points. Although all candidates attacked "throttling" controls on small businesses and promised to abolish the Internal Marketing Division, some envisaged quite extensive state interference with the economic system. G.P. Cuttriss (Oamaru) said that the Group's policy meant that the Court of Arbitration would set wage levels according to the cost of living, with a sliding scale to increase the wages of the workers with large families. To avoid preference in employment being given to single people, the Court would allocate a fixed wage bill to each employer, and State subsidies would if necessary be paid if he could not meet this out of returns.⁽¹⁾

Most candidates professed a radical attitude to the monetary system, although only with general statements that "money should be the servant of the people, and not the master". Some did, however, emphasise that self-extinguishing credits would be made available to establish new industries, provided the result was not inflationary. The main change from the 1940 policy was a promise to extend social security benefits, and not to virtually dismantle the scheme as had been proposed previously.

(1) Oamaru Mail, 16 September 1943.

The occupations and social class of the candidates bore out the Group's conservative character.⁽¹⁾ A high proportion (six out of 25) were owners of substantial businesses. There were two small businessmen, two farmers and a number of professional men of various kinds. Only four had stood for Parliament previously. W.C. Hewitt (Waitemata) was the only one to have represented any of the main political parties. His previous contests were -

1919:	Independent (Rotorua)	497 votes
1928:	United (Auckland Central)	2741 votes
1931:	Independent (Parnell)	1377 votes

Hewitt polled the lowest vote of his career - 204 - in 1943. W.J. Crawford (Otaki) had stood as a Democrat in Rangitikei in 1935, polling 1679 votes. J.H. Penniket (Waikato) had contested Waitomo as an Independent Country Party candidate in 1935. He had the support of the Social Credit Movement and the local Farmers' Union on that occasion, and polled 2341 votes, nearly a quarter of the total. In 1943 he ran on much the same platform - greater use of Reserve Bank credit and a compensated price for dairy produce - but his vote was only 472. The only other Independent Group candidate to have contested a previous election was H.T. Head (Hauraki) who was the candidate of a so-called "Pan-New Zealand Political Union" for the Waitemata by-election in 1941, when he polled a scant 88 votes. A number of candidates had previously held office in the National Party. Only one had had any connections with Labour. This was L.R. Wilkinson (Tauranga) who, as Mayor

(1) See Appendix B.

of the town, had "always been considered locally as a Labour supporter and was at one time a member of the Party".⁽¹⁾ The most interesting case was that of Rugby Malcolm (Wellington North) who had been a member of the Democratic Labour Party's National Executive⁽²⁾ and had been approved as a candidate in 1941.⁽³⁾ Malcolm seems to have been merely a political adventurer, however.

As the election approached the Independent Group began an undignified scramble to appear as much like a party as possible - a rather difficult task considering its much-publicised mission to end party politics. Shortly after the candidates' conferences, Harper, the Dominion Secretary, said that the Group had "a broad, common policy and could thus, if elected, form a Government", but that "each member should be free at all times to act and vote according to dictates of his or her conscience."⁽⁴⁾ J.N. Power (Wairarapa) emphasised that the Group was "not opposed to the party system within Parliament, but to the domination of the party from outside"⁽⁵⁾ and in a final message to electors C.D. Drummond (Wellington North) said that there were "sufficient Independents of the right sort standing to form a Government with a substantial majority."⁽⁶⁾ The Group had not been able to persuade more than 25 Independents to stand in its name, but it tried to make up for this by "endorsing" several others.⁽⁷⁾

(1) Standard, 19 August 1943.

(2) John A. Lee's Weekly, 25 June 1941.

(3) Dominion, 30 May 1941.

(4) Dominion, 3 August 1943.

(5) Dominion, 6 September 1943.

(6) Otago Daily Times, 24 September 1943.

(7) See advt. in Truth, 22 September 1943. These candidates are marked with an asterisk in the list in Appendix B.

Some of these seemed to regard it as a mixed blessing.

A.E. Mansford (Palmerston North) denied that he had any connection with the Group after Drummond, in his radio broadcast, had urged electors to vote for him,⁽¹⁾ and P.J. McMullan (Wallace) was so ungrateful as to describe it as "run by the Federation of Labour".⁽²⁾

The National Party was far more worried about the Independent Group than it need have been. In May "Freedom" gloomily listed fourteen seats which in 1935 Labour had won through the intervention of the Democrats - another "Davy party".⁽³⁾ Holland gave a heated reply to demands that the election should again be postponed, saying that

The organisation was shrouded in mystery and it sniped at all and sundry from behind cover. But when the shroud fell the people would find that some old political characters who had been forming political parties in the Dominion for the last twenty years had turned up with a new name only.⁽⁴⁾

Who had organised the Movement was certainly a mystery, and apart from Davy, Crisp and Harper, its leading members were never named. At the National Party Conference in July, Gordon, the Party's President spent nearly half his address in attacking the Group and defending the party system.⁽⁵⁾ During the campaign Gordon took exception to the Independent Group's radio broadcast given by Drummond in which the latter alleged that

(1) Dominion, 17 September 1943.

(2) Southland Daily News, 18 September 1943.

(3) Freedom, May 1943.

(4) Dominion, 30 April 1943.

(5) Dominion, 27 July 1943.

National meetings were "packed" with ticket-holders. Gordon denied the charge and this drew a reply from an unexpected quarter when Davy challenged him to a public debate on party politics. This was the first occasion that the old master had spoken about his change of heart on party politics, and what he said was very interesting.

Mr. Davy said that he had advised and helped the Independent Group because he had seen so much of party politics that he considered it the duty of every citizen to put an end to this system which was ruining the country

"I know what I am talking about when it comes to party politics

"It's sheer nonsense to say that meetings are not packed and pre-arranged. This cheering and singing (sometimes with musical accompaniment) is not spontaneous. Surely Mr. Gordon should realise that I know this technique backwards and I have no difficulty in recognising it. It was all right once when politics meant just the difference between the "ins" and the "outs" but today the world needs a new order and the old order of politics must go." (1)

Davy also facetiously reminded Gordon that he should be careful about attacking the Group's policy of raising a large loan, as "that was the policy of many members of the now-named National Party who got in on the seventy million", a reference to the United Party landslide of 1928. Gordon did not reply to the challenge, and Davy had the last word in the argument.

Apart from Drummond's radio broadcast, the Group did no national campaigning. Drummond was a well-known radio announcer with an excellent voice and delivery, but his speech was

(1) Dominion, 17 September 1943.

marred by the virulent attack on the National Party which drew from Gordon the protest mentioned above. There was little evidence in the Group's propaganda of the vast campaign funds that Davy was rumoured to have cajoled from affluent reactionaries. Each candidate prepared and paid for his own campaign literature to the best of his financial ability, and the results varied in scope and quantity. Some appear to have had no material printed, and did very little campaigning, the result being that ten of them polled less than two hundred votes, and three less than one hundred. A number of candidates also withdrew before nominations closed and two, Clayton (Patea) and Kyle (Riccarton) did so too late for their names to be removed from the ballot papers. They received 108 and 272 votes respectively.

The Group received a serious setback two days before the election when P.L. Brady, allegedly the "chairman of the Wellington North Branch", sent a telegram to all candidates urging them to withdraw from the election in order not to split the anti-Labour vote. Davy replied in the same day's newspapers that Brady had no official standing, and had sent the telegram on his own behalf. Drummond, and Malcolm, two of the Group's candidates in Wellington alleged that Brady was acting for the National Party, and had arranged with Hislop, the National candidate for Wellington North, to send the telegram.⁽¹⁾

(1) Dominion, 24 September 1943.

Despite these denials, the telegram was a well-timed piece of sabotage and may have taken many votes from Independent Group candidates.

The results of the election were a complete debacle for the Group. The 25 candidates polled together only 7358 votes. The highest vote was Drummond's 1050. Only one other polled over 500 votes, and fifteen ran last in their electorates. There were three electorates, however, in which Independent Group votes could have swung the seats to National. These were:

Eden

Labour	7266
National	7252
Democratic Labour	730
Real Democracy Movement	301
Independent Group	201

Oamaru

Labour	5151
National	5026
Democratic Labour	339
Independent Group	167

Otaki

Labour	5151
National	4960
Democratic Labour	454
Independent Group	413

Of course, had there been no Democratic Labour Candidates in these seats, Labour would probably still have held them by small majorities. The Real Democracy Movement's votes in city seats were probably taken mostly from Labour, although it is hard to be definite about this.

The Independent Group failed because its candidates were neither completely independent nor the members of a properly organised group. Taking either alternative they might have done better. Genuinely "non party" Independents did in some cases poll high votes in 1943 but the Independent Group drew so much attention to their "common policy^{and}/outlook" that the public could not be blamed for dismissing them as "just another party". Yet the Group had forsworn the advantages of a centralised party organisation and therefore could not very well adopt one. The Group's attacks on "party politics" and its insistence that this was the only barrier to social unity seemed, during the Second World War, uncomfortably reminiscent of the language of Fascism in the nineteen-twenties and thirties, and its contemptuous attitude to Parliament and liking for corporate political institutions reinforced this impression. Finally, stripped of its anti-party elements, the Group's policy was too obviously a conservative reaction from National Party "socialism" to have a very wide appeal.

iii. Social Credit Political Action: The Real Democracy Movement

The Real Democracy Movement holds the distinction of being the first national political movement organised to promote Social Credit principles in New Zealand. Although the R.D.M. itself was not organised until February 1942, there had been stirrings of activity in the New Zealand social Credit Movement for

some years before. As explained in Chapter 2, this was basically due to the rapid disillusionment of Social Credit supporters with the Labour Government. Many of them had actively supported the Labour Party during the 1935 election campaign, and a number of Labour candidates were members of the Social Credit Movement. However, the movement and the party began to drift apart very quickly. A report of a meeting in 1936 between a delegation of Social Crediters and H.T. Armstrong, the Minister of Labour, showed how little fundamental agreement there was between the two.

Their spokesman, Mr. F. Whiley, said that they felt uneasy at present, particularly regarding the taxation policy of the Government. During the election campaign the use of the slogans "The country's credit" and "Monetary reform" had caused some people to think that the Labour Party would reform the monetary system of the country, but an orthodox system was still being used, he said. As a result, people who had supported the Labour Party had the feeling that they had been "left in the air". "It would help us greatly if you would tell us what is the ultimate aim of the Labour Government," Mr. Whiley concluded.

The Minister, after hearing the other speakers, said "The object of the Labour Party is Socialism. Is it yours?"

The deputation in chorus said, "No."⁽¹⁾

Later in the meeting members of the deputation tried to induce the Minister to make a favourable declaration on the subject of debt-free credit, but Armstrong urged the deputation "not to make a fetish of that idea." The deputation's attitude gave an important indication of the future complexion of the Social Credit Movement. It was essentially conservative;

(1) Dominion, 22 September 1936.

opposed to high taxation, indifferent to Labour's social legislation and highly individualistic. This, however, is not a fair judgement if applied to all those who were disappointed with Labour's failure to reform the financial system. Many Labour supporters who would have denied any Social Credit leanings still believed that the State should "control the nation's credit" and make greater use of the Reserve Bank. Many of these later left to join the Democratic Labour Party. Lee himself made it clear in an interview with the author in 1961 that he had never had much time for doctrinaire Social Crediters, and regarded their refusal to press for nationalisation of the trading banks as an indication of their essential conservatism.

The Social Credit Movement up until 1940 had no thoughts of political action, and considered its role as that of an educator of public opinion. Hence even in 1939 its conference contented itself with a resolution urging the Labour Party "to fulfil the promises of monetary reform made at the 1935 election".⁽¹⁾ The war, however, brought back some of the conditions which had produced the wave of Social Credit enthusiasm in the early thirties - namely high taxation and increased State borrowing. In April 1940 Social Credit Movement's president, R.O.C. Marks, said that as an educational organisation it oppose high taxation and advocate state credit control and the

(1) Dominion, 14 April 1939.

abolition of the "debt system". He also gave the first hint that the movement was about to enter the political field.

"At the next election it will give its official support to Social Credit candidates who stand independent of Party, but pledged to obey the will of their own particular electors, whenever that will is clearly expressed. The Movement intends in this way to take action in many, if not all, constituencies." (1)

The movement was prepared to make a good showing at the 1941 elections, and showed signs of contesting them as a fully-fledged party despite Marks' earlier denials. In June a manifesto entitled "The New Order for New Zealand" was issued. The "basic demands" set out were along classic Social Credit lines. All new issues of credit "to increase the employment of the Dominion's resources" were to be made by the Reserve Bank free of debt, trading banks were to use the increased liquidity thus gained only at Government direction, and prices were to be subsidised by the issue of currency. Although the movement also called for full employment and industrial development, many of its proposals had a definitely anti-Labour ring. Some of them, under the heading "We demand that", were

"Bureaucratic control be reduced to a minimum"

"Trade unionism to be allowed to develop without compulsion"

"Private enterprise be given the first opportunity to provide goods and services in the interests of the community"

The Social Credit campaign did not get under way, however, until the movement decided to engage John Hogan as its Dominion

(1) Evening Post, 15 April 1940.

Organiser. This did more than anything else to force Social Credit into the political limelight. Hogan, although only 24, already had a reputation on both sides of the Tasman as a brilliant orator and propagandist. Born in London, he came to Australia with his parents at the age of ten. He began platform speaking at fifteen, and by the age of eighteen claimed to have addressed over one thousand Social Credit meetings in the Eastern states. After his marriage in 1938 he and his wife continued touring Australia in a caravan named the "Spirit of Progress", broadcasting, writing pamphlets and articles and organising the election campaigns of several Independent candidates. In 1940 he himself stood as a candidate for the Riverina (New South Wales) seat, where his advocacy of State assistance for wheatgrowers won him over 7000 votes. His second preference votes ensured a Labour victory over the sitting member, the Hon. H.K. Nock.⁽¹⁾

Apart from the news of these achievements, Hogan's arrival and his opening meeting in the Auckland Town Hall on 12 August were preceded by weeks of cinema and newspaper advertising. The meeting attracted an audience of 3000 and Hogan set off on a tour of Social Credit Movement branches throughout New Zealand.⁽²⁾ Hogan obviously galvanised the Movement. A small fortnightly newspaper, "New Zealand Social Credit News" began publication on 4 September 1941, and Hogan's whirlwind tour of the branches set a pace which, as Dorothy Graham, the National

(1) Hutt News, 25 August 1943 and Sydney Morning Herald, 3 October 1940.

(2) N.Z. Social Credit News, 4 September 1941.

Secretary, remarked "many will not find it easy to maintain."⁽¹⁾ At the end of the year Hogan claimed that since June £4,000 had been raised and spent and that five full-time organisers were operating in the cities. The last claim seems very dubious, and would have been envied even by the National Party. There was, however, a definite record of a Wellington committee appointing a full-time organiser for the period before the 1941 elections were due.⁽²⁾

Granted that the movement was extraordinarily active in 1940, it was by no means obvious what Hogan meant when he said,

Many Social Crediters would (had the election been held) have welcomed the opportunity to take action against the Government which has let them down so badly, and hoped that with our renewed strength and nation-wide activity we would be able to make our presence felt at an election this year more effectively than since we sold our birthright for a mess of Labour pottage in 1935.⁽³⁾

The movement made no moves to nominate its own candidates, and Hogan usually spoke vaguely of "holding the power of public opinion in reserve", saying that he did not plan to use the movement's political power in an all-out election bid, but rather to bring pressure to bear on the existing parties.⁽⁴⁾ How this was to be done was not made very clear, but the most likely course would have been to give the movement's backing to suitable Independents who appeared. However, even in August 1941 Social Credit did not appear as an immediate polit-

(1) Ibid.

(2) Ibid.

(3) Ibid., 30 October 1941.

(4) J.H. Hogan, "There shall be no slump" (1941).

ical threat, for Hogan in that month addressed a meeting of National Party candidates and electorate executive officers at Auckland.⁽¹⁾

However, Hogan was an ambitious man, and he started a wave of activity which he and the movement had no intention of allowing to die. Thus early in 1942, when other political parties were lapsing into inactivity as a result of the election postponement, the movement set up a semi-independent political wing, the Real Democracy Movement. This was done at the Annual Conference of the Social Credit Movement, held at Paraparaumu Beach between 23 and 26 January 1942. Hogan admitted that the war had hampered the movement's activities.

It is a far cry back to the first gathering of Social Crediters at Pakenae, Hokianga, in 1932; we had not the exultant inspiration of pioneering, not the uplifting thrill of several hundred delegates as at Ashurst in 1934, or in Tauranga in 1935.⁽²⁾

The most important outcome of the Conference was the resolution on "Political Action". It was decided

that as the best way to provide the machinery to make the growing demand for Social Credit results politically effective, a separate political organisation be set up apart from the Social Credit Movement, provided that all candidates and Members of Parliament be held responsible to their own electors.

It was made clear that members could organise such a party "with the Movement's blessing", and the first step to form the Real Democracy Movement were taken at the Paraparaumu

(1) N.Z. Social Credit News, 4 September 1941.

(2) Ibid., 13 February 1942.

Conference.⁽¹⁾ The R.D.M.'s stated object shows that Social Crediters were as much concerned about the evils of party politics as they were about finance.

The Real Democracy Movement is convinced that the continued frustration of Democracy is due to a faulty economic system. To overcome this frustration the Movement will develop a political means of providing economic security and freedom to the people of New Zealand.⁽²⁾

This linking of party politics and orthodox finance was a persistent theme of the Social Crediters. Most R.D.M. candidates in 1943 emphasised that the first could not be changed until the second had been dealt with. For instance H.J. Angus (Tauranga) said that

Party government was just what its name implied - government for one section in order that it might enjoy the spoils. Whichever party was in, the other half of the country was dissatisfied and until the system was broken up in favour of one that took in the interests of all, we could get nowhere. That position could only be attained by taking back the control of credit and using it in the interests of the people as a whole.⁽³⁾

The R.D.M.'s constitution throws an interesting light on the Social Credit approach to party politics, for along with explicit statements that candidates were to support Social Credit measures if elected there was also a requirement that candidates should sign a pledge to resign if asked to do so by a majority of their electors.

(1) Ibid.

(2) Real Democracy Movement. Constitution, Section 1(b).

(3) Bay of Plenty Times, 6 July 1943.

The constitution first laid down two classes of members; "Democratic" members and a smaller group of "Technical" members, the latter an elite of those thoroughly versed in Social Credit. The relevant section shows that the R.D.M. was seeking to extend its membership beyond the hard core in the Social Credit Movement.

Membership in the "Real Democracy Movement" shall be open to two separate classes of members: Democratic members at a fee of 2.6d. Technical members at an annual fee of £1.

Democratic membership shall be open to all electors who agree with the object of the Real Democracy Movement, and are willing to give support politically and, if possible, financially or otherwise.

Technical membership shall be open to all electors who agree with and will support the object of the Real Democracy Movement and who have the additional qualifications of a good working knowledge of the Social Credit principles.(1)

Technical members had to submit to a written test set up by a National Examiner, and an oral examination by the governing body of the electorate. The constitution made it quite clear that the Technical members would form an elite group in control of the movement at all levels. Only they could represent branches at meetings of the Governing Body (the controlling body of each electorate) and only technical members could be elected to the Electorate Executive. The Governing Body was made up of one representative from each branch in the electorate, and each Governing Body elected a representative to a National Council.

(1) Real Democracy Movement. Constitution, Section 3 (b).

Effective power in the movement lay with the Governing Body. Branches in each electorate were obliged to send a percentage of fees and donations collected to the Governing Body, which had power to declare what the percentage would be. On the other hand, all the Constitution had to say about "National Finance" was that "the financing of the National Movement shall be decided from time to time by the National Council." The Governing Body had power to endorse candidates, expel members and appoint paid organisers.⁽¹⁾ Nothing was said about the powers of the National Council and National Executive, and national organisation was practically non-existent in 1943. In fact, one candidate made a virtue of this, writing that branches were "autonomous bodies within each electorate, but working in co-ordination with each other" and adding that "there is no centralised control".⁽²⁾ There was no mention of any local organisers in 1943, although R.G. Young, a farmer in the Waikato and candidate for Hauraki, did organising work throughout New Zealand for eight months after November 1942.⁽³⁾ There was no suggestion, however, that Young had been paid for this.

It cannot be said that the R.D.M. was very successful either in publicising its ideas or in attracting votes. Its foundation attracted little notice in the newspapers. "Standard", however, greeted the new political group with such hostility that it was clear that Labour now definitely regarded Social

(1) Ibid., Sections 7-13.

(2) Democracy, 11 August 1943.

(3) Thames Star, 14 July 1943.

Crediters as political enemies. In an article headed "Social Crediters Baiting the Trap", the paper warned that the creation of a new political organisation showed that the Social Credit Movement was trying to "hoodwink" the electors. It also admitted that the R.D.M. could pose a threat to Labour.

The history of the Social Credit Movement has shown that it thrives best during a depression, or when it necessary, as in wartime, to impose high taxes.

"Standard", however, maintained that Social Credit was "bitterly anti-Labour" and was a conservative movement. That it was "remarkably silent concerning social evils" was quite true, but the article went on to defend Labour's financial policies and ended with the words "The Government has complete and absolute control of the financial machine in this country."⁽¹⁾

Publicity of a most unwelcome kind soon came. Hogan's restlessness with the slow progress made by the Social Credit Movement had been obvious. Early in 1942 he set out to revitalise "New Zealand Social Credit News" and reach a wider public. With the issue of 10 April the name was changed to "Democracy" and a new format adopted. The same issue contained the article which shortly afterward caused the suspension of the journal. Entitled "Bomber Bonds Swindle - Gigantic Hoax on New Zealand Public", it attacked the recently-closed Liberty Loan in scathing terms as a needless sacrifice for the sake of orthodox finance. The passage that caused the suspension read

(1) Standard, 12 February 1942.

Has the Axis a fifth column in New Zealand? If so, it was flat-out writing Bonds for Bombers advertisements and newspaper editorials, encouraging people to believe that all this appalling waste of time and energy, all this antediluvian humbug was helping the war effort.

Actually it was, and is, hindering the war effort, hindering industry, wasting resources, weakening the morale of the people. A first-class fifth-column job.

Hogan obviously thought that this attack would dramatise Social Credit's case, and a desire for personal martyrdom can perhaps be seen in his editorial.

Sometimes a small army, uncertain of its strength, uncertain of the correct strategy to defeat its powerful opponent, will waver and discuss until a man leaps to the crest of the rise and shouts "To hell with argument - I'm at 'em" and charges singlehanded at a foe. With such an inspiration the whole of his men will unite in one historic thrust that spells success.(1)

Whatever else it may have done, such talk spelt certain doom for "Democracy". After one further issue it was suppressed by the Minister of Justice under the Emergency Regulations. This was a serious blow for the Social Credit Movement and the R.D.M. It had lost its newspaper, which under Hogan's lively editorship had been a success. Moreover, the suppression was a slur on a movement that had hitherto been eminently respectable. The R.D.M. received a severe fright, and Hogan had no connection with it after 1942. When "Democracy" was allowed to resume publication in April 1943 it was clearly under Hogan's personal control and had no ties either with the R.D.M. or the

(1) Democracy, 10 April 1942.

Social Credit Movement. Hogan himself stood as an Independent in Hutt and was phenomenally successful.

Social Credit lost a brilliant political propagandist in Hogan, and its programme in 1943 was unskilfully presented. The R.D.M.'s election preparations were meagre and late in beginning. The policy, issued in July, said that the Movement would "stress two main principles" - monetary reform and the responsibility of M.P.'s to their electors. The economic part of the policy differed little from that of 1941. The R.D.M. proposed a National Credit Authority "free from political control, like the Supreme Court" to bring purchasing power up to a level equalling the supply of goods and

to apply, step by step, the principle that all money required by the State and Local Bodies for the general development of the Dominion should be issued debt-free and interest-free by the Reserve Bank. (1)

The R.D.M. also promised to abolish sales tax, and to reduce other taxation drastically, with the aim of eliminating it altogether. Free education at all levels was promised, with a pension on the scale of the basic wage payable at the age of 50. R.D.M. candidates concentrated their criticisms on the high taxation which they said the Labour Government had imposed, and held that Social Security benefits were of little value since they could only be paid for out of this taxation. The R.D.M. was certainly unique in its Social Credit tenets (for instance,

(1) Press, 24 July 1943.

it held to the idea of a "gap" between purchasing power and available goods) but in its practical criticism of Labour's policies it said nothing that either National or Democratic Labour had not been saying louder and longer.

The most interesting aspect of the R.D.M. was its attitude to Parliamentary candidates. The movement criticised the party system on the grounds that it was controlled by financial interests. As F. Whiley, candidate for Christchurch East, said,

The present political "Party" system is in dis-repute, it has failed and buried you and your children in devastating National Debt and tax slavery Financial control directing the party and economic systems are the causes of Wars, Booms and Slumps.⁽¹⁾

The remedy for this had been stated in the R.D.M.'s constitution.

Every candidate endorsed by the R.D.M. shall be required to sign a pledge to work and vote for the results desired by the Majority of his or her electors, as expressed to the candidate from time to time.⁽²⁾

The wording of the pledge made it quite clear that candidates would be elected to carry out Social Credit reforms.

I believe that in a Democracy the people should be provided with results they desire, therefore I pledge myself to work and vote for results as the demand for them is expressed to me from time to time by my electors.

Further I believe that the continued frustration of Democracy is due to a faulty economic system, and that to achieve the results desired by the people the following fundamental changes are necessary.

(1) Press, 12 July 1943.

(2) Real Democracy Movement. Constitution, Section 7a.

1. Reform the financial system to make what is physically possible and desirable within New Zealand financially possible.
 2. The equation of purchasing power with the retail selling price of consumable goods and services.
 3. All money required for rehabilitation by the Government and local bodies for the general development of the Dominion in accordance with our physical resources will be issued debt and interest free by the Reserve Bank of New Zealand only.
 4. To forestall any possible action by trading banks to thwart the will of the people, power should be taken to vary the legal reserves of the Trading Banks with the Reserve Bank.
 5. That the right of recall be introduced forthwith.
- I pledge myself to work and vote for the economic reforms set out above.⁽¹⁾

There was some confusion about what sort of instructions M.P.'s should accept from constituents. The wording of the constitutional clause quoted above would make it appear that a member was obliged to obey instructions even if they were contrary to Social Credit principles. Another clause stated that a member was to work and vote for these principles "unless otherwise instructed". However, the candidate's pledge bound him to "work and vote" for the Social Credit economic reforms. Presumably the R.D.M. expected that since electors knew that they were voting for Social Credit principles, it was unlikely that they would later instruct their member to vote against them. R.O.C. Marks, the R.D.M. candidate for Wanganui, promised to resign if called upon by a majority of his electors, but only if it was because he had broken his election promises.⁽²⁾

(1) N.Z. Herald, 10 September 1943.

(2) Dominion, 8 September 1943.

Endorsement by the R.D.M. was no empty formality. Candidates had to sign the pledge quoted above, and also pass a written test on the "New Economics".⁽¹⁾ Once this had been done the only confirmation required was that of the electorate governing body. Eighteen candidates were endorsed after going through this process.⁽²⁾ However, there was in the end some doubt about the affiliation of a few candidates. C.P. Belton (Roskill) and J.A. Govan (Grey Lynn) were also endorsed by an embryo body called the New Zealand Fighting Forces League (Political) and appeared in some newspapers' lists of candidates as simply "F.F.L." The "Herald"⁽³⁾ compromised with "R.D.M.-F.F.L.", but the R.D.M.'s advertisement quoted above makes it clear that they had signed the pledge and passed the written examination. Belton was sponsored only after the original R.D.M. candidate, A.J. Danks, withdrew because of illness, but he campaigned on the R.D.M. platform and addressed meetings jointly with Mrs. Gertrude Brooks (Eden).⁽⁴⁾ Both Belton and Govan are therefore counted as R.D.M. candidates in this study. A list of candidates in a supplement to "Democracy"⁽⁵⁾ included six more Independents among the R.D.M. group, but none of them was included in the official list. In fact two, R. Day (Thames) and J.H. Penniket (Waikato) were official Independent Group candidates.

(1) N.Z. Herald, 10 September 1943: advt.

(2) Ibid., 22 September 1943: advt.

(3) Ibid., 10 September 1943.

(4) Ibid., 16 September 1943.

(5) 22 September 1943.

R.D.M. candidates showed no significant connection with established parties. F. Allen (Roskill) had stood as an Independent in Auckland Suburbs in 1938 and F.C. Jordan (Auckland East) as a self-styled "liberal" in Parnell in 1935. Allen had polled 238 votes and Jordan 507 in these attempts. J.A. Govan (Grey Lynn) was the only candidate whose political background was at all interesting. His previous contests were

1935	Democrat (Auckland West)	792 votes
1938	National (Grey Lynn)	2977 votes

Govan's vote in 1943 was only 110, or 0.65 per cent of the total. Four of the eighteen candidates were later candidates of the New Zealand Social Credit Political League. These were F.C. Jordan (Auckland East), R.O.C. Marks (Wanganui), T.E. Somerville (Onehunga) and R.G. Young (Hauraki). Somerville stood in 1954, Jordan in 1954 and 1957, and the other two in 1954, 1957 and 1960.

The R.D.M. attracted the least attention of any of the new political groups, and its candidates polled very low votes. The one exception was Marks, whose 1722 votes in Wanganui was far ahead of the other candidates, none of whom managed to poll more than 500 votes. The total for New Zealand was 6196 - an average of only 359 per electorate.

Theoretically, the R.D.M. should have had a chance of polling an impressive vote. Social Credit voters had supported Labour in 1935 and 1938, and it was generally assumed that there would be a large number of them. It was clear that many would

not vote for Labour again, and the R.D.M. was an attempt to organise support for genuine Social Credit candidates before these voters were lost to the National Party. The R.D.M. was not only critical of high taxation, but promised to reduce it by making radical changes in the economic system. Candidates were vague as to what these changes were to be, but at least its criticisms were based on a positive economic theory, however fallacious. In addition, its criticisms of the financial system were integrated with an attack on party politics, for Social Credit theory stressed the manipulation of the parties by financial interests. The R.D.M. was the only party to link finance and the party system in this way.

Against these positive points the R.D.M. was faced with serious and ultimately fatal disadvantages. It received no publicity in the daily press until the election campaign began and its election policy was printed in only one city daily, the Christchurch Press.⁽¹⁾ The policy itself was not well presented by the movement's candidates. No national propaganda was issued and candidates' material varied greatly in scope and content. The intellectual level of many candidates does not seem to have been very high, and generally they presented their policy far less articulately and effectively than Democratic Labour or Independent Group speakers. In Wanganui, the only electorate where the R.D.M. polled over 500 votes, R.O.C. Marks was both a good campaigner and a Social Crediter able to present his policy as a lively contribution to solving current problems.

(1) 24 July 1943.

The R.D.M. also worked under the psychological disadvantage of having too few candidates (18) to claim to be a national group. This was the reason for the Government's refusal to allow the group a radio broadcast during the campaign, although one candidate claimed that Fraser had promised it one some months before.⁽¹⁾ Like the Independent Group, the R.D.M. never really resolved the contradiction between its claims to be a group with a common policy, and its insistence that its candidates were completely independent and responsible only to their electors. This contradiction was obvious in the R.D.M., which pledged its candidates both to "work and vote" for Social Credit measures and to accept instructions from a majority of their electors.

The main reason for the R.D.M.'s lack of success was that it simply did not gather even a majority of the Social Credit vote. Most of this went instead to Democratic Labour. There is no need to re-emphasise here the Social Credit elements in D.L.P. policy, particularly Lee's emphasis on debt-free finance and extended State control of the monetary system. In fact, Lee's approach was more radical than the R.D.M.'s in that it involved nationalisation of at least one trading bank. Some Democratic Labour candidates called for the nationalisation of the whole banking system. This, and the rest of the Democratic Labour programme, appealed to those Social Crediters who had left the Labour Party far more than did the R.D.M. Many of

(1) Bay of Plenty Times, 8 September 1943.

Lee's staunchest supporters and candidates were also members of the Social Credit Movement.

The R.D.M. on the other hand, was clearly anti-Labour in philosophy. Underlying the superficially radical phrases of propagandists such as Hogan was the traditional Social Credit opposition to "Bureaucracy" and "centralisation". As Hogan himself wrote

(Social Credit) means economic Individualism. It starts with the individual and views with less favour each larger unit, every tendency to increasing centralisation of decision and control.⁽¹⁾

This attitude seemed to colour R.D.M. thinking. Labour's social welfare legislation was accepted, but increasing State power and "trade union domination" were constantly criticised. Put simply, the R.D.M. attracted the right-wing minority of Social Crediters and Democratic Labour the left-wing majority. It is hard to say how many voters National attracted by its proposal for an independent National Credit Authority, but since this was identical with the R.D.M.'s policy, it too could have taken votes from it.

Since most R.D.M. candidates polled less than three per cent of the vote, it is almost impossible to tell from which of the main parties these votes were taken. However, the result in Wanganui, where Marks polled 12.8 per cent of the vote gives an important clue. The figures were

(1) N.Z. Social Credit News, 13 February 1942.

<u>Party</u>	<u>Vote</u>	<u>% of total</u>	<u>% gain or loss since 1938</u>
Labour	6691	49.57	- 15.12
National	4254	31.51	- 3.80
R.D.M.	1722	12.76	
Democratic Labour	832	6.16	

Here both main parties' share of the total decreased from 1938, a most unusual result, for National usually registered at least a small gain. Marks obviously drew votes from both National and Labour. This pattern was probably repeated in other electorates, although in every case the R.D.M.'s vote was too small, and the result too complicated by other small-party candidates, for any definite conclusion to be drawn.

CHAPTER 5

INDEPENDENT CANDIDATES

Of the 269 candidates⁽¹⁾ appearing on the ballot papers at the election, only 30 were not attached to any of the parties or groups contesting it. However, this small group included some of the most important candidates outside the two main parties, as the following list of the ten most successful candidates among the three new parties and the Independents shows.

H. Atmore (Nelson)	Independent	6051 (50.80%)
A.E. Mansford (Palmerston Nth.)	Independent	7134 (47.27%)
J.A. Lee (Grey Lynn)	Democratic Labour	3951 (23.29%)
E.W. Nicolaus (Buller)	Independent	2137 (22.99%)
J.H. Hogan (Hutt)	Independent	3563 (22.49%)
W.E. Barnard (Napier)	Independent	2784 (22.05%)
P.M. Stewart (Kaipara)	Independent	1611 (18.33%)
C.G. Scrimgeour (Wellington Central)	Independent	2253 (15.23%)
R.O.C. Marks (Wanganui)	R.D.M.	1722 (12.76%)
D.R. Creswell (Timaru)	Democratic Labour	1504 (11.97%)

The appeal of the genuinely unattached candidate is obvious. Many people felt that party politics should not be carried on in wartime, and many of the Independents called for an end to them and blamed both National and Labour for the failure to form a National Government and pursue an "all-in" war effort. It is impossible, however, to generalise about a group which included

(1) These figures apply to European seats only.

candidates as different as Mansford and Scrimgeour, except to say that the most outstanding of the Independents did much better than the most successful candidates of the new parties. An examination of each of the Independents who polled over 1,000 votes may make the reasons for this clearer. This dividing line may seem arbitrary, but it in fact includes all the Independents who had an important effect on the vote in their electorates.

H. ATMORE (Nelson)

The only Independent to win a seat, Atmore had been a consistent supporter of the Labour Party since 1935, except for a brief flirtation with Lee in 1940. Although he refused to become associated with Democratic Labour, his financial ideas would have put him in the left wing of the Labour Party. Atmore was the last survivor of a race of Independents who had held their seats solely by their strenuous advocacy of local interests - the equivalent of the French "notable". This is well illustrated by Atmore's "policy statement" published in Forces' newspapers overseas.

Vote for Harry Atmore, the Independent Member for Nelson, who has faithfully served you over twenty years and now offers his services for a further term. His first loyalty has always been to you, not to any party. His long experience on local bodies, such as City Council, Hospital Board and Licensing Committee, in Educational circles on School Committee Education Board, College Council, and as Minister for Education, should be valuable to you. He is chairman of the Nelson Rehabilitation Committee. Soldiers today will be returned

men tomorrow seeking equitable rehabilitation.
Vote for Atmore.⁽¹⁾

Atmore held the seat by only 190 votes and was actually 100 votes behind before the Forces' votes arrived, so his final word to servicemen paid him handsomely.

W.E. BARNARD (Napier)

Barnard announced that he would contest Napier as an Independent as early as April 1943, just after Parliament had decided to hold the election.

Barnard's initial reason for leaving the Democratic Labour Party was his opposition to a wartime election, but it was clear that he had also come to oppose party politics on wider grounds. In an election pamphlet he wrote -

New Zealand requires

NOT

The clash of opposing interests, of conflicting political parties, each playing the game for its own side, with the welfare of the country a secondary consideration,

BUT

the binding of all people together into a whole working unitedly for a common purpose - the greater prosperity of New Zealand and the increasing welfare and happiness of ALL its citizens. Then political machines, as we have them, may be scrapped, to be replaced by free associations of men and women inspired by the common ideal of mutual service.⁽²⁾

There was more than a trace of the statesman in Barnard and his valdictory address to the House at the end of the 1943 session was a dignified and moving reminder that party politics were unimportant at a time when the country was fighting for

(1) N.Z. News Supplement, 14 September 1943.

(2) W.E. Barnard, Election pamphlet, 1943.

its ideals.⁽¹⁾ He put the same opinion more directly at Napier during the campaign.

"The soldiers are not really interested in a general election, and they are right. Victory and peace are the real issues for us, as for the world, and we ought to maintain at home the same unity and drive in our war efforts that New Zealand servicemen are displaying so splendidly overseas."⁽²⁾

Barnard's main emphasis, then, was on "putting the war first" and, as an Independent, on his own political record and his services to Napier. However, he had, as he said, not "altered his political principles", and he severely criticised the size of the National Debt and the failure to use more Reserve Bank credit. He followed Lee in saying that the country's manpower was greatly over-committed, pointing out that they had realised this a good two years before the National Party took up the issue. He also called for a coalition government and an end to "party squabbling".⁽³⁾ Barnard was the Secretary of the Campaign for Christian Order, and his speeches usually drew attention to the Campaign's solutions to social problems.

Barnard lost his seat, running third after the Labour and National candidates, but he polled 2784 votes - 22 per cent of the total. His non-party stand attracted some National voters, as the final results show -

(1) NZPD., Vol.263, pp.1119-20.

(2) Dominion, 7 September 1943.

(3) Ibid.

<u>Candidate</u>	<u>Vote</u>	<u>% of Total</u>	<u>% gain or loss since 1938. (1)</u>
A.E. Armstrong (Labour)	5558	44.02	- 22.04
M.S. Spence (National)	4285	33.93	- 0.01
W.E. Barnard (Independent)	2784	22.05	

Thus National, which might have been expected to follow the almost universal trend and make a slight gain, stood exactly where it had in 1938. Certainly Barnard's votes were mostly taken from Labour, but some came from those that would have gone to National, had he not been standing.

Barnard retired from politics after his defeat and returned to his law practice. He died in 1958.

J.H. HOGAN (Hutt)

Hogan returned to the political scene when "Democracy" was allowed to resume publication in April 1943. This time he was not tied to any political group, and the periodical was under his complete control. Hogan made it clear, however, that it would provide publicity for organisations unable to get it elsewhere, and during the campaign the Real Democracy Movement and a number of Independents used it as their newspaper. Hogan himself refused to join any of the new groups, but his policy was very similar to that of the R.D.M. His presentation of it, however, was far better than that of the Movement's candidates.

In his campaigning Hogan attacked the "debt system" and high taxation with slashing effectiveness. He took his stand with the right-wing Social Crediters, however, by saying that

(1) Figures in this column refer to the votes of parties, not candidates.

he did not favour nationalisation of the banks and referred to this as a "red herring" - an obvious difference with his one-time friend, J.A. Lee.

It is doubtful, however, if Hogan's policy alone could have accounted for his high vote. He made far more impression by his emphasis on the necessity for an M.P. to be the servant of his electors and responsive to their wishes. Urging an audience to vote for an able candidate rather than an attractive policy, he said,

"You cannot make effective decisions on details of policy on election day, but you can decide who is going to be your representative in the next Parliament and whether or not he is going to be qualified, willing, and free to represent you properly. The electors have been cheated again and again by being asked to vote on long programmes, or else just on party labels." (1)

Hogan constantly reminded his audiences of Nash's long absences from New Zealand and the consequent "disfranchisement" of Lower Hutt. His promises that he would represent Hutt's interests better were given spectacular practical effect just before the campaign. Hogan pushed himself forward as a mediator in a dispute between the Valley's bus drivers and the Lower Hutt City Council and helped to arrange a settlement at the official arbitration conference, which Nash did not even bother to attend. (2) Hogan used this achievement in his campaign slogan, "Ask the Bus Drivers". In other ways, too, his

(1) Dominion, 8 September 1943.

(2) N.Z. Observer, 29 September 1943.

campaign was brilliant. He collected £215 from all over New Zealand by an appeal for funds in "Democracy",⁽¹⁾ and could easily have spent this amount on newspaper advertising alone. He used slogans in a shrewd attempt to narrow the contest down to one between Nash and himself, beginning with "Hogan is the Only One Who Can Beat Nash" and changing two weeks before the election to "Hogan is Beating Nash!" Hogan probably used more newspaper advertising than any other candidate in the Wellington district. Apart from this, however, his meetings were well reported, for he was an excellent speaker who attracted large audiences. His only mistake was the use of his photograph in his advertisements, for he was anything but handsome and his youthful, bespectacled face was certainly not a campaign asset.

Hogan's "inspired" campaign, as the "New Zealand Observer"⁽²⁾ called it, pushed N.P. Croft, the National candidate, completely into the background. He was a poor speaker and his campaign received little newspaper coverage. He made so little impression, in fact, that during the week before the election there were persistent rumours that he had withdrawn. These had become so strong by the end of the week that Croft's committee received permission on election day to broadcast a denial over a Wellington radio station.⁽³⁾ This was widely criticised as

(1) Democracy, 6 October 1943.

(2) 29 September 1943.

(3) Dominion, 27 September 1943.

contravening the spirit if not the letter of the law, and Hogan complained bitterly about it.⁽¹⁾

The result in Hutt showed a decline in the votes of both parties, and the complete eclipse of Democratic Labour -

<u>Candidate</u>	<u>Vote</u>	<u>% of Total</u>	<u>% gain or loss since 1938.</u>
W. Nash (Labour)	8823	55.70	- 17.70
J.H. Hogan (Independent)	3563	22.49	- 7.55
N.P. Croft (National)	3017	19.05	- 7.55
P. Connors (Democratic Labour)	437	2.76	

The decline in National's vote was the largest in New Zealand, and shows clearly that a Social Credit candidate could take votes from both parties. Hogan's appeal, however, went beyond his Social Credit ideas. Starting out as a complete stranger he built himself up as a familiar personality in a matter of weeks, and he more than any other Independent owed his votes to this factor.

A.E. MANSFORD (Palmerston North)

Mansford was virtually the National candidate in Palmerston North, but his case was interesting because it showed that it was still possible for a strong candidate to stand as an Independent and force a party to stand idly by without nominating a candidate of its own.

Mansford had been mayor of Palmerston North since 1931 and had first stood for Parliament at the 1935 election. He had

(1) Democracy, 6 October 1943.

come second in a close three-cornered contest in which Labour had won the seat with only 34.46 per cent of the vote. This made him a force too strong to be disregarded, and in 1938 a deputation from the local National Party persuaded him to withdraw his candidature as an Independent and enter a National selection ballot. He did this "reluctantly", and lost to J.A. Nash, the Coalition member who had lost the seat in 1935. Mansford said later -

"It taught me a lesson I am not likely to forget, and that was to be guided by my own judgement." (1)

Barely a month after the election was decided on in 1943 he announced that he would stand as an Independent "pledged to concentrate all the country's resources on winning the war." (2) This meant, as he later made clear, that he disapproved of party politics and thought that a wartime coalition should have been formed. In 1943 Mansford was determined to remain an Independent, and this posed a problem for the National Party. Late in July a party meeting decided not to nominate a candidate, and it was decided to hold a postal ballot of party members on the question. While the ballot was in progress an extraordinary advertisement appeared in the "Manawatu Times" (3) over the signatures of a number of prominent Palmerston North business and professional men, all members of the National Party. It read -

(1) Manawatu Evening Standard, 18 September 1943.

(2) Dominion, 29 March 1943.

(3) 4 August 1943.

Members of the National Party
(Palmerston North Branch)

We, the undersigned, are of opinion that the national interests will be best served by a National Party candidate NOT being selected for the coming election.

The object is to win the local seat from Labour. If we split the anti-Labour vote, by putting up an Official National Candidate, Labour will be returned.

Therefore, after carefully considering every aspect of the matter, we have decided to oppose a candidate being selected⁽¹⁾

The result of the ballot was decidedly against selecting a candidate.⁽²⁾ Mansford began his campaign immediately the result was known.⁽³⁾ Although he said that "the party system has outlived its usefulness" and called for a coalition government,⁽⁴⁾ his policy followed that of the National Party very closely. He blamed Labour for the failure to form a coalition, criticised the servicemen's Settlement and Land Sales Act and the Government's rehabilitation policies. At his first meeting he promised, in reply to a question, to vote with the National Party on a no-confidence motion.⁽⁵⁾ The day before the election Holland called on Nationalists to support Mansford.⁽⁶⁾

Mansford came very near to winning the seat, and had the Democratic Labour vote been a little larger he would probably have done so. The result was

(1) See also Standard, 12 August 1943: editorial.

(2) Dominion, 11 August 1943.

(3) Manawatu Evening Standard, 12 August 1943.

(4) Ibid., 18 September 1943.

(5) Ibid.

(6) Ibid., 24 September 1943.

<u>Candidate</u>	<u>Vote</u>	<u>% of Total</u>	<u>% gain or loss since 1938.</u>
J. Hodgens (Labour)	7346	48.67	- 8.86
A.E. Mansford (Independent)	7134	47.27	-
S. Hindmarsh (Democratic Labour)	613	4.06	-

Commenting after the election, the "Manawatu Evening Standard"⁽¹⁾ said that "had it been possible for (Mansford) to have stood as the National Party's nominee his election must have been assured." Ironically enough, Mansford was right in his decision to stand as an Independent. When he accepted the National nomination in 1946, a year when the party increased its vote nearly everywhere, he polled 0.70 per cent less than in 1943.

E.W. NICOLAUS (Buller)

Although Nicolaus was the only candidate opposing P.C. Webb in Buller, he was not connected with the National Party or supported by it.

E.W. Nicolaus was well-known as an exponent of Henry George's Social Rent policies. In fact, his view that the State should immediately acquire all land placed him in the "revolutionary" wing of the Georgists, the "evolutionary" majority preferring the gradual acquisition of freeholds by the State.

Nicolaus had had a colourful career. Born in London in 1887 and educated at Suffolk Agricultural College, he came

(1) 27 September 1943.

to New Zealand in 1901 as a cadet to a sheep breeder. He went to Patagonia as a buyer for a freezing company in 1905, later becoming assistant manager on a large sheep station. He farmed in Western Australia after 1913, serving in the Australian cavalry in World War I and returned to New Zealand as an orchardist in 1922. Later he became a company secretary in Wellington. He stood as an Independent for Wellington Central in 1931 and as the candidate of the Commonwealth Land Party for Wellington East in 1935, polling 688 votes on the first occasion and 433 on the second.

He decided only a few weeks before the 1943 election to contest the Buller seat, where National had not nominated a candidate, and began his campaign during the second week in September.⁽¹⁾ Nicolaus said that the main object of his campaign was to publicise his belief in the social ownership of land. His criticism of the economic system was from the traditional Georgist standpoint, and he particularly stressed the evils of inflation. Labour policies, he said, decreased the value of money and this was made even worse by pouring "fictitious note issues" into the currency system. The worker was therefore entitled to a greater share of national wealth, not merely to more money. Although he was critical of the Labour Party, his critique of the economic system had a broad sweeping thoroughness that must have been attractive to his radical listeners in the mining townships.

(1) Westport News, 16 September 1943.

Labour had forsaken all its old planks and policies that the old stalwarts of the movement had advocated on the coast years ago. Old supporters still voted Labour in the belief that it would release them from exploitation, but they were comparing the Labour Government with the Labour Movement, which were entirely different He considered the working man had been let down by the Labour Government just as British Labour had been let down by Ramsay McDonald. Some day people would awaken to this and would have to start all over again, with men who would fight for the change in the economic system. Private ownership of the land must go, the land must be owned by the people as a whole. The rent received from land would be spent in providing the social services and in building the roads and railways, and these necessary services were the only justification for rent He didn't want to pull the Labour Movement to pieces, but the Labour Party, for it had forgotten its pledges to the working man. He wanted to work up the old spirit of Labour.⁽¹⁾

Actually Nicolaus' ideas were very different from "the old spirit of Labour", but they were the most novel heard on the coast in years. He toured all the mining townships, and received good hearings, his meeting at Millerton being described as one of the best ever held there.⁽²⁾ After the election, he wrote a letter to the electors thanking them for the friendliness he had received at meetings and in their homes.⁽³⁾ In spite of his short and rather relaxed campaign, Nicolaus polled 2,137 votes. This was an improvement of 5.31 per cent on the National vote in 1938. Opponents of Labour seem to have voted for Nicolaus regardless of his politics, for his votes usually came from the same polling booths, and in the same proportions as those of Maddison, the National candidate, in 1938. The

(1) Ibid., 20 September 1943.

(2) Ibid., 16 September 1943.

(3) Ibid., 27 September 1943.

booths where his vote increased over Maddison's were, however, in the mining townships, where Nicolaus had spent most of his campaign.

C.G. SCRIMGEOUR (Wellington Central)

When Scrimgeour announced on 7 July that he would contest Fraser's seat, Wellington Central, as an Independent, he had already been involved in a spectacular feud with the Government for months.⁽¹⁾ He decided to contest the Prime Minister's seat, he said,

"because I intend to demonstrate that the differences between the Government and myself are more deep-seated than arguments about broadcasting policy I am standing as an Independent because that is the only alternative to accepting the bureaucratic party machine wherein leaders are concerned only with power and position."⁽²⁾

Scrimgeour campaigned on two main themes; the failure of Labour to carry on "where Savage left off" and the necessity to remove Fraser who, Scrimgeour said, was the main obstacle to radical policies. His policies were simply those of the Democratic Labour Party, and apart from his attitude to the party system he agreed with Lee on all points. What gave his campaign its special interest was his personal vendetta against Fraser who, he said, had tried to remove him from his post in the Broadcasting Service ever since 1936.

Fraser would not have had so much to worry about had anyone but Scrimgeour been opposing him. "Scrim" was already a

(1) See Chapter II.
(2) Dominion, 7 July 1943.

household word in thousands of homes where his radio broadcasts had been heard every Sunday, and the circumstances of his dismissal had been given wide publicity. His campaign equalled Hogan's in brilliance. He relied mainly on newspaper advertisements, most of these being cartoons and limericks, and these were extremely effective if not always on a high level. Most of them were directed at Fraser. The importation of Ministers to campaign in the Prime Minister's own seat shows how seriously Scrimgeour was regarded. At his first meetings he completely filled the De Luxe Theatre, the largest in Wellington, and later addressed an overflow meeting in a smaller theatre.⁽¹⁾ Several of his meetings attracted audiences of over 1,000.⁽²⁾ At the first meetings the "Dominion" reported that audiences were "in a neutral vein", and simply wanted to hear what the candidate had to say, but as the weeks went by and Scrimgeour's campaign continued to attract great attention, Fraser, away touring New Zealand, might well have felt concerned. He did not speak in Wellington Central until 23 September, two days before the election, when he held a large meeting, with several other Cabinet Ministers present, at the Wellington Town Hall.⁽³⁾

The result of the contest showed that Fraser had been harder hit than any other Cabinet Minister. His vote declined

(1) Ibid., 5 August 1943.

(2) Ibid., 30 August 1943.

(3) Ibid., 24 September 1943.

sharply and his majority dropped to a mere 1,214. Scrimgeour polled 2,253 votes. In many ways this was due as much to Fraser himself as to Scrimgeour. As Prime Minister, he had accepted responsibility for Scrimgeour's dismissal, and had made a poor job of explaining the reasons for it to the House. On a wider plane it was inevitable that he should have borne the brunt of discontent with Labour's mistakes and failings since 1940, and particularly with the burdens and restrictions of wartime. Fraser was never the popular figure that Savage was, and he preferred to justify his policies as well as possible rather than to try to divert attention from the main issues.

P.M. STEWART (Kaipara)

As the chairman at one of Stewart's meetings remarked, "it was the first time for many years that the Rt. Hon. J.G. Coates was not engaged in the conflict and it seemed strange."⁽¹⁾ It is no exaggeration to say that Coates' shadow still dominated his old electorate, for the Independent stand he had taken early in the year was the most important factor in the Kaipara election. It explains not only the candidacy of Stewart, who had opposed Coates in 1938, but also the strange position in which both the National and Labour parties in Kaipara found themselves, for Coates' stand on national unity had won him wide support in both. Only a detailed examination of events in Kaipara after Coates' death will make this clear. In no other electorate did

(1) North Auckland Times, 27 August 1943.

the question of national unity alter traditional party alignments to the same extent. What happened in Kaipara after Coates' death was actually the process of a community coming to grips in its own mind with the conflict between party politics and national unity.

As explained in Chapter III above, Coates secured complete backing for his Independent stand from his electorate committees. Events followed only slowly after his death. On 12 June the committees met again at Paparoa, but, despite pleas by a National Party deputation headed by Smith, the President of the Auckland Division, and Wilkes, the National Secretary, no decision on what action to take was reached. It was resolved that delegates should meet and consult their committees again and report back at another meeting on 3 July.⁽¹⁾ Already, however, there was talk of nominating an Independent to succeed Coates, and his brother Rodney was mentioned as a possible candidate.⁽²⁾ There were signs that this course was favoured in the northern parts of the electorate.⁽³⁾

By the time the Paparoa meeting was held on 3 July, a division between those who wished to nominate a Nationalist and those who favoured an Independent had become clear. The meeting decided against the latter course, and set up a selection committee to nominate an "Independent National" candidate.⁽⁴⁾

(1) Ibid., 14 June 1943, and 22 June 1943.

(2) Ibid., 11 June 1943.

(3) Ibid., 24 June 1943.

(4) Ibid., 15 July 1943.

It was obvious that a majority of Coates' former supporters favoured a Nationalist, but still could not quite bring themselves to repudiate his stand. The tag "Independent" was, however, only a means of sweetening the pill, for the nominee, T.C. Webb, soon dropped any pretence that he was other than an official National candidate.

The minority at the Paparoa meeting did not wait for the selection of the "Independent Nationalist" (set down for 17 July) but immediately set about finding an Independent candidate. Two names had been mentioned. One was Rodney Coates, the brother of the late member. The other was Percy Stewart, who had been the Labour candidate for Kaipara in 1938. Stewart had been re-elected to the Kaipara L.R.C. as recently as 3 June 1943⁽¹⁾ but had decided not to stand against Coates after the latter had announced his Independent stand.⁽²⁾ After Coates' death he was asked to stand as the Labour candidate, but refused to sign the usual pledge to vote with the party on a no-confidence motion, and resigned shortly afterwards.⁽³⁾

The meeting to select the Independent candidate was held at Dargaville on 14 July. Over 100 were present. The opening discussion revealed that there was little desire to co-operate with the "Independent National" faction, several speakers

(1) Standard, 1 July 1943.

(2) North Auckland Times, 27 August 1943.

(3) Ibid., 29 July 1943.

pouring scorn on the idea of "an Independent with a party tag attached". One delegate said, pleading for the widest support for the nominee,

"There are supporters of Labour here who may possibly support an Independent, but if they have no voice in setting up the committee it is possible their influence will be lost. It is possible that Labour will not put up a candidate in Kaipara and the Independent chosen may have Labour views."

Two nominations were received - Coates and Stewart - and each addressed the meeting for fifteen minutes. Stewart was then nominated, receiving 43 votes to Coates' 23.⁽¹⁾ By nominating their candidate before the Paparoa meeting the Dargaville faction probably hoped to dissuade the "Independent National" group from doing the same. It is more likely that their action had the opposite effect. It had called the bluff of the other group, which could not then drop its plans. Furthermore, it was highly unlikely that the Paparoa Nationalists would support Coates' Labour opponent of five years before.

The Paparoa meeting on 17 July had five nominees to choose from - three farmers and a solicitor living in the electorate, and an Auckland lawyer who had left Dargaville sixteen years before. The last of these, T.C. Webb, was chosen by a preferential vote.⁽²⁾ The deciding factor in Webb's selection as the "Independent National" candidate seems in fact to have been his active membership in the National Party. He had been chairman

(1) Ibid., 15 July 1943.

(2) Ibid., 19 July 1943.

of the Remuera electorate executive, and had taken the lead in the attempt to force W.P. Endean to retire in 1941.⁽¹⁾

Throughout these moves the Labour Party in the electorate had been silent, and it was clear that Stewart had such a following in it that there was much opposition to nominating a Labour candidate at all. On 4 August, James Roberts, the National President of the party travelled to Dargaville and met the Kaipara L.R.C. On leaving he said that the name of the party's candidate would be announced the following week.⁽²⁾ Two weeks later, however, the "North Auckland Times" reported that

Notwithstanding two visits to Dargaville by Mr. J. Roberts, in recent weeks, and also one by the Member for Bay of Islands, Mr. C.W. Boswell, and the fact that Mr. Roberts took the names of two prospective candidates to Wellington, the Rev. H. Thornley and Col. Volkner, on August 4, no selection of a candidate to contest the Kaipara seat has yet been made.⁽³⁾

It was also reported that Thornley was unable to stand for family reasons, and the "Times" correspondent considered that attempts were being made to induce Stewart to return to the fold. On 26 August, however, the president of the Kaipara L.R.C. announced that J.S. Stewart of Auckland had been "selected".⁽⁴⁾ Stewart was a naval architect who had lived in Auckland since his arrival from Scotland in 1923, and he had no

(1) See above, pp. 86-8.

(2) Northern Advocate, 4 August 1943.

(3) North Auckland Times, 20 August 1943.

(4) Ibid., 26 August 1943.

relatives or connections in Kaipara. The fact that no Labour candidate could be found in Kaipara was a humiliation for the Labour Party and a sign of P.M. Stewart's support among members there. J.S. Stewart himself admitted that he was only chosen after local possibilities had all been canvassed.⁽¹⁾ His position was made even more embarrassing when the president of the Kaipara L.R.C. denied that he had been responsible for inviting Roberts to Dargaville and "imposing" Stewart on the electorate. He also denied that Stewart would withdraw in favour of his Independent namesake.⁽²⁾

J.S. Stewart and Webb both campaigned strictly on the policies of their respective parties, and Webb soon made it clear that he regarded himself as a National candidate pure and simple. The title "Independent National" had, he said, been chosen by the selection committee.⁽³⁾ He had given a pledge to the committee to vote against the Government on a no-confidence motion, and said that he identified himself with National policy and would attend the party's caucus.⁽⁴⁾ It is thus obvious that the "Independent" tag had little meaning and was only a perfunctory tribute to Coates, perhaps to persuade electors that Webb was a fitting successor to the late member. Since Webb made his position clear to his supporters and to his meetings in Kaipara, he is regarded as a National candidate for the purposes of this study.

(1) Ibid., 23 September 1943.

(2) Northern Advocate, 27 September 1943.

(3) Ibid., 10 September 1943.

(4) North Auckland Times, 1 September 1943.

P.M. Stewart's stand attracted the most interest. He fully supported Coates' attitude to political unity, and said that he would not have stood against him as a Labour candidate. Stewart gave general support to Labour policies, but was critical of the Government on some points. He approved of the principle of the Guaranteed Price, but thought that the Labour attitude to it was "mean". He approved of State housing, but said that it should be extended to rural areas, and he fully supported the Servicemen's Settlement and Land Sales Act. Stewart's major difference with the Government was over monetary policy. He accused it of "ultra-conservatism", saying that "in the creation of credit the government had failed, especially in rural areas."⁽¹⁾ Stewart also gave as one of his main reasons for leaving the party as "domination by Trade Union leaders".⁽²⁾ He promised to support whichever party won the election.⁽³⁾

Coates' memory dominated the election campaign. P.M. Stewart claimed to be his logical successor, and he was supported by a number of Coates' former associates, notably A.V. Page, who organised for both Coates and Stewart, and Rodney Coates.⁽⁴⁾ Both Webb and J.S. Stewart also claimed to be Coates' true successors, although all the candidates indignantly condemned such tactics when speaking about their opponents. Obviously P.M. Stewart was at a heavy disadvantage in wooing Coates' supporters.

(1) Ibid., 27 August 1943.

(2) Ibid.

(3) Ibid., 13 September 1943.

(4) Ibid.. 1 September and 16 September

He was a former Labour candidate who still supported the main lines of Labour policy. Besides, Coates had held the confidence of his supporters as only an M.P. of long standing could. As P.J. Sundberg, a member of Coates' Committee since 1911, put it, at the last meeting the committee held with Coates

he said he was going to contest this election as an Independent, and at that meeting we gave him a blank cheque, but I do not think that any elector in Kaipara will give an unknown and untried man a blank cheque. Mr. Coates has (sic) represented us for 32 years and we trusted him, hence the blank cheque. (1)

Ada Coates, sister of the late Member, said that Coates and Stewart were not comparable for the former's allegiance was clear; he had never dissociated himself from "the Conservative group". (2)

The election result shows that Stewart was not completely successful in overcoming this prejudice against his former Labour affiliation.

<u>Candidate</u>	<u>Vote</u>	<u>% of Total</u>	<u>% gain or loss since 1938.</u>
T.C. Webb (Independent National)	4988	56.77	- 0.95
J.S. Stewart (Labour)	2188	24.90	-14.74
P.M. Stewart (Independent)	1611	18.33	

Most of his votes were gained at the expense of J.S. Stewart, although the slight decline in the National vote shows that he also took some from Webb. The latter, a Nationalist who had been one of the loudest in his condemnation of the "old

(1) Ibid., 20 September 1943.

(2) Ibid.

gang", held most of Coates' 1938 vote, and won the seat. The Dargaville group who nominated P.M. Stewart had miscalculated in thinking that their candidate would find wide support in both parties. He certainly found some in the Labour Party, but little among Nationalists. What effect Webb's title of "Independent National" had is hard to say, but it may have influenced many who would otherwise have balked at voting for a candidate of the party which Coates had broken from.

OTHER INDEPENDENTS

Apart from these few Independents of major importance, there were a few others who polled well enough to have some effect on the result in their electorates.

S.J.E. CLOSEY (Manawatu) was, like J.H. Penniket, Independent Group candidate in Waikato, a proponent of the Compensated Price, a system by which dairy producers were paid a weighted price to cover cost increases. Closey had led a campaign for this during the depression and it was adopted by the Farmers' Union in 1936 and the National Party in 1938. The latter, however, dropped it from its 1938 election policy and Closey regarded this as proof that National had fallen under the domination of "city interests". He campaigned on a platform of compensated prices and Social Credit, and polled 675 votes, mainly in the rural areas of Manawatu.

H.V. McCREADY (New Plymouth) polled 689 votes in a closely fought contest. The result was

<u>Candidate</u>	<u>Vote</u>	<u>% of Total</u>	<u>% gain or loss since 1938.</u>
E.P. Aderman (National)	6608	46.71	plus 0.04
F.L. Frost (Labour)	6550	46.30	- 7.03
H.V. McCready (Independent)	689	4.87	
L.A. Jury (Democratic Labour)	299	2.12	

McCready's vote is obviously important in deciding whether or not Labour would have held the seat had it not been for the intervention of the Democratic Labour candidate. His policy was vague, but he was opposed to the party system and to both Labour and National policies. His criticism of Labour was, however, much more vitriolic⁽¹⁾ and his approval by the Independent Group⁽²⁾ places him among the right-wing Independents. His votes were probably mostly taken from National.

P.J.J. McMULLAN (Wallace) was the most interesting of this group of candidates. He was a customs officer at Gore who had just returned from service overseas as a pilot in the R.N.Z.A.F. Only 25 years old, he had a University degree and was an excellent debater. His policy followed that of the Independent Group very closely, with changes to appeal to rural audiences. For instance, he demanded that the State housing scheme be tailored mainly to meet the demands of rural electorates, and paid much attention to stabilisation of the costs of primary producers.⁽³⁾

(1) Dominion, 18 September 1943.

(2) N.Z. Truth, September 1943.

(3) Southland Daily News, 27 August and 9 September 1943.

McMullan's vigorous and articulate conservatism was in marked contrast to Hamilton's lack-lustre campaign and his meetings, according to newspaper reports, were larger than either of the other two candidates'.

Lynch, the Labour candidate, was a well-known farmer in the electorate and a member of the Labour Party National Executive, but he could not prevent the universal swing from Labour in rural seats from occurring in Wallace. The intervention of McMullan, however, prevented Hamilton from adding these lost Labour votes to his own, for his percentage of the total increased only slightly over his 1938 figures. The result was -

<u>Candidate</u>	<u>Vote</u>	<u>% of Total</u>	<u>% gain or loss since 1938.</u>
A. Hamilton (National)	4738	55.45	plus 1.17
J.J. Lynch (Labour)	3131	36.65	- 9.07
P.J.J. McMullan (Independent)	675	7.90	

McMullan stood as a Social Credit candidate in Dunedin North in 1954 and 1957.

A.G. NEWLAND (Central Otago) a storekeeper at Roxburgh, was a Social Crediter.⁽¹⁾ His votes were taken from Labour, for Bodkin, unlike many National candidates faced with an Independent, increased his vote substantially.

L.C. WALKER (Christchurch North) was interesting mainly as a potential threat to the Leader of the Opposition in his own seat. In 1931 Walker had, as an Independent, polled 26.73 per cent of the vote when standing against Holland's father

(1) Dunstan Times, 13 September 1943.

and a Labour candidate in the same electorate. In 1935, again as an Independent, he was the only candidate opposing D.G. Sullivan, the Labour member for Avon, and polled a respectable 3,545 votes. On the strength of this record, Labour hoped that Walker might split the anti-Labour vote sufficiently to dislodge Holland, and that the latter would be too concerned about this possibility to leave his own electorate for long. Since his majority in 1938 had been only 492 he might well have been concerned. However, Holland was neither unseated nor prevented from touring extensively. In the final count Walker polled only 459 votes.

This is not to say that his campaign was a poor one. His cry that "New Zealand wants shaking from top to toe!", his proposals for State-aided development of agriculture and industry and for immigration⁽¹⁾ made him one of the most interesting Independents in the campaign. However, Holland's prestige and status had increased considerably since 1938 and he was able to poll an absolute majority of the vote.

There were also a number of miscellaneous Independents, none of them polling more than 3 per cent of the vote, and nearly all standing in city electorates. The most important of these were the four pacifist candidates,

(1) Press, 7 September 1943.

A.C. Barrington	(Wellington East)	252 (1.58%)
A.H. Carman	(Wellington North)	298 (2.04%)
L.A. Efford	(Christchurch South)	260 (1.77%)
C.R. Howell	(Auckland East)	127 (0.85%)

All these called for immediate peace negotiations, and were concerned about the restriction of civil liberties in New Zealand. Carman and Barrington were both prominent members of the National Peace Council. Carman and Efford had been Labour Party members, the former having been one of the pacifists who joined the Democratic Labour Party briefly in 1940.

Many of the others in this miscellaneous group are quite unclassifiable, and a number were simply crackpots of various types. Only one had previously contested a seat. He was T.O. Maddison (Wellington South) who had been National candidate for Buller in 1938, polling only 19 per cent of the vote. He was a Social Crediter, and had organised for the Social Credit Movement in 1941. In 1954 he was the Social Credit candidate for Hutt. Only one of these minor Independents made any attempt to form a movement. H.G. Kendal (Remuera) was the candidate of an embryo body called the New Zealand Fighting Forces League (Political).⁽¹⁾ Two other candidates, C.P. Belton (Roskill) and J.A. Govan (Grey Lynn) were endorsed by the League, but they were closely associated with the Real Democracy Movement, and have been included here as R.D.M. candidates.

(1) N.Z. Observer, 7 April 1943.

The Independents as a body clearly fall into two groups. First, the majority who objected to some aspect of one or other of the two major parties. These included Labour "left-wingers", notably Scrimgeour, Social Crediters, most of them former Labour supporters, and right-wing Nationalists who found the National Party too "socialist". The reason for the emergence of these Independents can be found in the internal development of the parties. The other group of Independents - the minority - represented dissatisfaction with the relations between the parties - namely the failure to achieve political unity and a cessation of party politics during the war. (This group's most prominent members were Barnard, Mansford and Stewart, a trio representing widely differing political outlooks.) This widespread, if inchoate feeling lay at the root of an evident revulsion from "party politics" during the war. One statement which received wide attention during the campaign was made by Archdeacon Bullock of Wellington in a Sunday evening sermon. Bullock said that New Zealand politics were producing too many "yes-men", and warned that

the electors should watch, without condemning politicians, that party allegiance might be too stringent, and might not be allowing proper freedom of thought and expression to members. That was the reason, he felt, why the parties were breaking under their own weight. What was required today was more character and less party - men who would express themselves.(1)

This feeling that parties had smothered dissident opinion in their ranks, and had thus encouraged "yes-men", was well-

(1) Dominion, 13 September 1943.

founded, particularly in the case of the Labour Party. Labour's "left-wingers" had been intimidated by Lee's expulsion. National's "old gang", too, had been pushed unceremoniously into the background and two of their leaders read out of the party after the War Administration breakdown. This necessity to preserve rigid party attitudes was seen as the reason for the failure to form a national government.

Many electors probably voted for Independents as a protest against the party system, without looking too closely at what these candidates' policies, if any, were. Thus "anti-party" votes may have been more widespread than the number of avowedly anti-party candidates would indicate.

Both Labour and National defended the party system. Holland called it "the only alternative to totalitarianism"⁽¹⁾ and the President of the National Party, at the annual conference, feared that anti-party feeling was being "fostered and capitalised by an organised campaign" by the People's Movement.⁽²⁾ Lee, too, vigorously defended the party system, but showed that he was worried about the extent of dissatisfaction with it, when he wrote

This non-party label worn by some as a cloak of virtue is only an atavism or an excuse for rail-sitting.⁽³⁾ It is the new label of the unsuccessful reactionary.

(1) Ibid., 7 April 1943.

(2) Ibid., 27 July 1943.

(3) John A. Lee's Weekly, 9 June 1943.

Although this was perhaps true in the case of the Independent Group and some of the unattached Independents, it was not fair as applied to the whole group. The existence of progressive Independents, such as Barnard and P.M. Stewart, who were opposed on principle to "party politics" in wartime, was an unpleasant to Lee as it was to both major parties. Nevertheless, this opposition, among the public, was expressed rather in abstention from voting, which increased sharply in 1943, than in voting for Independents. It was clear that strong and stable government was necessary in wartime, and this, as the parties themselves often repeated, meant party government.

It is likely then, that much of the voting for Independents was due to dissatisfaction with the policies of one or other of the parties, rather than with the party system in general. This is borne out by the fact, evident in the results quoted in this chapter, that few Independents took votes from both parties. Most were, to the electors, all too obviously either disgruntled Labourites or disgruntled Nationalists.

CHAPTER 6

THE ISSUES

The national mood in 1943 was one of relief and anti-climax after the tensions generated by the emergency in the Pacific the previous year. This did not mean, of course, that the danger was over, but the atmosphere of 1942 could not be sustained, and the election year saw the inevitable return to bitter disputes over domestic problems, and the beginnings of the debate on post-war rehabilitation and reconstruction. The Prime Minister recognised the danger of this. In May 1943 he warned the Returned Services' Association Conference that

"It would be wrong to feel that, because a succession of reverses has been turned into a glorious victory and the immediate menace in the Pacific has been removed somewhat - I emphasise the word somewhat - from our shores the danger is over We must pay attention to all the problems of rehabilitation - because if we don't do that now it will be too late - but we must not spread the conception abroad that the only work is rehabilitation and reconstruction. Our main work is still in the war. Long months, indeed years, lie ahead when the country's manpower and economic resources will be strained to the utmost, and it is necessary that we face those years with the same courage and the same sense of ultimate victory with which we have faced the last four years."⁽¹⁾

Nevertheless, the parties had been assiduously working to encourage the feeling that, as Holland put it, "things would be better" in 1943. He went on to say, in his New Year message, that

(1) Dominion, 27 May 1943.

"We in New Zealand can justifiably look at the coming year with quiet confidence and optimism. The limitless resources of the United States are already making themselves felt in the great struggle, and our own security here in New Zealand has been immeasurably strengthened

"I feel that we can look forward confidently to 1943 as a year of hope and fulfilment."⁽¹⁾

The annual conferences of both parties saw remarkably little discussion of the war effort. The address of the President of the National Party concentrated on the party's acceptance of the duty of the State to guarantee its citizens "a secure future, secure employment and freedom from the anxieties and hardships caused by circumstances over which they have no control", and emphasised the party's welfare policies. He also attacked wartime regulations as unduly restrictive, a sure sign that the crisis which created the need for them had lessened.⁽²⁾ The Labour Conference was held in a similar atmosphere. The National Executive's report concentrated on Labour's post-war aims, and mentioned the war only as the reason why these aims could not be put into effect.⁽³⁾ Fraser himself spent most of this time, when presenting the Parliamentary Labour Party's report, in outlining his reconstruction proposals, but he did remind his listeners that considerations of national defence still came first in Government policy. The theme repeated by him, however, and the keynote of the Conference, was that

(1) Ibid., 28 December 1942.

(2) Ibid., 27 July 1943.

(3) Standard, 29 April 1943.

"It is the government's intention to carry on where it left off in the days before the war and to achieve what is no idle dream - the abolition of want and the achievement of even-handed social justice." (1)

The 1943 Budget was in keeping with this policy. Its main provisions were for a raising of Social Security benefits. Family benefits were raised from 6/- to 7/6, and age and widows' benefits raised accordingly. The most important single change was the increase of 50 per cent in Disablement War Pensions. This had been urged by the R.S.A. for some years, and political implications aside, was long overdue. There were no increases in taxation. The Budget took some of the wind out of the sails of Labour's oponents, for they welcomed the increased benefits and had no tax increases to point to as a result of them.

There was some preliminary skirmishing over who had made the election necessary, and Labour had the best of this. The official party line was laid down in the Parliamentary Labour Party report to the 1943 conference; this was that the National Party had made the election inevitable by withdrawing its Ministers from the War Administration because of differences over the handling of the Waikato miners' strike. (2) Fraser had often said that he would not be a party to extending Parliament's life if the only result was to keep his Government in power. He too blamed the National Party for the election, and said that it had shown, by his actions in 1942, that a national government was

(1) Ibid., 6 May 1943.

(2) Ibid.

impossible because the Opposition refused to accept majority rule in the War Administration. It is worth noting that some of Fraser's associates were much more enthusiastic about the election. Nash, who was said to have opposed previous election postponements, said at Tauranga during the campaign that

To have an election four years after a war has started gave the answer to the fact (sic) that we were a democracy. It was good that the country was to have an election at this time. He would not apologise for not having one sooner, elements of security making such an action unwise.(1)

Most National speakers agreed with Nash that the election was desirable, although some, like S.W. Smith (Bay of Islands) said that it could have been avoided had Labour been willing to form a "fair dinkum coalition government".(2) Holland himself displayed an extraordinary sensitivity over the War Administration episode. In 1943 he dropped completely his previous contention that the Government's attitude to the miners' strike was the issue at stake, and his statements on the subject showed that he felt in retrospect that this had not been a sufficiently important issue on which to break up the Administration. In a speech at Whangarei in April 1943 he dealt with the subject at some length, but scarcely mentioned the strike. The reasons for his withdrawal, he said, were that "the treatment accorded him was not in keeping with the duties he was expected to perform and because he could not conscientiously acquiesce in many

(1) Bay of Plenty Times, 15 September 1943.

(2) Northern Advocate, 6 September 1943.

of the decisions made by the War Cabinet". He said that he had never been sworn in as a member of the War Cabinet and had received no invitation to Executive Council meetings. His statement about war expenditure had been suppressed by the censor, and "a Minister of the Crown silenced by a civil servant."

"A voice: Why did Mr. Coates stay there?

"Mr. Holland: That is not for me to answer. They did not dare to suppress any statement of his, but they tried it with me. If they had tried it with him he would have walked out too, being a man of honour."⁽¹⁾

There was a curious exchange on the subject between Holland and J. Hodgens, the Labour member for Palmerston North, during the Budget debate in June.

Mr. Hodgens - A War Administration was set up. The undertaking was given that there would be co-operation between the Opposition and the Government party.

Mr. Holland - and no controversial legislation.

Mr. Hodgens - The Leader of the Opposition says "and no controversial legislation". Quite right. I will accept that. Why did they walk out?

Mr. Holland - Because the agreement was broken.

Mr. Hodgens - Because certain miners in the Waikato were not gaoled.

Mr. Holland - They walked out because the agreement was broken.

The Hon. Mr. Mason - What agreement?

Mr. Holland - The agreement that there would be no controversial legislation."⁽²⁾

(1) N.Z. Herald, 21 April 1943.

(2) NZPD., Vol.262, p.755.

Holland was presumably referring to the decision to institute State control of the mines as "controversial legislation", but he did not refer to the episode again in the debate. At any rate, as Mason pointed out later in the debate, the taking over of the mines was an administrative, not a legislative act.

National candidates hardly mentioned the War Administration during the campaign. The whole issue of national unity, in fact, was pushed into the background by the two main parties, and was left to the Independent candidates to debate. Nor was there any question that Labour would not oppose Hamilton, the remaining National member in the War Cabinet. H.G.R. Mason, speaking in Kaipara, said that Labour "probably" would not have opposed Coates,⁽¹⁾ but the latter had publicly announced that he would not stand as a National candidate, whereas Hamilton had never dissociated himself from the party. Fraser and Hamilton agreed that Labour had every right to nominate a candidate in Wallace for, as Hamilton said,

"The conduct of the war is quite separate from the political side, and although I go into the War Cabinet and work with some members of the Labour Government it does not compromise me in their politics."

Hamilton, however, defended strongly his decision to stay in the War Cabinet after October 1942.⁽²⁾

(1) North Auckland Times, 10 September 1943.

(2) Southland Daily News, 11 September 1943. Cf. Fraser in Dominion, 24 September 1943.

To a large extent the parties failed to come to grips on election issues because they were talking about different things. Labour leaned heavily on its past record - both in domestic legislation and in the war. National accepted the broad lines of the former and apart from the crucial question of manpower, fully backed the Government's war effort. National also, as was shown in Chapter III, concentrated hard on creating a new image of itself and this naturally led to increased agreement with Labour on subjects such as Social Security. One of National's most important campaign points, however, was a general belief in "freedom", expressed in the manifesto as

the restoration to New Zealanders of their fundamental British right of freedom - freedom to live their own lives in their own way without bureaucratic dictation; to live in a system of competitive free enterprise; to own their own homes; freedom for our returning servicemen to follow the occupations of their choice without having to go cap in hand to the Government for a licence to earn a livelihood.⁽¹⁾

Similar sentiments could be found in any National Party election manifesto, but war conditions gave them a special bite in 1943. State regulation and interference had spread into many fields since 1939, and they touched more people than ever before. Sometimes, as in the case of food marketing, teething troubles and bad planning had upset producers and consumers alike, and National drove home hard their argument that it was the result of a compulsive desire to impose restrictions wherever possible. It was a symptom of the relaxation of tensions in New

(1) National Party, Election Manifesto, 1943.

Zealand that at the 1943 National Party Conference the President of the Party launched a full-scale attack on wartime controls.

"While everyone willingly submits to restrictions and controls made necessary by the exigencies of war, there can be no justification for using the circumstances of war to impose restrictions on the freedom of the person, which violates the democratic ideal of social organisation and substitutes a system differing only in degree from that which the United Nations are pledged to destroy."⁽¹⁾

However, the National Party did not usually go beyond this generalised criticism, and it was really effective only when related to specific examples. For instance, the attacks by National (and Democratic Labour), on the monopolistic results of transport licensing found a ready response among returned servicemen who had hoped to enter the industry.

There were many other important issues on which there could be no debate during the campaign. As previously mentioned, National no longer questioned the principle of the Social Security scheme, and promised to "extend benefits where warranted". There was also very little criticism of the Government's rehabilitation plans, and Labour was able to point to a fully planned scheme for education, loans for houses and farms and trade training. Democratic Labour complained that insufficient attention was being given to the last point, but for the rest the opposition parties could only promise that they would do equally well. Here, as in other fields, the Government had the advantage of

(1) Dominion, 27 July 1943.

being able to point to the practical results of the scheme, and did not have to rely on avowals of good intentions.

It might be thought that the campaign dealt exclusively with domestic issues and that, as the New Zealand correspondent of the "Round Table" put it, "on the great issue of the war all parties were at one".⁽¹⁾ This was true enough in the narrow sense that all parties stood for "a full war effort", but it overlooks the fact that one of the main issues in the election campaign had a direct bearing on the country's war effort. This issue was how far New Zealand's manpower should be committed to overseas military service.

This question did not receive much political attention until Japan entered the war, but there had been criticisms from the Left. Lee had initially opposed conscription for overseas service, and even though he soon accepted this his opposition to the Mediterranean commitment grew as war with Japan came closer. Throughout 1941 and 1942 he consistently attacked the Government's manpower commitments as being too high and impossible to maintain. Lee, however, was alone until late 1942, when the main body of 3 Division was moved into the Pacific.

It is unnecessary here to go over the ground already covered by Wood⁽²⁾ on this subject, but it must be remembered that at no time during 1943 (at least until September) was the Government quite sure about the future disposition of 2 Division and that up to the time of the March 1943 manpower debate Fraser was still

(1) Round Table, December 1943.

(2) F.L.W. Wood, *the People at War*, Chapters 18 and 19.

seriously considering withdrawing it from the Middle East. In late 1942 the withdrawal of the last Australian division had made pressure in New Zealand very hard to resist. The pressure took two different forms. Lee called for a big reduction in commitments, and clearly favoured 2 Division being returned to the Pacific. He was the first politician to make open and detailed criticism of Government manpower policy. In his speech in the House on 19th October he said

"An overwhelming majority of the members of this House are conscious that our manpower targets are too vast. We do not know what is proposed for 1943; for 1944; for 1945. We are already calling up married men - and at an age at which I do not believe many of them will be able to withstand the circumstances of hazardous soldiering We all know that if we go ahead at the present rate we will be out of the war very rapidly."⁽¹⁾

In the heightened political atmosphere following the breakup of the War Administration National was losing no chance to embarrass the Government, and it obviously could not allow Lee to retain his monopoly of criticism on this important subject. However, National could not easily criticise as vigorously as Lee for the party had always supported the Middle East commitment. Nevertheless, early in December Holland joined Lee in saying that manpower commitments were too high. At this time the Opposition, unlike Lee, still believed it possible to maintain - and reinforce - two Divisions,⁽²⁾ and neither it nor the Government was prepared to recommend that 2 Division be withdrawn from the Middle East.

(1) NZPD., Vol.261, pp.757-760.

(2) Ibid., pp.956-9.

The question of the return of the Division was a highly emotional and explosive political issue, as the furlough scheme was later to prove. The March 1943 manpower debate showed that many Labour members favoured the return of the Division. Lee had always been outspoken on this question, but he did not make an issue of it in late 1942 because he recognised that shipping difficulties ruled out any moving of the Middle East force.⁽¹⁾ Fraser seems to have stressed this point when the House met in secret session on 3 December, and the House decided that the Division should stay where it was.⁽²⁾ There was still, however, considerable feeling that it should return when the North Africa Campaign was over.

Unfortunately for the Government, the question boiled over into an acrimonious public debate early in 1943, just at the time when the Americans were urging the Government to equip 3 Division as a combat force for the Pacific.⁽³⁾ The occasion was the Christchurch East by-election campaign, which took place during late January and February. It provided the first thorough public airing of the issue, at a time when the Government was at a serious disadvantage. The decision to field a combat Division in the Pacific had not yet been announced, and Government speakers in the campaign preferred to stress the possibility that 2 Division might still be returned. There

(1) J.A. Lee, interview with the author.

(2) Wood, *op. cit.*, p.249.

(3) *Ibid.*, p.252.

There was no chance that the issue could be by-passed. Early in December Lee gave notice that the Democratic Labour candidate would concentrate on the need for a rest in New Zealand for 2 Division, "the impossibility of maintaining the present sized war establishment", and the "exaggeration" of Home Guard and fire-watching schemes as the need for them receded.⁽¹⁾ During the campaign Herring also attacked the decision to call up the 41-45 age group as showing complete disregard for small businessmen, and manufacturers. Lyons, the National candidate, also concentrated on the last point, but he was far less specific than Herring in what he said about manpower.

Mabel Howard, the Labour candidate, scarcely mentioned the subject in her opening address,⁽²⁾ but it was thrown into the centre of the ring by Sullivan, the Minister of Supply, when he said

"I can only say to you that it is the desire and intention of the Government and of the War Cabinet to return our Division to New Zealand from the Middle East as soon as it is possible to do so." He deprecated any attempt by Members of Parliament to win support by advocating the return of the division.

"Parliament itself, as a whole made, without a dissentient vote, the decision that has been followed at the present time."⁽³⁾

National speakers fell on Sullivan with cries of outrage. Doidge called it "a most mischievous statement (which) has

(1) John A. Lee's Weekly, 9 December 1942.

(2) Press, 21 January 1943.

(3) Ibid.

has been welcomed with whoops of joy by the pacifists in our midst. It has caused anxiety and concern to the rest of the people of New Zealand",⁽¹⁾ and Holland said

"If Mr. Sullivan is correct in stating that the Government and the War Cabinet want to have the division withdrawn as soon as possible, then in my opinion, they are hopelessly out of touch with public opinion. I cannot imagine any greater injury to our war effort."⁽²⁾

He also emphasised that no vote on the matter was taken in secret session of the House on 3 December, and Sullivan later admitted that this was so. Despite his vehemence over 2 Division, Holland still criticised the "manpower muddle", particularly the training of the 41 to 45 age group, without seeming to realise that this was the inevitable result of trying to equip two combat divisions. Neither he nor any other National speaker denied that New Zealand had to take its full part in the Pacific war.

On 28 January the Government, obviously worried about the effect of the latest call-up, announced that the 41 to 45 age group would not be called up for full-time military service and would be kept in camp for as short a time as possible. Consideration was also to be given to releasing some of the 18 to 20 age group from camp.⁽³⁾ Fraser's final address in the campaign was almost apologetic on the subject of 2 Division, and showed that he had still not made up his mind completely about its future. He promised that

(1) Ibid., 29 January 1943.

(2) Ibid., 5 February 1943.

(3) Ibid., 28 January 1943.

"The government and the War Cabinet will do all they possibly can to replace the lads who have been there for three years. We will try to get them back as far as it is possible

"Certainly we will raise the question (of the return of 2 Division) again We won't take up the attitude that if they have to come back we are doing something grievously wrong. We won't take up the attitude of Mr. Doidge and others that they mustn't come back to fight in the jungle against the Japanese."(1)

Holland ended the National campaign with another attack on the "manpower bungle".

"The matter becomes more serious when it is remembered that we will have no more men to call up after the end of next month unless the 40 thousand single men who have been exempted from service are to be withdrawn from industry. We have been so over-committed that we have run out of men at a time when we have just begun to win the war."(2)

Holland's words, however, had little force, for in the debate in the House on 4 December no National speaker had said that a force should not be sent to the Pacific.(3) During the campaign the same speakers vehemently opposed any decision to withdraw 2 Division from the Middle East, yet Holland at the same time said it was impossible to maintain two divisions overseas. Herring and Lee had, in fact, put forward the only reasoned criticism of the Government's policy. They held that New Zealand could equip only one division and that it should be based in the Pacific. Although they did not press for the immediate return of 2 N.Z.E.F. they said that it should leave for New Zealand when the North Africa campaign was over.

(1) Dominion, 4 February 1943.

(2) Ibid., 5 February 1943.

(3) NZPD., Vol.261, pp.956 et.seq.

The Government was on the defensive during the campaign, and its half-hearted references to the return of 2 Division only strengthened the attacks of its opponents. National's belated (and incomplete) recognition of the "manpower bungle" failed, however, to win the party any votes. The criticisms made by Democratic Labour were much more thorough-going and effective, and Lee could say with truth that the danger of over-commitment which he had been warning against for years had only just been realised by the Government and the Opposition. Herring's vote of 2,578, and his lead of 207 over Lyons, the National candidate, was a recognition of this. Labour's share of the vote dropped 28.47 per cent from 1938, but National's remained almost exactly the same.

The frank discussion during the campaign breached the barrier of reticence on the manpower question. Late in February a very critical statement by C.V. Smith, the president of the New Zealand Manufacturers' Federation, was given prominence in the press. Smith said that the manpower problem was becoming increasingly difficult as demands were made for increased production, and went on to say that

There were literally thousands of men in the Army in New Zealand who were simply wasting their time Nothing short of strong public opinion would bring about the release of men and a reduction of establishments, as any Government was heavily influenced by its military advisers.

"As laymen, we are not supposed to know anything about military strategy, but one is tempted to guess at the strategy behind the apparent reluctance to reduce establishments." (1)

(1) Dominion, 25 February 1943.

Smith's call for public pressure on the Government, and the very fact that such a statement was passed by the censor, was a sign that the subject was to become a major election issue. On 17 March Parliament was invited to approve the addition of 27,000 men to the forces in the following year, and a debate on manpower (in open session) followed. The parties followed the lines they had taken in Christchurch East, except that the Government admitted that present commitments could not be maintained indefinitely. Holland again called for a reduction in commitments, and said that the decision to equip 3 Division as a combat force was "in defiance of the will of the House"⁽¹⁾ (presumably as expressed at the secret session on 3 December 1942.) However, under pressure from Sullivan, he refused to state his position on New Zealand's part in the Pacific.⁽²⁾ Coates went further than most Ministers in defending the commitment to two divisions, and said that some domestic production would have to be cut. He also stressed that the type of work the Pacific division was doing lowered morale and was bad for a fighting force.⁽³⁾ Many Labour speakers on the other hand, were quite frank in their opinion that New Zealand should field only one division, and that it should return to the Pacific as soon as possible. Even Sullivan, a senior Minister, admitted that

(1) NZPD., Vol.262, p.421.

(2) Ibid., pp.426-7.

(3) Ibid., p.429.

"the situation cannot be continued for very long. Individually, and not speaking on behalf of the Government, I would say that it was not possible to maintain two forces beyond this year."⁽¹⁾

Fraser, in a masterly speech at the end of the debate, did his best to prove that the whole House (except Lee) acknowledged that New Zealand had to fight on two fronts⁽²⁾ and therefore accepted the increased commitments.

However, nothing Fraser might say could stop Labour's opponents calling for a reduction in commitments, regardless of what they had said in Parliament. The positions of both Democratic Labour and National remained as they had before. Lee stated on 16 June that his general policy would be "one Division with that Division engaged in the Pacific", although he did not press for the immediate recall of 2 Division.⁽³⁾ National's position was vaguely stated in its manifesto.

.... A complete overhaul of our manpower and production commitments is an urgent necessity, for it is obvious to all that we cannot continue on the present scale of commitments.⁽⁴⁾

Holland alleged that too many men were being kept in camp in New Zealand, but he refused to say which force overseas should be "overhauled". As Lee remarked

"No-one knows which Division he intends to maintain. Democratic Labour is straightforward. We would not send New Zealanders on to Europe."⁽⁵⁾

(1) Ibid., p.440.

(2) Ibid., pp.490-5.

(3) John A. Lee's Weekly, 16 June 1943.

(4) National Party, Election Manifesto, 1943.

(5) Dominion, 24 September 1943.

The Government's position was defended strongly in the campaign by McLagan, the Minister of Manpower. He claimed that Parliament had "agreed that the Government had done the only thing that could have been done" and that National had no right to talk about a "manpower muddle".⁽¹⁾ Fraser was equally definite, but claimed that "there was not a commitment that could not be revised at any stage in the war."⁽²⁾ However, many Labour candidates, particularly in country districts, had to try to explain away some cases of real hardship caused by the call-up. At Hukerenui, in the Bay of Islands, for instance, the president of the Labour Party was faced with a barrage of complaints of cases where the only man on a farm had been called up and his wife and children left to carry on. Roberts admitted "there are too many women and children forced to do farm work; it is not right". He remarked after the meeting that it was the most hectic he had ever addressed.⁽³⁾ At a meeting in Whangarei the Minister of Agriculture, answering a question, revealed how difficult it sometimes was to secure even a temporary alleviation.

Did Mr. Barclay know that despite recommendations from the Primary Production Council and the National Service Department in Whangarei for the release of men from the army, they had not been released, he was asked. The Minister said he was aware of this position. It was not always possible to secure the release of men from the army which had the last say. When other efforts had failed he had appealed himself to Brigadier Conway in Wellington and had received excellent co-operation a large number of men being released. The army, however, had its viewpoint too.⁽⁴⁾

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- (1) Ibid., 10 September 1943.
 - (2) Ibid., 24 September 1943.
 - (3) Northern Advocate, 17 September 1943.
 - (4) Ibid., 8 September 1943.

Similar difficulties and indecision at the highest level were revealed when Jones, the Minister of Defence, said that no more men could be released from camp for some time, only to be contradicted by Fraser's public statement two days later that further releases were essential.⁽¹⁾

If anything further were needed to keep the manpower issue on the boil, it was amply provided by the furlough scheme to give home leave to some of the Middle East force. The operation of this had been a condition of Parliament's approval of keeping the Division in the Middle East, and the first draft of 6012 men returned in July. The Government (with good reason, as events were to prove) was anxious about the effect which three months at home was to have on the men, and on 5 August the Director of Publicity forbade newspapers to mention anything about the replacement of the men on furlough.⁽²⁾ The ban was, however, broken on 1 September when Holland's opening campaign address was reported in the press, including the following passage.

Mr. Holland stated that after such long service men on furlough should be given the opportunity of voluntarily returning to the Division or returning to civil employment. There were plenty of fit men in New Zealand who had seen no service who could replace them.⁽³⁾

The censorship directive was revoked after this report, and until the end of the campaign the newspapers contained reports

(1) Dominion, 7 and 9 September 1943.

(2) Wood, op.cit., p.267.

(3) Dominion, 1 September 1943.

of National and Democratic Labour candidates making similar statements. Labour candidates were silent on the matter, but at the end of the campaign Fraser admitted that he thought the married men should be allowed to stay in New Zealand, but refused to say any more.⁽¹⁾ The publicity given the question during the campaign could have added to the defiant attitude of the men when the time came to return, but it is more likely that Holland and other candidates were merely echoing a public feeling which was already very strong.

The Government's attitude to the manpower question had toughened considerably during the months since the March debate in the House, and the fundamental decision on 2 Division had been made. Sometime between March and August the Government had decided that the division would go on to Europe, and not return to New Zealand after the North Africa campaign. This decision was not formally announced, and the first news of it that reached the public was in "New Zealand at War", a pamphlet published by the Director of Publicity. This was ostensibly a summary of the country's war effort, but it was also clearly intended as election propaganda and was in fact widely circulated by the Labour Party. The passage on "Man-power commitments" stated off-handedly

Our man-power commitments have been decided by Parliament. Our Division in the Middle East, proud of its membership in the famous 8th Army, will stay to fight

(1) Ibid., 22 September 1943.

in Europe. Our Division in the Pacific is ready to play its part.⁽¹⁾

This method of informing the public about the disposition of 2 Division was assailed as underhand by Lee, and he and his candidates criticised the sending of the division on to Europe. Fraser, however, made no secret of the Government's intention during the campaign, and, in a speech at New Plymouth, even showed that it still regarded the European theatre as more important than the Pacific.

"We have never claimed we could maintain a division in the Middle East or Europe, and also keep our men in the Pacific indefinitely. When our Middle East division is in North Europe within a period of months, our troops in the Pacific will be used to strengthen the first (i.e. second) division."⁽²⁾

Fraser also accused Holland of promoting a "defeatist policy" about overseas commitments. What was the reason for this new frankness on the subject? Probably the Government realised that its equivocations at Christchurch East had done it little good, and that it might as well make it clear that the Division would not return. Fraser also seemed to want the public to know the broad lines of the Government's policy whether it was election time or not. However, the devious method used to convey the decision on 2 Division left an impression that the Government was still afraid of public reaction to the news.

Generally, however, the Government's manpower policy was endorsed by the country. National probably won some votes by

(1) Loc.cit., p.10.

(2) Dominion, 2 September 1943.

its general criticism of the "manpower bungle", particularly in country districts where labour was short, and by its call for a reduction of forces in New Zealand. Democratic Labour's basic criticism of the decision to try to equip two Divisions was not accepted. As Lee admitted,

The country voted and voted clearly for the Government's manpower commitments which had only been opposed by Democratic Labour which lost deposits everywhere. True, no one knew what those commitments were, but the country voted.(1)

The manpower issue provided some room for debate on the war effort, but in domestic politics there were few real issues. There were many points, of course, on which the Government was open to criticism. The most important of these were taxation and the operations of the Internal Marketing Division. The Government could only point out that the high level of taxation was primarily due to the war, but it preferred, of course, to leave the matter alone. Neither National nor Democratic Labour made any specific proposals to reduce taxation, but this did not prevent them from saying that the overall level was too high. There were some dark hints that the War Expenses Account was being misused, but, perhaps wisely, no evidence was produced to give them substance. The operations of the Internal Marketing Division were another matter. The Division had had control of the grading and packing of all New Zealand-grown fruit since August 1940, and throughout the war control over prices of

(1) John A. Lee's Weekly, 8 December 1943.

foodstuffs had gradually been extended, culminating in the fixation of maximum retail prices for many kinds of vegetables and fruit in 1943. Soon reports began to circulate, sometimes in the newspapers, of fruit and vegetables being dumped because growers could not cover their costs, or because the I.M.D. could not distribute them. Numerous questions were asked in Parliament, and Barclay, the Minister of Marketing, led a harried existence from his appointment in 1941 until his defeat in 1943. Often the reports of dumping were found to be exaggerated or untrue, but it was obvious that there were delays in distribution and some needless shortages, although it is hard to tell how serious they were. The Division irritated both growers, who blamed it for their low returns, and consumers, who blamed it for shortages. Barclay protested in vain that the Division had nothing to do with setting the prices of produce and that many of the vegetables in short supply were those that were not handled by it, but any shortages and retail price increases were inevitably blamed on the Division. It was condemned roundly by Democratic Labour and National candidates, the latter promising to abolish it altogether. In Nelson, however, where the fruit-growers had benefited from orderly marketing, Holland was careful to say that no marketing machinery would be removed "without putting something better in its place."⁽¹⁾

(1) Dominion, 13 September 1943.

Despite the efforts of the Social Credit candidates and the Democratic Labour Party, monetary control was only a minor issue in the campaign. The Labour line had been laid down at the Easter Conference, which had resolved

That the controls now exercised by the Government over monetary and currency policy are now so effective that the purchase of the Bank of New Zealand and/or other trading banks is at present unnecessary.⁽¹⁾

National policy provided for a "non-political" Currency Commission, but the party made strangely little use of the point, and no speaker enlarged on it in detail. Only Democratic Labour, which called for the nationalisation of one or all trading banks (candidates' ideas varied on this) presented a radical challenge to the Labour position. However, Lee seemed to have decided that the election would be fought on the manpower question, and monetary reform, which had been stressed in 1940, occupied only a subordinate place in the party's policy in 1943.

As might have been expected, the most contentious domestic issue in the campaign derived from the problem of rehabilitation. This was the effort to secure land for servicemen and to stabilise land prices through the Servicemen's Settlement and Land Sales Act. This was passed in haste at the end of the 1943 session, but it provided by far the bitterest issue in the campaign. Pressure had been growing for some time for control

(1) Ibid., 29 April 1943.

of land values, which had risen spectacularly since 1939, for memories of the failure of soldier settlement on the land after World War I were still keen, and this was mainly attributed to the high prices then paid for land. At the Labour Party conference Moohan, the chairman of the Rehabilitation Board, spoke of the difficulties already being faced by the Board in acquiring land for discharged servicemen owing to the high prices that were being asked, and added that "the only way is for the Government to take strong action and get land at a fair price for soldiers." The Conference's Land and Agriculture Committee presented a report calling for stabilisation of land prices and the right of the State to have first refusal in all land transfers. Barclay, the Minister of Agriculture, promised that measures to stop inflation and aggregation of land would be prepared.⁽¹⁾

The Returned Services' Association's Dominion Council meeting in May resolved that "this Association is strongly against the policy of land aggregation as permitted at present," and also that returned servicemen should be able to acquire freehold farm land "at its productive value."⁽²⁾ The Farmers' Union, in a policy statement at the same time, said that it was "anxious to find a means of limiting the inflation of values of land sold to returned servicemen which will be fair to landowners and returned servicemen alike". However, the statement

(1) Standard, 6 May 1943.

(2) R.S.A. Review, July 1943.

said nothing about compulsory acquisition of land.⁽¹⁾ The President of the Union, Mulholland, in his address to the Dominion Conference two months later, showed that he was opposed completely to the Government's thinking on the subject. He urged caution in any subdivision of existing holdings, and said that the "productive value" was completely unrealistic as a basis on which to acquire land for settlement. At any rate, he said, most returned servicemen would acquire land through "the private acquisition of individual farms", so the main need would be for finance to enable them to do this. He recognised the need for preventing inflation of land values, but condemned any idea of "fixing the absolute value of land over a period of years."⁽²⁾

Mulholland had probably a good idea of what the Government's proposals were, for his objections anticipated closely the Servicemen's Settlement and Land Sales Bill. The main provisions were announced on 5 August. It was described as

An act to provide for the acquisition of land for the settlement of discharged servicemen; and to provide for the control of sales and leases of land in order to facilitate the settlement of discharged servicemen, and to prevent undue increases in the prices of land, the undue aggregation of land, and its use for speculative or uneconomic purposes.

Part I of the Bill set up a Land Sales Court and local Land Sales Committees to set the "basic price" of land changing hands. Part II gave the Government the right to take over

(1) Dominion, 17 May 1943.

(2) Ibid., 15 July 1943.

for rehabilitation purposes, land subdivisible into two or three or more farms, at 30 days' notice. Objections could be lodged with the Court. Part III, which caused the controversy, dealt with the control of sales. A Land Sales Committee had to approve all sales under the provisions of the Act, and if the Committee concerned thought the land was suitable for soldier settlement it had to be offered to the State, which had one month in which to acquire it, compulsorily if necessary. Part IV defined the "basic price", which was to be the maximum price paid by individuals and the compensation price paid by the State. This was to be a capitalisation at four and a half per cent of the nett annual revenue "derivable from the land by an average efficient farmer". The revenue was to be calculated on produce prices at 15 December 1942. For urban land the "basic value" was to be the value at the same date, with such variations as the committee thought "fair".⁽¹⁾

The objections were not long in coming, and their tone was bitterly antagonistic. The Farmers' Union called it "entirely unsatisfactory an attack on property, particularly land, camouflaged as a measure for soldier settlement,"⁽²⁾ and the Associated Chambers of Commerce protested that it used "the public demand for soldier settlement to cloak an attempt on the part of the Government to promote its policy of land nationalisation."⁽³⁾ Similar protests came from the Real Estate Institute

(1) Dominion, 5 August 1943.

(2) Ibid., 7 August 1943.

(3) Ibid., 9 August 1943.

the Sheepowners' Federation and the Farmers' Federation. More startling was the unprecedented intervention of the Law Society. The Society's main quarrel was with Part III of the Bill, which it warned would "lead to evasion on a large scale". Attempts to carry out these provisions, the Society warned, would produce "such delay and difficulties and costs as to make the measure entirely unworkable".⁽¹⁾ The Society's other comments were far from impartial or unpolitical (as they were claimed to be) but its objections to Part III were serious and the Bill was later revised to meet some of them.

The R.S.A. seemed extremely embarrassed by the Bill. The Dominion Council acknowledged that it met its demands for action to "establish" farm and house values. It also stated that provisions for compulsory purchase of land seemed necessary, because the R.S.A. had arranged meetings in farming districts to obtain land for subdivision but had found the results disappointing. However, the Association was not happy about the Bill "as presently drafted" and proposed that it be split into two Bills, one for stabilisation of prices of land and the other for compulsory acquisition.⁽²⁾ Meanwhile protests from provincial and local Farmers' Union branches and Chambers of Commerce were well reported in the press every day. Few paid any attention to the need to stop the inflation of land values or to settle servicemen, but concentrated on the interference with property rights and the

(1) Ibid., 10 August 1943.

(2) Ibid., 12 August 1943.

danger of "socialisation of the land". The main points of grievance were that compulsory acquisition under the Bill would be arbitrary and unfair, and that there was no right of appeal from the Land Sales Court's decisions.

The only alternative proposals were made by the Farmers' Union on 20 August. Mortgage limitation, and transfer fees for land transactions were suggested with the Crown to have the right to acquire land if it was offered for sale. Acquisition of land was to be made only through the 1925 Lands for Settlement Act. These proposals, as Nash pointed out in Parliament the next day, worked to the advantage of buyers who could pay cash for land (which most servicemen could not), were not sufficient to prevent inflation of values and provided no effective powers of acquisition. The Government, as the tone of Nash's remarks showed, did not even consider the proposals seriously.⁽¹⁾ It was encouraged shortly afterwards by a statement by C.O. Bell, the vice-president of the R.S.A. Bell said that "there was as yet nothing (in the Bill) about which the public should become unduly alarmed", and pointed out that calculations on the December 1942 values of land would give vendors "some very pleasant shocks".⁽²⁾ Sir William Perry, the president of the R.S.A., supported the Bill in the Legislative Council at the end of August, because, he said, no alternative had been produced except for the "extraordinary" proposals of the Farmers' Union.⁽³⁾

(1) Ibid., 21 August 1943.

(2) Ibid., 2 September 1943.

(3) NZPD., Vol.263, p.966.

Certainly no alternative was put forward by the National Party. The day before the Bill was introduced Polson said that

The Opposition was just as anxious to see that the soldiers got a square deal as was the Government and would support any measure that would settle the soldiers on the land under conditions where they could be successful,

and his statement was welcomed by the Government.⁽¹⁾ However, when the Bill was introduced the Opposition needed very little time to decide to oppose it. Holland admitted that the mistakes made after 1918, when "many men never had a chance", could not be repeated, and said that the National Party approved of compulsory acquisition of land. However, he objected to the Bill on the general ground of the complaints previously mentioned.

"The Government sets out under this Bill, and under the cloak of reference to is as a servicemen's settlement Bill, to impose pure and unadulterated State control of all transactions in land although the Bill is called a servicemen's settlement Bill, it is aimed deliberately at every owner of property."

His one positive proposal was startlingly frank; land should be given to servicemen at the productive value, but bought from the present owners at "a fair market price", "the difference to be carried by the community as a whole".⁽²⁾ Not even all National members agreed with this; Bodkin, in reply to a question from Nordmeyer, said that land should be bought

(1) Ibid., p.503.

(2) Ibid., pp. 675-682.

by the State at its productive value.⁽¹⁾ The National Party fought the Bill bitterly in the House, and the problem of settling returned men on the land was generally lost sight of amid charges that the Bill denied the freehold and provided for socialisation of the land. Both these charges were wildly exaggerated, and references to socialisation of the land were made so often that the Speaker ruled them out of order as tedious repetition in the second reading debate.⁽²⁾

Unfortunately there were no Standing Orders on tedious repetition in back-country election campaigns, where National candidates painted a lurid picture of the effects of the Act. The legislation was complicated and difficult to understand, and probably many farmers had no clear idea of its provisions apart from the summaries given by National speakers. Often these were completely distorted. A.J. Murdoch claimed that it would result in "complete socialisation of the land",⁽³⁾ and S.W. Smith (Bay of Islands) that "no freehold was to be allowed for any land acquired under the Bill" and that "the Labour Government has used the returned soldiers to interfere with your land and mine".⁽⁴⁾

The Government was partly to blame for the misconceptions about the Act. It introduced it on 4 August, only three weeks before the end of the session, and it was pushed through hurri-

(1) Ibid., p.729.

(2) Ibid., p.876.

(3) Northern Advocate, 27 August 1943.

(4) Ibid., 6 September 1943.

iedly. The Bill showed signs of hasty preparation. Barclay, introducing it, did not seem very familiar with its terms. In the committee stages the Government itself introduced a number of amendments to rectify badly drafted and ambiguous clauses. These provided that a majority decision of the Land Sales Court had to include the Judge, the exclusive application of some sections to farm land was clarified, and the term of the Act was restricted to five years after the end of the war, instead of an indefinite period as originally proposed.⁽¹⁾

The Government was taken aback at the strength of opposition to the Bill, and had obviously expected that it would find general support because of its attempt to grapple with the rehabilitation problem. Barclay's personal experience made him take this view, as an exchange with Polson showed.

"Mr. Barclay - As I have told this House before, I am a returned serviceman from the 1914-1918 war, and I sold my farm for £25 an acre to go to the war. When I came back the man to whom I sold the land had just refused £40 an acre for it. Are we going to allow that sort of thing to occur again?

Mr. Polson - The Minister has never got over it.

Mr. Barclay - No, I have not. I am going to see that the returned soldiers of this war are not "socked" in the way I was "socked", as well as thousands of others who were at the 1914-1918 war."⁽²⁾

No-one questioned that land had to be made available to servicemen at its productive value, but the Government found that this did not mean an end to controversy over the Bill. In fact, the Government added to this controversy by failing

(1) NZPD., Vol.263, pp.900-5.

(2) Ibid., p.673.

to realise the extent of feeling over the issue of the freehold. Although the R.S.A. had said that this should be given to all men settled on the land under the Bill, Fraser, when the Bill was first introduced, brushed aside the problem by saying

"I am not going to enter into an argument about freehold or leasehold in connection with the settlement of soldiers. If our proposals are put into effect the value will be there, whether it is a matter of leasehold or freehold, and that is what I am concerned about." (1)

Nevertheless, Fraser thought it prudent in his opening campaign speech to pledge that the party would grant the freehold "on certain lands". (2) The final formula was arrived at in an interesting way. D.V. Bryant, a member of the Waikato Land Settlement Society, had campaigned with the R.S.A. in Hamilton for the right of servicemen to choose the tenure they desired. On 24 August Fraser wrote to Bryant that they would be given the right to the freehold on the pattern of the Society's own scheme. This granted all the incidence of freehold except the right of free alienation, which required the consent of the Minister of Lands. (3) This agreement should have ended the controversy, but strangely enough it was given little prominence in the city newspapers, and by September the question of the freehold had become hopelessly confused by National Party statements that it would not be granted to any returned soldier.

(1) Ibid., p.719.

(2) Dominion, 31 August 1943.

(3) Waikato Times, 31 August and 20 September, 1943.

Labour speakers emphasised that those desiring it would get it, and on 16 September Barclay revealed that out of 212 applications for land, 100 had been settled and the applicant had been granted the freehold in every case. Barclay also emphasised that the Government would take land only "from those who are not using it". No houses would be taken, and no large holdings which were fully productive.⁽¹⁾ Labour candidates tried to assure rural audiences that no land would be taken from any farmer actually working it fully, but National candidates pointed out that this was not guaranteed by the Act and that the Government had power under it to acquire almost any land so long as a farmer was left with an "economic holding". There were also misgivings about terms such as "fair value" and "productive value", for these were not defined in the Act and there was only the Government's word that these and the compulsory acquisition provisions would be fairly administered.

The Government was able, however, to prove its good faith on one point. The Opposition, during the debate in the House and the campaign, had said that the Act was largely unnecessary as there was much second-class and Crown land that could be developed for soldier settlement. Many National candidates, in fact, derided servicemen who were not prepared to "go into the back-blocks". Labour, however, held that second-class land was not suitable for soldier settlement, and pledged that returned

(1) Northern Advocate, 17 September 1943.

servicemen would be given first-class land and would not be put on isolated farms. Had the issue been confined to this question Labour's proposals might have appeared in a better light, but the party was all too often embroiled in pointless arguments about the freehold, and in assuring farmers that small holdings would not be taken.

Since the swing away from Labour was so marked in rural areas in 1943 some consideration might be given to other Government policies and actions concerning the farmers. Hostility towards Labour in the countryside was marked. Barclay, the Minister of Agriculture, who was a farmer himself and sympathetic to farmers' problems, was nonetheless given very rough treatment by audiences when he spoke in country districts. At Eltham, at the beginning of the election campaign, a motion of no-confidence in him and the Government was carried with acclamation.⁽¹⁾ Barclay was unfairly made the butt of farmers' dissatisfaction with the Government, and his defeat in Marsden was widely admitted to be a poor reward for his own efforts to ameliorate their wartime difficulties.

Nevertheless, the Government did not make Barclay's task any easier. Farmers naturally turned back to National as memories of the depression faded and overseas prices increased, but the Government itself accelerated this trend with a series of

(1) Dominion, 2 September 1943.

pinpricks which by 1943 resulted in universal resentment against Labour in rural areas. The Land Sales Act was merely the last and most spectacular of these. Much bad feeling among sheep farmers was caused by the Government's attitude to the 15 per cent increase in 1942-43 wool prices. When this was granted in 1942 by Great Britain, the Government decided that, since between £2,250,000 and £2,500,000 was involved, it would have an inflationary effect if distributed all at once. The woolgrowers, however, were against any part of the payment being deferred.⁽¹⁾ In January 1943 the Stabilisation Commission recommended that six and one half per cent of the payment be withheld of which five and one half per cent would go to a reserve stabilisation fund for the industry and one per cent towards stabilising the New Zealand price for wool.⁽²⁾ The Government, however, decided to withhold ten per cent of the amount, four per cent of which would be paid to the growers at the end of the season and five per cent paid in non-negotiable Government bonds. One per cent, about £220,000, was withheld for stabilisation purposes.⁽³⁾ There was an immediate outcry when this was announced, and it persisted unabated throughout the rest of the year. Farmers argued that they had been singled out for special treatment when the stabilisation policy was supposed to apply to all. They also complained with justification that, by being issued with bonds, they were the only group in

(1) Ibid., 26 June 1942.

(2) Ibid., 13 January 1943.

(3) Ibid., 30 January 1943.

the community which was forced to contribute to a Government loan. The National Party followed the Farmers' Union in demanding that the farmers be paid the whole amount without qualification, and a number of Labour candidates in rural areas also condemned the Government's attitude. Altogether the affair created much bad feeling, particularly since the Government did not even accept the Stabilisation Commission's recommendations.

Wartime stabilisation as it affected the dairy industry produced more deep-seated problems. Here stability of prices without stability of costs produced unforeseen results which the Government recognised only slowly and unwillingly. A reservoir of ill-will toward the Government had been established by the refusal to increase the guaranteed price in 1938, and this built up during the war years. For four years after 1938 the price remained unchanged at 14.89d per pound for butter, and 8.42d per pound for cheese. During these years production costs skyrocketed on farms and in dairy factories⁽¹⁾ and there had been two general awards of the Arbitration Court increasing wages - one in August 1940 and the other in April 1942.

It was not until August 1942 that any additional payment was made for increased costs, and this was a "War Costs Allowance", not an increase in the guaranteed price. With the advent of general price stabilisation in December 1942 it became

(1) See A.J. Sinclair, *Guaranteed Prices for Dairy Produce* (1946) p.24.

clear that a further adjustment was necessary before the dairy industry would accept the proposals. A committee representing the industry and the Government was set up to consider how much production costs per pound of butterfat had risen since 1938, and in July 1943 it reported that an additional farm costs allowance of 0.767d per pound and a factory costs allowance of 0.269d per pound would bring the relation between prices and costs back to the 1938 level. The Government approved these increases, which Barclay described as a just settlement of the industry's claims.⁽¹⁾ This was true in that the payout for the 1943-44 season included an allowance for cost increases since 1938, but there was no back payment to cover the two previous years in which no cost allowance had been made.

In addition, the industry itself was paying for its cost allowance, for it was made from the Dairy Industry Stabilisation Account, which was credited with proceeds from increased prices for butter and cheese after the introduction of stabilisation. Farm spokesmen were quick to point out that some other industries, particularly the mines, had received cost allowances from general revenue, even in some cases from the War Expenses Account. Thus the Government had actually modified the whole principle of the guaranteed price by making a belated cost allowance instead of realising that, despite the introduction of stabilisation, circumstances required an increase in the price.

(1) NZPD., Vol.263, pp.375-6.

There was no doubt that the Government's attitude to cost increases caused a serious loss of confidence in its intentions toward the farmers, and the 1943 allowances came too late to offset this feeling. The swing to the National Party in dairying areas was due rather to this discontent, and to the party's skilful exploitation of it, than to any proposals which it put forward. In fact, National policy for the dairy industry was scarcely taken seriously by many of the industry's spokesmen. The relevant passage in the party's manifesto read

Guaranteed minimum prices for farm produce, with ceiling prices determined by the producers themselves.

How the producers would do this, and how the minimum price would be financed, was never set out in detail, despite urging from farmers' spokesmen. At a meeting of the South Auckland Dairy Association late in August 1943 the only delegate to try to interpret the policy was A.J. Sinclair, a well-known critic of the Guaranteed Price Scheme, who said that he took it to mean that the maximum price would be set by a representative committee similar to that which had determined the 1942-43 cost allowances. This Committee, however, comprised representatives of the producers, the Government, and the Stabilisation Commission, and not just of "the producers themselves". The "Waikato Times" reported that

Others expressed uncertainty as to what Mr. Holland meant and asked how a ceiling price could be fixed when the sale price on the greater part of New Zealand's dairy output was subject to overseas influences.⁽¹⁾

Actually, National spokesmen did not give their party's scheme much attention. The tenor of their campaign was rather that the Government had been excessively niggardly in its attitude to the guaranteed price. National policy must be seen as a reflection of the demand that the price be raised rather than a desire to do away with the scheme.

Farm labour shortages have already been mentioned as a serious difficulty in the war years. It will be seen from Table 2 that the shortage was at its worst between 1941 and 1944. It was evident from questions and complaints voiced at meetings in country districts that labour shortages were a major topic, and the Government's manpower policies had obviously antagonised farmers more than any other group. Labour speakers were often confronted with cases of women and old people having to work long hours where the owner of a one-man farm had been called up.

These difficulties, and the political effect they had, must be kept in their proper perspective when considering the swing against Labour in farming districts. The wool rebate, the Servicemen's Settlement and Land Sales Act, and the belated adjustment of dairy industry costs, were serious irritants, and

(1) Waikato Times, 30 August 1943.

they undoubtedly caused a sudden decrease in Labour's rural support in the 1940's. However, these factors must be set against the background of the complete change in farmers' circumstances since 1935. The difference in farm income and prosperity between then and 1943 needs no stressing here. War conditions gave New Zealand a more assured market in Great Britain than ever before, and despite the static guaranteed price these long-term contracts actually resulted in a sudden increase in farm produce income at the beginning of the war. A steady increase was maintained during the war years.⁽¹⁾ The success of Government policies for the dairy industry may be seen in the fact that there was no argument with the principle of the guaranteed price in 1943. National candidates disregarded the vague wording of their manifesto, and instead pressed simply for an increase in the price, emphasising for good measure the general wage increases that had been granted during the war years.

Viewed in retrospect, Labour's success in rural seats in 1935 and, to a lesser extent, in 1938 was the result of a temporary departure from rural voting patterns. Labour's mistake in 1943 was in thinking that the improvement in farmers' circumstances since 1935 would accrue as additional Labour support in rural seats. What happened was that increased prosperity, and the fading of memories of the depression years, resulted in a swing back to National, and this was accelerated by the Govern-

(1) New Zealand Official Year Book, 1946, p.267.

ment's bad handling of such matters as the wool rebate and the Land Sales legislation. The basic reason for the swing away from Labour was well expressed by J.G. Barclay, the Minister of Agriculture from 1941 to 1943 and one of the casualties in the election, in a letter to the author in 1961.

The farmers turned against Labour for the same reason that they turned against the Liberals many years ago. They turned against the Liberals because the Seddon-Ballance Government brought in cheap money and made them prosperous and prosperous people will always become conservative The war conditions and increased prices for their products (for which the guaranteed price was only a minor consideration), turned the farmers conservative and nothing on the face of the earth will turn them back until prices for their products recede again.

TABLE 2⁽¹⁾
Estimate of Farm Labour Force

Year	(1)	(2)
	Permanent Males on Holdings 1 acre and over 1000 persons.	All Farm Labour, Males and Females inc. Casuals on all holdings. 1000 persons.
1938-39	119.0	157
1939-40	117.0	154
1940-41	102.0	140
1941-42	87.0	125
1942-43	87.0	125
1943-44	89.0	127
1944-45	92.0	130
1945-46	108.0	137
1946-47	112.9	135

(1) This table is taken from B.P. Philpott and J.D. Stewart, *Income and Productivity in New Zealand Farming 1921-1956* (1958) p.21.

THE ELECTION CAMPAIGN

The fact that the country was at war impressed itself on the whole campaign. Candidates and parties faced a number of difficulties. John A. Lee, recalling the campaign in conversation with the author, described it as a "blackout election". Men were either overseas, in camp, the Home Guard or fire-watching, and women did not want to leave children at home alone in the evenings. Fuel shortages often made it difficult to heat a hall for a meeting, and petrol rationing, despite the special allowances for campaigning, cut down the use of cars. The use of paper was also carefully controlled. Allocations to parties and to individual Independent candidates were strictly set, and each item printed had to bear on it a "consent number", to show that the use of the paper had been approved by the Director of Publicity.

The new parties and the Independents complained bitterly about allocations of radio time. Democratic Labour was allowed only one broadcast, and that over only two stations in the first week of September. Lee protested about this,⁽¹⁾ and with reason, for an early broadcast meant that Government speakers had three weeks in which to answer the points he raised and to put Labour's case on the air every alternate night. The Independent Group was allowed on studio broadcast, and this was given by C.D. Drummond, a well-known and effective radio announcer. The Real Democracy Movement, however, was not allowed a broadcast,

(1) Dominion, 31 August 1943.

although it had 17 candidates and the Independent Group only six more. The Minister of Broadcasting refused the R.D.M. request with the lame excuse, on 31 August, that all subsequent evenings had been allocated for broadcasts.⁽¹⁾ Atmore, the Independent member for Nelson, was allowed a broadcast meeting, but Barnard^{was} refused this and offered only a half-hour studio broadcast from Napier.⁽²⁾

Despite these handicaps many of the new party and Independent candidates made effective campaigns. Some printed a surprising amount of pamphlet material, and the best speakers attracted larger audiences than did Labour or National candidates in their electorates. Newspaper coverage of the campaign was usually scrupulously fair. In fact, some newspapers gave far more space to Independent and small party candidates, apparently because they made better news and had something new to say. Lee considered that newspapers were "very fair" in the amount of space given the Democratic Labour campaign.⁽³⁾

Nevertheless, it is doubtful whether the press gave a true picture of the campaign. One has only to remember that had a directive from the censor not been intentionally contravened early in September, there would have been no mention of the heated discussion on the furlough scheme and the future disposition of New Zealand forces. The newspapers, as Lee said,

(1) Press, 1 September 1943.

(2) Dominion, 6 September 1943.

(3) J.A. Lee, interview with the author.

"damped down" the whole campaign. References to the war and to manpower were kept to a minimum. This is particularly evident when reports in the city press are compared with those in some small-town and rural papers. Many of these gave very full reports of meetings, and therefore a much clearer idea of what the candidates were saying about some of the really controversial issues. It is only when such full reports were given that it is possible to gauge the relative importance of the issues.

Forecasts of a "dirty election" were realised in some of the pamphlet material. By far the worst example was the Federation of Labour's pamphlet attacking Lee.⁽¹⁾ Otherwise, the liveliest Labour-Democratic Labour exchanges seem to have been restricted to meetings. This aspect of the campaign was likewise kept out of most press reports. Most party propaganda was, however, restrained and not on a personal level.

(1) See above, p.155-6.

CHAPTER 7

THE RESULTS

National was the only party which gained anything from the election, and in terms of seats won the result was very satisfactory for it. It lost Eastern Maori, but won eight others from Labour. No minor party or Independent candidate won a seat, apart from Atmore, who held Nelson with Labour support. However, while there was a swing from Labour to National in terms of seats held, the gain was by no means as impressive as it seemed. Five of National's new seats were won with minority votes, and four of these would have remained in Labour's hands but for the intervention of Democratic Labour candidates. The actual vote for the National Party in 1943 showed a smaller increase than in any other election between 1935 and 1949, as Table III makes clear. Yet at the same time, Labour's vote fell by nearly ten per cent from its 1938 peak.

TABLE III (1)

Percentage of vote polled by Labour and
National Parties, 1935-1949

	Labour	National	Others
1935	50.60	36.43	12.97
1938	57.09	42.63	0.29
1943	47.22	43.30	9.48
1946	50.83	48.98	0.19
1949	46.54	52.62	0.84

This gap between the Labour loss and the National gain was filled by the votes for three new parties and the Independent

(1) All figures in tables in this chapter refer to the European electorates only.

candidates. These were distributed as follows,

Democratic Labour	..	..	..	40,433	4.44%
Independent Group	..	..	..	7,186	0.79%
Real Democracy Movement	..	..		6,096	0.67%
Independent candidates	.	..	..	32,704	3.58%

These candidates obviously played an important part in determining how many votes the major parties gained or lost. The most clear-cut case was the split in the Labour vote caused by the intervention of Democratic Labour, and this will be examined later in this chapter. However, intervention by minor party and Independent candidates also had serious effects on the National vote. This is most clearly seen in the electorates where it showed a decrease since 1938. This happened in 13 electorates.

Table IV shows that in no case was this decrease due to an increase in the Labour vote. In fact, this also decreased sharply in most of the electorates listed. In a number the National decrease was due to the intervention of candidates who would clearly be expected to split the party's vote. In Riccarton Kyle's name remained on the ballot papers although he withdrew before election day. He polled 272 votes, just enough to stop any increase in the National vote. In Manawatu, S.J.E. Closey, a critic of National's agricultural policies, polled 675 votes. The result in Remuera was more complicated. The R.D.M. candidate and one miscellaneous Independent (polling together 2.13 per cent of the total) apparently combined with the Independent Group to siphon away any possible increase in the National vote.

TABLE IV

Electorates showing decrease in National
Vote 1938-1943⁽¹⁾

Electorate	N % decrease	L % decrease	D.L. %age	I.G. %age	Others
Napier	0.01	22.04			22.05
Riccarton	0.11	8.41	6.67		1.85
Manawatu	0.16	5.99			6.15
Masterton	0.87	7.38	5.54	2.71	
Kaipara	0.95	14.74			18.33
Dunedin North	1.07	6.72	1.83	5.96	
Remuera	1.53	4.13	2.11	1.42	2.13
Wellington Subs.	1.57	9.86	11.33		
Auckland Central	2.20	8.01	7.10		3.11
Wanganui	3.80	15.12	6.16		12.76
Timaru	3.89	8.08	11.97		
Grey Lynn	3.93	20.54	23.29	0.53	0.65
Hutt	7.55	17.70	2.76		22.49

In Wanganui the R.D.M. candidate reduced the totals of both Labour and National, and J.H. Hogan's high vote as an Independent in Hutt obviously had even more drastic effects on the votes of both major parties. The remaining cases are the most interesting. D.M. McClure, the Independent candidate for Auckland Central, advertised the fact that he was an original member of the New Zealand Socialist Party, but his votes in 1943 were taken mainly from National. In Napier and Kaipara, the Independents both favoured national unity and, despite their Labour

(1) Abbreviations used in this and subsequent tables:

N = National, L = Labour, D.L. = Democratic Labour,
I.G. = Independent Group, R.D.M. = Real Democracy Movement.

view, took some votes from National. In Wellington Suburbs, Timaru and Grey Lynn, however, the decrease was due to the Democratic Labour candidates. This throws an interesting light on the appeal of Democratic Labour. The party, in these three electorates at least, not only stopped a drift from Labour to National, but took some votes which had gone to the latter in 1938. This was probably due to Democratic Labour's outlook on such questions as manpower and compulsory unionism, where it and the National Party presented similar criticisms of Labour policy, and its emphasis on private enterprise, particularly in small business. The trend in these electorates need not have been followed elsewhere. Lee, Frame and Creswell, the Democratic Labour candidates, were probably the best campaigners in the party, and none had a very effective National opponent. However, it is clear that at least the best of the Democratic Labour candidates could take votes from National as well as Labour.

Labour's vote showed a decrease in all electorates, although the actual amount varied considerably. The largest losses of course, occurred where the votes for other left-wing candidates were strongest, and they were not always accompanied by National gains. In fact, in Napier, Grey Lynn and Hutt, where Labour lost most votes, National's share of the total also decreased. The same happened in Wanganui and Kaipara, both of

which showed heavy Labour and smaller National losses. There was, in fact, only one electorate in which Labour lost more than ten per cent of its vote where National gained a comparable amount. This was Bay of Plenty, where the swing was 10.16 per cent. There were 27 electorates in which Labour lost a higher proportion than this, but in none of these was the National gain above eight per cent.

Such large Labour losses were usually caused by the intervention of Democratic Labour candidates. However, Table V, which lists the electorates in which Democratic Labour polled over seven per cent of the vote, shows that few of these relatively large votes seriously embarrassed Labour. They were all gathered in the areas of the Government's greatest strength and in nine out of the eleven electorates it was still able to poll absolute majorities.

Even in Grey Lynn, where Lee polled nearly a quarter of the votes, Labour still won 59 per cent of the total. In Auckland Suburbs, where the Democratic Labour vote, combined with a three per cent swing to National, caused a 15.55 per cent decrease in Labour's vote, Mason still had a majority of 3,000. Democratic Labour was not even responsible for the loss of Bay of Islands, where the National candidate won an absolute majority.

TABLE V
Effect of Democratic Labour Votes

Electorate	D.L. % of total	L. % decrease	L. % of total	N. % of total
Grey Lynn	23.29	20.54	59.01	16.52
Timaru	11.97	8.08	50.78	37.25
Wellington Suburbs	11.33	9.86	50.96	37.71
Auckland West	9.77	13.82	62.56	26.10
Wellington South	9.40	13.19	59.91	29.14
Christchurch East	9.23	9.35	64.39	24.38
Auckland East	9.10	10.99	47.76	41.35
Auckland Suburbs	8.56	15.55	54.20	31.25
Bay of Islands	7.97	12.43	38.44	53.39
Avon	7.76	10.69	62.06	30.18
Auckland Central	7.10	8.01	63.88	25.91

These results show why Democratic Labour had no hope of success. It could poll substantial votes only in electorates with a strong Labour tradition and a high Labour vote. Thus its highest votes were those which did least damage to Labour. The Democratic Labour totals in the four seats where it split the vote sufficiently to allow a National victory were actually comparatively small. These were

Waitemata	..	..	..	976	6.46%
Hamilton	..	..	..	885	5.64%
Masterton	..	..	..	581	5.54%
New Plymouth	.	..	..	299	2.12%

None of these votes was anything to feel proud of, nor were they a basis for possible future increases. The vote in

New Plymouth was almost the lowest polled by the party. Such small votes meant inevitably that supporters were discouraged and electors convinced that it had no hope of success, so it can be concluded that Democratic Labour affected the result only in four electorates where it could not even have hoped to hold its vote at another election.

The votes for candidates of the two other new parties, the Independent Group and the Real Democracy Movement, were usually too small to give any clear indication of their effect on the major parties' votes. The R.D.M. vote in Wanganui, the only electorate where the Movement polled over four per cent of the total, was taken from both Labour and National, though probably more from the former.⁽¹⁾ Only six Independent Group candidates polled more than three per cent of the vote. In five of these electorates National's vote increased by between 1.78 and 6.97 per cent. In most other cases, Independent Group candidates probably cut National gains by a few per cent, but they were responsible for a decrease in the National vote in only two electorates. In Dunedin North, F.A. Keane received 5.96 per cent of the vote, and National's share declined by 1.07 per cent. In Masterton, J.N. Power's share was 2.71 per cent, and the National vote dropped 0.87 per cent, although it won the seat through the intervention of a Democratic Labour candidate. Generally, however, there was no constant Independent Group effect on the National vote.

(1) Cf. p. 207.

It is clear that, apart from Democratic Labour, none of the small parties played a significant part in taking votes from any one party. Yet there was no uniform swing from Labour to National even in electorates where there were "straight fights" between the two parties in 1938 and 1943. The swings to National in these seats were

Bay of Plenty	..	..	..	10.16%
Waipawa	..	..	..	9.31%
Rangitikei	..	..	..	7.07%
Clutha	..	..	..	5.25%
Waitaki	..	..	..	4.68%
Dunedin West	..	..	..	4.30%
Westland	..	..	..	3.39%
Temuka	..	..	..	3.06%
Motueka	..	..	..	2.79%

Since there was no intervention by third party or Independent candidates here, some other explanation must be found for the variations in swing. In the remainder of this chapter, an examination will be made of the variations in five classes of electorates. The classification of each is determined by its proportion of "urban" to "rural" population as defined by the Representation Commissions. These proportions had to be worked out by the successive Commissions (until the abolition of the country quota in 1945) so that the appropriate weighting could be given the rural population.⁽¹⁾

(1) The determinations of the 1927 and 1937 Representation Commissions are of relevance to this chapter. See AJHR, H45, 1927 and 1937.

Using the figures of the Commissions, the 76 European electorates have been divided into five classes for the purposes of this chapter.

- Class 1 Entirely rural or up to 15% urban population
- Class 2 16% to 35% urban population
- Class 3 36% to 65% urban population
- Class 4 66% to 85% urban population
- Class 5 More than 85% urban population

This classification is fairly similar to Chapman's⁽¹⁾ but the categories used here are more closely defined, although perhaps more arbitrary. Lipson⁽²⁾ divides electorates into four classes, but without giving the criteria on which his classification is based. This detracts rather from its usefulness, for such terms as "mainly urban" and "mainly rural" are by themselves too imprecise to give much idea of the character of an electorate.

The classification advanced here, though precise, may be criticised as too rigid. It is true that the definition of "rural" population (resident over five miles from a post office) used by the Representation Commissions was in itself arbitrary. However, any such classification must be arbitrary to a degree. Wherever the line is drawn there will always be electorates which do not fit readily into any class. Rural seats with a large mining population (for instance, Buller) are the obvious

(1) R.M. Chapman, The Significance of the 1928 General Election (Thesis, 1948) pp. 147 et. seq.

(2) L. Lipson, The Politics of Equality (1948) pp. 204-5.

examples. However, any adjustment of categories to accommodate such problem cases would quickly call for proportionate adjustments for other electorates, and in the end no classification at all would be possible. Classification on occupational lines is the only practicable alternative, but requires considerable research. Categories would be harder than ever to define, and there would be many electorates which overlapped several "occupational" classes such as "farming", "mining", etc.

The classification used here results in surprisingly satisfactory groupings. Class 1 includes all the purely farming electorates, although no distinction can be made between the types of farming carried on. The only electorates in Class 1 with a substantial population not engaged in farming were Otaki and Raglan, both of which Labour held by small margins. The only other electorate in this class won by Labour in 1943 was Motueka. Class 2 includes a large proportion of dairying electorates, such as Franklin, Waikato, Patea, Stratford and Tauranga. One electorate in this class, Otahuhu, was an Auckland suburban area, but much of the population was still technically "rural". Class 3 is the most interesting. It includes one suburban electorate (Auckland Suburbs) with very little farming population. The rest were country towns, surrounded usually by a belt of farm land. These were Kaiapoi, Whangarei (Marsden), Masterton, Nelson, Oamaru, Thames and Greymouth (Westland). Class 4 comprises larger towns (Gisborne, Hamilton, Hastings (Hawkes Bay)

Napier, New Plymouth and Timaru) and some city suburban seats (Riccarton, Wellington Suburbs and Waitemata). The last of these still contained some dairy-farming population in 1943. Class 5 includes all the "city seats", that is, all the electorates in the four main centres except for the few fringe-area suburban seats in Class 4. Class 5 also includes the secondary cities of Invercargill, Palmerston North and Wanganui.

Table VI shows the number of seats in the five classes after the redistributions of 1927 and 1937. Only the elections of 1935, 1938 and 1943 will be compared here. There was no equivalent of a National-Labour contest in 1931, for the fusion of Reform and United was not completed and candidates of both parties contested many electorates. Unfortunately, the comparison cannot be extended forward to 1946, for after the abolition of the country quota in 1945 no further determinations of rural and urban population were made by Representation Commissions.

Although there were new parties in the field in 1935 and 1943, the main interest at these three elections is in the varying fortunes of the Labour and National Parties in the different classes of electorates. These are shown in Tables VII and VIII. The percentages in Table VII refer to the combined valid vote in all electorates in each class.

TABLE VI

Numbers of Seats in Classes 1-5 : 1927 and 1937

	Class				
	1	2	3	4	5
1927 (Affecting elections in 1928, 1931 and 1935)	16	18	10	7	25
1937 (Affecting elections in 1938 and 1943)	17	16	8	9	26

TABLE VIIPercentage of Votes obtained by Labour and National
Parties in Classes 1-5

		Class				
		1	2	3	4	5
1935	<u>L</u>	34.93	38.54	47.88	50.47	56.21
	<u>N</u>	39.70	41.41	32.59	33.95	25.94
1938	<u>L</u>	47.71	50.33	51.31	58.25	63.46
	<u>N</u>	48.98	48.69	41.71	41.75	32.88
1943	<u>L</u>	39.13	43.01	43.88	48.12	52.51
	<u>N</u>	56.40	50.86	43.79	42.59	35.39

TABLE VIIIPercentage of Vote gained or lost by Labour and National
Parties in Classes 1-5 : 1938 and 1943

		Class				
		1	2	3	4	5
1938	<u>L</u>	+12.78	+11.79	+3.43	+7.78	+7.25
	<u>N</u>	+9.28	+7.28	+9.12	+7.80	+6.94
1943	<u>L</u>	-8.58	-7.32	-7.43	-10.13	-10.95
	<u>N</u>	+7.42	+2.17	+2.08	+0.64	+2.51

Labour was in a strong position in every class of electorate in 1935, and suddenly seemed able to challenge National in that party's previously impregnable strongholds - the rural seats in Classes 1 and 2. Labour's gains in seats here, as shown in Table IX, were, however, deceptive. They were partly due to the split National vote, and it should be noted that National still held a small lead in votes in Classes 1 and 2.

TABLE IX

Seats won in Classes 1-5 : 1935-1943

	Class														
	1			2			3			4			5		
	<u>L</u>	<u>N</u>	Others	<u>L</u>	<u>N</u>	Others	<u>L</u>	<u>N</u>	Others	<u>L</u>	<u>N</u>	Others	<u>L</u>	<u>N</u>	Others
1935:	5	9	2	11	4	2	9		1	5	2		23	2	1
1938:	5	11	1	6	10		7		1	8	1		24	2	
1943:	3	14 ⁽¹⁾		5	11		5	2	1	5	4		23	3	

In all other classes, however, Labour won a substantial majority of votes as well as seats. Despite its almost identical lead over National in votes in Classes 3 and 4, Labour was not able to achieve the same clean sweep of seats in the latter as in the former. This was because the split vote factor operated with greater force in Class 3 than in Class 4.⁽²⁾ National's plight in the Class 5 seats in 1935 is clear enough. It polled only slightly more than a quarter of the votes and won only two seats,

(1) National won the Bay of Plenty seat from Labour at a by-election in 1941.

(2) Atmore, the Independent member for Nelson (Class 3) was a consistent supporter of Labour after 1935.

although R.A. Wright, an Independent supporter of National, held Wellington Suburbs.

The 1938 election saw a return to the two-party pattern, and the disappearance of five of the six Independents elected in 1935. In Class 1 H.M. Rushworth retired from Bay of Islands and Labour won the seat. In Class 2, A.C.A. Sexton, the Independent Country Party member, lost Franklin to the former National member in a three-cornered contest and D. McDougall, returned as an Independent in Matamora in 1935, lost the seat when he joined the Labour Party in 1938. Atmore held Nelson (Class 3) with Labour support, but in Class 5 Wright lost Wellington West to the Labour candidate.

National gained ten seats from Labour in 1938. These were all in rural areas, where the National vote had been badly split in 1935; Labour had then won seven of these ten seats with minority votes. However, Table VII shows that Labour's vote in Class 1 and 2 increased by a higher percentage than did National's. This fact is generally lost sight of because of the loss of seats by Labour, but many Labour members who lost rural seats in 1938 increased their votes by a higher percentage than did their National opponents. The latter, however, had less ground to make up once the split vote factor operating in 1935 was eliminated, but the very small majorities of many new National M.P.'s left the party with little room for complacency. National's gain in seats in the Class 2 electorates

was made in spite of a Labour lead of 1.64 per cent in votes.

National won no seats in Class 3 in 1938, although its vote increased substantially. In Class 4 Labour won another seat from National although both parties' vote increased by almost exactly the same amount. Here the situation in the Class 1 and 2 seats was reversed; Labour increased its representation without increasing its share of the vote more than National. Labour's hold on the Class 5 seats remained almost complete in 1938. National won 32.88 per cent of the vote, but only two seats. One of these, Christchurch North, was held by the future leader of the party with a slender majority of 492. The other was Remuera, where Endeian's majority of 2861 made it one of National's safest seats.

In 1938 Labour could still claim to have good support in all sections of the community. The National vote showed a clear pattern of decline as the content of urban population increased, and the party was unable even to win any country town seats (the Class 3 electorates). National seemed to be becoming more and more a "farmers' party", but without even the consolation of a firm hold on the rural seats. Even a casual glance at Table VII will show that 1938 and not 1935 was Labour's high point. Although it lost seats it registered substantial increases in votes in all types of electorates, and polled a majority of the votes in four of the five classes.

Against this background, the relative importance of developments in 1943 is clear. National consolidated rather than extended its position in the rural seats (Classes 1 and 2), Labour's hold on the Class 3 seats was broken, and National made the small beginnings of a recovery in urban areas. The improvement, however, was not universal. National's vote actually declined in some city seats.

It was in the Class 1 electorates that the National gain in votes most nearly equalled the Labour loss; that is, third party candidates in purely rural seats did very little damage to National. The drop in Labour's vote did not mean that it lost many seats, but that its rejection in those it lost in 1938 was confirmed. The hopes encouraged in 1935 that Labour might achieve substantial representation in rural seats were finally dashed in 1943, and National members elected in 1938 all had their majorities decisively increased. National had already won the Bay of Plenty seat from Labour in the 1941 by-election. In 1943 it won Bay of Islands and Egmont, where the Independent L.R. Wilkinson had retired. The only seats in Class 1 retained by Labour were Motueka, Otaki and Raglan, the latter remaining in the party's hands only because of the mining vote.

Labour's loss in the Class 2 seats was not so serious, for the small gains by National shows that much of it was due to third party intervention. Nevertheless, Labour did not obtain

majorities in many of the farming areas in the Class 2 seats it held. Buller was an exception, having a large mining population, and in Waimarino Langstone's vote was swelled by the sawmilling population and by substantial majorities in the towns of Taihape and Taumarunui. Marlborough was the only Class 2 electorate in which Labour polled well outside the towns, but even so Meachen would not have held the seat had it not been for his comfortable majorities in the small towns of Blenheim and Kaikoura. The results in Otahuhu and Wairarapa showed up Labour's unpopularity in rural areas even more. In Otahuhu Petrie had majorities at only six out of 24 polling places, and these six were all in the suburbs of Auckland - Otahuhu, Mount Wellington and Westfield, the latter the site of a large freezing works. Roberts' position in Wairarapa was even stranger. He polled majorities at only ten out of 61 polling places, and of these ten only four were in the Wairarapa itself. These were in the small towns of Carterton, Featherston and Greytown, and in the railway settlement at Cross Creek. Roberts rarely polled more than a third of the vote at polling booths in rural areas, his small majority of 151 being entirely due to his support in the borough of Upper Hutt across the Rimutaka Range.

The crumbling of Labour's position in the Class 3 seats is perhaps the most interesting, as it showed the first signs of a swing to National outside the purely rural electorates of

Classes 1 and 2. National increased its vote by only 2.08 per cent, but won two seats, Marsden and Masterton. This may appear a small gain, but it must be remembered that Labour in 1935 and 1938 had held all of these seats except Nelson, which Atmore held with the party's support. He nearly lost the seat in 1943, and Labour's hold on Oamaru and Kaiaipoi was shaky. It still had comfortable majorities in Auckland Suburbs, Thames and Westland, but its monopoly of the Class 3 seats was broken and National made the beginnings of a recovery which was to extend to more highly urbanised electorates in 1946 and 1949.

National appeared (see Table IX) to make its greatest gains in 1943 in the Class 4 electorates, but Table VIII shows that these were largely illusory. The increase in National's vote (0.64 per cent) was the smallest in any class, and this despite a decrease of 10.13 per cent in the Labour vote. National won three seats from Labour, but in every case this was due to the splitting of the Labour vote by Democratic Labour candidates. In 1946 with straight fights in most electorates, Labour won back Waitemata (or North Shore, as it became). In Hamilton and New Plymouth, however, there was a just sufficient swing from Labour to prevent it regaining them, and National held them throughout its term of office and after its defeat in 1957. Democratic Labour's part in the original loss of these seats accounts for much of the subsequent Labour bitter-

ness towards Lee, who himself stood at the Hamilton by-election in 1945 and ensured another National victory by polling 1095 votes. National also suffered from the depredations of minor party and Independent candidates in Class 4 electorates, and this accounts for the small increase in its vote. In Napier Barnard took some votes from National, and in Timaru and Wellington Suburbs Democratic Labour candidates did the same, a very unusual result.⁽¹⁾ In some Class 4 electorates, of course, National increased its vote substantially, but the gain was not at all evenly spread.

The Government was hit hardest in its strongholds, the city seats of Class 5, where overall its vote dropped by nearly 11 per cent. National, however, won only one new seat here, bringing its total up to three, while Labour still held 23. The seat changing hands was Wellington West, which Labour had won from the Independent R.A. Wright in 1938. In terms of votes, too, National's position in Class 5 improved very little. Its vote decreased in six electorates (Auckland Central, Dunedin North, Grey Lynn, Hutt, Remuera and Wanganui) and there were only five in which it increased by more than three per cent. The greatest damage inflicted on Labour in the cities was by Democratic Labour, not National. Table V gives some idea of the amount of damage Labour was able to absorb without any fundamental weakening of its position in the city electorates. The swing to National in Class 5 (2.51 per cent) was better

(1) Cf. p.287.

than in any other except Class 1, but was negligible in relation to the amount of ground to be made up before the party started winning seats from Labour.

The details of the voting in all five classes are shown on page 304. The major parties' share of the vote has already been given in Table VII, but this analysis includes the votes for small parties and for Independent candidates. These, the "others", require some explanation. In Class 1 they were distributed between five candidates, but in Class 2 they were mostly accounted for by the 2137 votes cast for E.W. Nicolaus in Buller, where there was no National candidate. The only Class 3 Independents were Atmore, with 6051 votes, and J.I.F. Williams, in Auckland Suburbs, with 186. In Class 4 Barnard polled 2784 votes, and the Class 5 the total included the high votes for Hogan (3563) Mansford (7134) and Scrimgeour (2253).

It will be seen that the votes for the small parties were spread fairly evenly between the classes. Of course, these aggregate figures give no real indication of how much support a new party had in the different classes, for none of them had a full "slate" of candidates in any class. Democratic Labour had only five candidates in Class 1, nine in Class 2, five in Class 3, eight in Class 4 and 24 (nearly one in every electorate) in Class 5. The Independent Group and the R.D.M. did not approach this representation; both had only one candidate in Class 4, and two in Class 1. Average votes for candidates

Details of Results in Five Classes of Electorates
(Total Valid Votes)

	<u>Class I</u>			<u>Class II</u>	
L.	56191	39.13%		67726	43.01%
N.	80987	56.40%		80092	50.86%
D.L.	2068	1.44%		4121	2.62%
I.G.	519	.36%**		1530	.97%
R.D.M.	554	.39%**		1137	.72%
Others	3273	2.28%		2864	1.82%
Total	143592			157470	

	<u>Class III</u>			<u>Class IV</u>	
L.	39752	43.88%		62126	48.12%
N.	39666	43.79%		54982	42.59%
D.L.	2988	3.30%		7699	5.96%
I.G.	1058	1.17%		204	.16%*
R.D.M.	885	.97%**		193	.15%*
Others	6237	6.89%**		3894	3.02%
Total	90586			129098	

	<u>Class V</u>		
L.	205172	52.51%	
N.	139050	35.59%	
D.L.	23467	6.01%	* One candidate only
I.G.	3881	.99%	** Two candidates
R.D.M.	2968	.73%	
Others	16279	4.17%	
Total	390747		

in each class, given in Table X, are the clearest way of representing party strengths.

The inadequate representation of the Independent Group and the Real Democracy Movement in Classes 1 and 4 makes it unwise

to generalise about their support. In fact, differences between the classes of the strengths of these two parties do not seem to be significant. The R.D.M.'s relatively high average in Class 3 cannot even be taken as a sign of heavier Social Credit support in small towns, for only two electorates, one of which was Auckland Suburbs, ~~were~~ concerned.

TABLE X

Average Votes of Minor Party Candidates in Classes 1-5

	Class				
	1	2	3	4	5
D.L.P.	413	457	597	955	977 *
I.G.	259**	360	211	204*	352 One candidate **
R.D.M.	277**	284	442*	193*	329 Two candidates

It is, however, clear that Democratic Labour's strength grew as the content of urban population increased, following the pattern of Labour voting in 1943. The Democratic Labour average rose from Class 2 to Class 3 and rose steeply to Class 4. Thus its support was found in the same areas, and in roughly the same proportion, as was Labour's. Democratic Labour's policies of cheap money and a higher guaranteed price did not win it much support in rural areas, and Lee's hopes that his party would displace Labour in some farming seats were shown to be the result of wishful thinking. Apart from this, Democratic Labour's stand as a radical challenger to the

Labour Party was not likely to appeal to rural voters who had in by-elections already shown that they were returning to the National Party. A party claiming to be to the left of official Labour could win large votes only in areas where Labour support was a political tradition, and in these Labour was, as has been shown, not harmed by split voting.

The election results were basically an endorsement of the two-party system, and as such were of importance to the future development of the National and Labour parties only. The classification of electorates used in this chapter shows that the election produced a closer approximation to an urban-rural split between the parties in Parliament than ever before. Although Labour won about 40 per cent of the Class 1 and 2 votes it was left with only eight seats to National's 25 in these two classes. Labour had lost most of its seats in purely farming areas. In the cities, the situation was reversed; Labour held 28 seats, and National seven in Classes 4 and 5 combined. This urban-rural division was already developing in 1938, when Labour suffered a severe loss in Class 2 seats. It was accentuated in 1943 when Labour lost more rural seats (two in Class 1 and one in Class 2) while National failed to make comparable gains in the cities.

After 1943, it was clear that were National to win an election it would have to break Labour's hold on the city seats.

This was made more urgent after the abolition of the country quota and the consequent reduction in the number of purely rural seats in 1945. A small beginning had been made in 1943, when there was a swing of 2.51 per cent to National in Class 5 electorates. In 1946, the party won two secondary cities, Nelson and Invercargill, the new Wellington seat of Mount Victoria, and the Auckland seats of Eden and Parnell. At the next election, which National won, a decisive advance was made in New Zealand's largest city. The party won four more Auckland seats - North Shore, Otahuhu, Roskill and Tamaki - as well as Palmerston North and Hastings. Labour still held the vast majority of city seats but its losses in Auckland were sufficient to tip the balance in favour of National. The latter's recovery in the cities after 1938 was slow and unspectacular, but the 1943 election made it clear that until it occurred National could go little further on the road back to power. The surmounting of this obstacle was in many ways the party's greatest achievement in the years between 1943 and 1949.

The 1943 election marked an intermediate stage in the swing from Labour to National between 1938 and 1949. It was a point at which Labour lost votes heavily, but at which National was prevented from making commensurate gains by the intervention of third party and Independent candidates. In fact, National alone could not have caused anything like such a large loss of votes by Labour as actually occurred. Nevertheless, the election

disposed of the new parties, and a return to the two-party system brought a swing to National of 1.04 per cent in 1946 and a decisive 3.91 per cent in 1949. In 1943, however, Labour had lost a large section of its support before National was ready to take advantage of the fact and increase its own vote substantially.

CHAPTER 8

CONCLUSION AND EPILOGUE

The most important immediate effect of the election was to lay to rest the vexed question of political unity. Holland interpreted the results as favouring a National government⁽¹⁾ and he was supported in this by most of the daily press.⁽²⁾ However, it was difficult to see how the election result had shown much desire for this, or how the campaign had helped to bring it any nearer. Any possible re-opening of the question was forestalled by the Prime Minister in his post-election statement.

We do not propose to be handicapped or trammelled in any way by sharing the authority for the carrying out of our policy, and the legislative or administrative plans for its realisation, with any person or party which has opposed us and our programme and has been rejected by the people ...

The National Party and its leader smashed ... political unity in the most deliberate and irresponsible manner ...

After such an experience any further efforts in the same direction would be futile. Indeed, it would be a surrender of the people's mandate ...

The Government can carry on very successfully. We intend to do so.⁽³⁾

The National Party made no overtures for a coalition after the election and for the rest of the war there was very little pressure for one from any quarter. This was not surprising. A national government would have been likely only if the election result had been a close one, or if the balance of power in Parliament had been held by M.P.s outside the main parties. However, Labour, with 45 seats to National's 34 had a decisive

(1) Star-Sun, 27 September 1943.

(2) See N.Z. Herald, Star, Evening Post, Star-Sun, Etc. 28 Sept. 1943.

(3) Standard, 30 September 1943.

majority and, as Fraser claimed, a mandate to carry on. The election brought order out of potential chaos by eliminating the new parties. Democratic Labour lost its two seats in the House and was finished as an important factor in New Zealand politics. The People's Movement and the Real Democratic Movement

Time and again, on manpower, on taxation, on marketing, it was forced into defensive positions by its critics. Labour, instead of being able to promise further advances as in 1938, was forced to defend its record, and in such a debate the terms were inevitably set by the critics, not by the Government.

The radical overtones of Labour policy were no longer evident in 1943. Although the Government promised to carry on its social security and welfare policies, it did not mention any fresh fields of State activity. As "Freedom", the National Party newspaper, said after the election,

In spite of Mr. Fraser's claim that the Government has received a mandate to carry on, it cannot be said that there has been a vote in favour of further experiments in Socialism. Rather, the electorate has said, in unmistakable terms, "Thus far you have gone; go no further!"⁽¹⁾

Actually, it was the Government itself which had declared that it had gone far enough. It had certainly not sought "a vote in favour of further experiments in Socialism". In one crucial sphere - the monetary system - it had openly opposed further State control in the face of demands from Democratic Labour and from the left wing of its own party.

With this loss of radical initiative came an equally obvious, but less definable, decrease in the party's vitality. Many of Labour's leaders were old men well before 1943. After the election there was no doubt about which side of the House

(1) Freedom, 8 October 1943.

the "old gang" were on; all the new faces were in the Opposition, and Labour was the ageing party. The Government had, particularly during the war years, shown itself to be impatient and at times contemptuous of criticism. This had been particularly evident in its dealings with the farmers. The Government seemed blissfully unaware of the extent to which rural feeling was running against it, and of the damage its attitude over such matters as wool prices and the Servicemen's Settlement and Land Sales Act had done. Vain and dictatorial actions by Labour leaders - for instance Semple's dismissal from a public works job of a man who had disagreed with him at a meeting⁽¹⁾ - were widely noticed and commented on. Of course, many Ministers were handicapped as far as public opinion was concerned by their activities in World War I, and at times they seemed to be trying rather too hard to live them down. Perhaps, in another sense, Labour's divorce from its past was symbolised by the Savage Memorial at Auckland, an incongruous monument to a man whose personal life had been unusually simple and unostentatious.

With the defeat of Democratic Labour the worst of the internal strife in the Labour Party was over. In many ways, Labour radicalism had been dealt a crippling blow by Lee's activities after 1940. Labour leaders drove home to their supporters the fact that Democratic Labour was a "scab" party organised to damage Labour, and that such a party had to be fought no matter

(1) Dominion, 17 April 1940.

how much Labour supporters might sympathise with Lee's ideals and criticisms. Fighting for radical ideas outside the party was a different matter from fighting for them inside it. This was why, twenty years after the event, one of the founders of the Democratic Labour Party summed it up as "a mistake",⁽¹⁾ for in the end it only weakened the position of the remaining left-wingers in the Labour Party. The only political success they had after 1940 was the forcing of the nationalisation of the Bank of New Zealand on Cabinet in 1946. Otherwise, the left was in steady retreat ending in the party's acceptance of peacetime conscription in 1949.

The 1943 election was also the end of a stage in the National Party's development. This was not because of its increased representation, but because of its largely new personnel. Many of the older National M.P.s had retired, and after the election only eight who had been in Parliament before 1935 remained. There were 17 new members, most of them young men who formed the main body of the party in Parliament throughout its term of office from 1949 to 1957. The great majority now shared Holland's outlook and policies, and the previous sniping at his leadership by some of the older members ceased.

National's expected electoral advance did not occur, and four of its six new seats were won because of the split Labour

(1) H.E. Herring, letter to the author.

vote. The election was rather a chance for the party to consolidate gains already made. The increase in its rural vote meant that the farming seats won from Labour in 1938 could now be looked on as "safe" and National was not seriously challenged in any rural seat until the emergence of the Social Credit Political League in 1954. In the cities, National laid the foundation of future advances by increasing its vote slightly in the face of threats of vote-splitting by candidates of all types.

It is significant that after 1943 National was no longer troubled by right-wing splinter groups. Part of the explanation was the complete failure of the Independent Group and the right-wing Independents at the election, but the main reason lay in the National Party itself. Under Holland it moved to the left rather than the right, but it became a much more effective Opposition. The new right-wing organisations such as the Freedom Association and the People's Movement which grew up after 1938 were really an effort to goad National into becoming a more effective anti-Labour force. With the revitalisation of the party under Holland the main *raison d'être* for these groups disappeared. Those members of the People's Movement who joined the National Party in 1940 probably realised this. Those who had been dissatisfied with the amount of control exercised by the leadership in the National Party were impressed by Holland's

guarantee of "freedom" of voting for National M.Ps. Many of the younger National candidates in 1943 mentioned this as one of their main reasons for joining the party. This "freedom" was largely illusory and very rarely exercised in subsequent years, but Holland's declaration had considerable propaganda value at a time when there was some dissatisfaction with party politics.

Nevertheless, National did not have a great deal to feel optimistic about after the election. The reason for this was put with surprising frankness by Gordon, the party's President, at a Dominion Council meeting soon after the election.

An analysis of the 1943 total vote recorded would seem to indicate that many electors who formerly voted Labour were disillusioned, but did not have sufficient confidence in the National Party to vote in our favour. That would appear to be the reason why such a large number abstained from voting, and why a proportion of the anti-government votes went to other parties in the field. If, as may conceivably happen, we have a straight-out two-party contest at the next election, that position will have to be rectified⁽¹⁾

Gordon had hit on the most important feature of the election - what may be called an "arrested swing" from Labour to National. This marks the 1943 election apart from others between 1938 and 1951; at none of these was there a significant difference between the number of votes lost by the Government and those gained by the Opposition. In 1943, however, the Labour vote dropped by nearly ten per cent, but National's rose

(1) National Party. Dominion Council Minutes, 21 October 1943, quoted in Robinson, op. cit., p.161.

by less than one per cent.

An "arrested swing" such as this occurs only when the party in power has lost considerable support but the main opposition party has not developed or won public confidence sufficiently to win over the dissatisfied groups. The only other ways for them to protest are to abstain from voting (and widespread abstention has always been rare in New Zealand) or to vote for a new party or Independent candidates. New parties have in fact arisen regularly in New Zealand to fill vacuums of opposition in such circumstances. The Country Party had some success in rural areas, where Labour was highly suspect, in the nineteen-twenties, but the first new party to take action on a national scale was the United Party in 1928. United does not perhaps fit exactly into this discussion as a "new" party, for it was a revival, with fundamental changes, of the almost defunct Liberal Party. Nevertheless, the revival was carefully calculated to take place at a time when the widespread dissatisfaction with Reform was not yet ready to be converted into increased support for Labour, and with a venerated Leader and its traditional position as a centre party opposed to conservative and socialist extremes, United won enough seats to become the Government.

The Democrat Party, created in 1934, appealed mainly to disgruntled right-wing supporters of National. However, its

programme was strikingly similar to Labour's on some points and had a superficially progressive flavour so that it is possible that it took some votes that would otherwise have gone to Labour. The Democrats polled 65,000-odd votes without winning any seats. The Social Credit Political League, which achieved a rather unexpectedly high vote in 1954, was in a different category. The League certainly gained some votes through its criticism of the National Government's "credit squeeze" and its general criticisms of orthodox finance. It is equally certain that only a small number of the League's voters were convinced Social Crediters. What probably carried far more weight were the League's attacks on party politics at a time when there was singularly little difference in outlook and policies between the two main parties. The League was loud in its denunciations of party politics (as the Real Democracy Movement had been in 1943) and concentrated hard on the line that there was "no difference between the parties". Voting for Social Credit candidates seems at the time of writing (1961) to be directed not against one party, but against both for their failure to produce alternative policies. That such a group should have polled a large vote - essentially an anti-party vote - at three consecutive elections is a sign of widespread malaise among electors, and a potential threat to both parties. The 1960 election results, however, showed increasing Social Credit support in certain dairy-farming

electorates and in North Auckland - the areas where the Country Party was most successful in the nineteen-twenties and thirties. It is possible that the League may be changing from a vehicle for protest votes against both major parties into a party with definite sectional support.

Voting for the small parties in 1943 was the product of two distinct factors - dissatisfaction with one or other of the existing parties, and disapproval of the pursuit of party politics in wartime. The "arrested swing" was the result of the first of these in that National had not won sufficient public confidence to absorb all those dissatisfied with the Government. It had, though, done as much as possible to minimise the drift to the new parties by working to overhaul its image. The party fully accepted Labour's social welfare legislation, and ostentatiously set about removing members of the "old gang" from positions of power. However, these measures were taken too late to pay large dividends in 1943. The extent to which confidence in the party was lacking can be seen in the passage in its election manifesto reading "The National Party pledges itself not to cut wages or pensions." That any such declaration was necessary shows that National's image as a "depression party" was by no means dead. In fact, Labour still concentrated heavily on this. One candidate said, for instance, that "Social Security and working conditions were at present in the melting pot and the election was to decide

whether or not they were to be continued",⁽¹⁾ and Fraser, in his final pre-election message stressed that National was still a "depression party" despite its new appearance.⁽²⁾ The small increase in the National vote showed that such arguments were still effective.

The small parties catered for a wide variety of political opinion. Democratic Labour appealed for support from Labour radicals, and no doubt they formed the core of its adherents. It must not be forgotten, however, that on some points, notably in its attitudes to industry and to trade unionism, Democratic Labour stood to the right of the Labour Party, and its criticisms of Government manpower policy were echoed by the National Party. For many of its supporters (as for two of its candidates)⁽³⁾ Democratic Labour was a half-way house between support for Labour and subsequent adherence to the National Party.

The Independent Group was clearly a right-wing reaction from the National Party as far as its policy was concerned, and it is doubtful if it attracted any votes from Labour. The R.D.M. is harder to place. Many Social Crediters, to whom it chiefly appealed, had been members of the Labour Party but had become disillusioned with it. However, its policy was conservative and its attacks on high taxation could have taken the edge off National's appeal in some electorates. The complicating factor in determining the orientation of these two new

(1) Dominion, 7 September 1943.

(2) Ibid., 24 September 1943.

(3) See above, p. 145.

parties was their opposition to party politics, which both stressed above all else. Opposition to party politics in wartime was fairly widespread, and it was increased by the amount of political controversy carried on over relatively minor matters at critical stages in the war, and by the failure to form a national government. It was obvious that the Independent Group and the Real Democracy Movement, as well as many of the Independents, had a powerful weapon in their opposition to the party system, as well as in their criticisms of the policies of the individual parties.

Why, then, were the votes for the new parties and the Independents not larger? The answer lies in the natural preoccupation with governmental stability in wartime. Relatively few voters were prepared to risk political instability by voting for a party with no chance of forming a government, and few Labour supporters, no matter how much they might have sympathised with Lee, were prepared to risk a Labour defeat by voting for the Democratic Labour Party. The Government's warnings against "splitting the Labour vote" were in the end successful. A post-election comment by L. Frame, the Democratic Labour candidate for Wellington Suburbs, was illuminating on this point.

The amazing spectacle of the Government candidates being heckled, and in some cases even ridiculed at their poorly attended meetings, and then being voted for so consistently is a new one in New Zealand politics.⁽¹⁾

(1) John A. Lee's Weekly, 3 November 1943.

Lee and his party's candidates had clearly underestimated the power of argument against vote-splitting and "changing horses in mid-stream" during the war. Despite the reservoirs of ill-will against the Government it was unreasonable to expect many voters to seek new political horizons in wartime. A.E. Davy, commenting on the failure of his Independent Group, fully realised this.

I do not think the results of the election will come as any great surprise. Although we were encouraged to believe that the people had had enough of party politics, the election was decided upon strictly party lines. It is evident that the people are too preoccupied with the war to give much consideration to anything new in our political life People were preoccupied with the war and simply made up their minds to vote for or against the government on strict party lines. It is for this reason that the outstanding qualities of many candidates went unrecognised.⁽¹⁾

No-one pretended in 1943 that the Labour victory was the result of the same enthusiasm that had attended those of 1935 and 1938. Nevertheless, both Labour and National had much to be thankful for. Both had faced challenges from new political groups, and criticism of party politics from Independents like Barnard was something to which neither had any answer, since both had come out badly from the half-hearted attempts at political unity during the war. However, the political slate was wiped clean of the new parties, and none was able to pose a real threat to either of the established ones. In an elec-

(1) Evening Post, 27 September 1943.

tion which showed little enthusiasm for either party, it was nevertheless the two-party system itself which won.

A P P E N D I C E S

APPENDIX ABY - ELECTIONS 1938-1943Christchurch South 3/6/39

R.M. McFarlane (Lab)	7900
M.E. Lyons (Nat)	4005

Auckland West 18/5/40

H.P. Carr (Lab)	6151
W.H. Fortune (Nat)	2958
C.G. Watson (Com)	375
L. Pickles (Ind)	132
J.B. Kennedy (Ind)*	15
E. Naden (Ind)*	8

Waipawa 16/11/40

C.G.E. Harker (Nat)	4913
H.M. Christie (Lab)	3189

Waitemata 19/7/41

Mrs. M. M. Dreaver (Lab)	4396
W.B. Darlow (Ind)	3884
N.V. Douglas (D.L.P.)	940
R.P. Gardner (Ind)	414
H.T. Head (Ind)	88

Bay of Plenty 13/12/41

W. Sullivan (Nat)	4675
C. Mills (Lab)	3024

Mid-Canterbury 21/1/42

Mrs. M.C. Grigg (Nat)	No contest
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* Withdrew

Hauraki

7/2/42

A.S. Sutherland (Nat)	3805
H.T. Head (Ind)	1082

Temuka

7/2/42

H.J.D. Acland (Nat)	4375
D.C. Davie ("Ind. Monetary Reformer")	1616

Christchurch East

6/2/43

Miss M.B. Howard (Lab)	4559
H.E. Herring (D.L.P.)	2578
M.E. Lyons (Nat)	2371
L.A.W. Efford (Ind)	114
O.J.F. McKee (Ind)	22

APPENDIX BCANDIDATES(a) Ages

	<u>Labour</u>	<u>National</u>	<u>D.L.P.</u>
21-30		1	4
31-40	5	8	14
41-50	15	17	8
51-60	18	27	3
61-70	16	5	1
71-	1	1	
No information	17	13	21

Note : Information for this table has been gathered from various editions of "Who's Who in New Zealand", newspaper advertisements and candidates' campaign material. Insufficient data was available on the Independent Group and Real Democracy Movement candidates.

(b) Occupations

	<u>Lab.</u>	<u>Nat.</u>	<u>D.L.P.</u>	<u>I.G.</u>	<u>R.D.M.</u>
Farmer	15	27	12	2	4
Business	5	15	5	6	
Small business	16	3	5	2	3
Law	3	12			1
Executive	1		2	1	
Engineer		1	3		
Architect	1	1			
Accountant		2	2	1	
Teacher	2	2	1	1	1
Minister	3	1		1	1
Journalist	1	2			
Forces		1	1	2	
Salesman		1	3	1	
Public servant	2		2	1	3
Clerk		1	2		
Housewife	1		1		
Trade union official	12		1		
Party official	1				
Skilled worker	5		4	1	
Unskilled worker	2		4		1
Member of Parl't.			1		
Retired	1	5			1
No information	1		2	4	1

Note on occupations

Some occupations listed in this table are of formal interest only. A number of M.P.'s of long standing had of course not followed their old occupations for many years, although these have been listed where possible. Fraser and Semple, for instance, are included among the Labour candidates as "trade union officials". They could perhaps be better classified as "Members of Parliament", but this has been retained only as a last resort. Its one occupant, John A. Lee, described himself as such in the electoral rolls and does not seem to have had any one clearly definable occupation before his first election in 1922 or until his defeat in 1943.

"Small businesses" are taken as those run by the candidate himself or employing up to two or three others. Owners of larger concerns are included in "business". "Executives" are those in managerial positions in private businesses. Many candidates were, of course, in the forces at the time of the election, but in this list the category includes only those who had stayed on as instructors after their term

of service was over or those who had entered the forces as virtually their first employment. "Public servants" include one local body official.

This list is a general guide only. Occupational classification cannot be accurate when there is not standardised information available. Some candidates appear, also, to have given rather optimistic appraisals of themselves and their attainments. One, for instance, was described as a "small businessman" in his party's press releases, but appears in the electoral roll as a "draper's assistant". The electoral rolls have been accepted as providing the more candid description in such cases.

(c) New party and Independent candidates.

There was some confusion among newspapers as to the affiliation of some candidates outside the Labour and National parties. A careful check on advertisements and election campaign material has cleared up these discrepancies. The exact labels of the Independents have also been given, although many of these are of esoteric interest only. These lists form the basis of the figures quoted in Chapter VII.

DEMOCRATIC LABOUR PARTY

A.E. Allen	Hamilton	H.E. Herring	Wellington
T.K. Ansley	Waitemata		North
G. Barclay	Oamuru	S. Hindmarsh	Palmerston
R?J. Barnett	Otaki		North
R.H. Bates	Mid-Canterbury	Mrs.C. Jowsey	Ōtahuhu
R.R. Beauchamp	Rŭccarton	L.A. Jury	New Plymouth
D.C. Beloe	Hauraki	J.A. Lee	Grey Lynn
W.G. Bishop	Wellington East	D.P. Lloyd	Franklin
G.G. Burke	Waikato	T. Lyon	Gisborne
D.H. Butcher	Hawkes Bay	S. McDougall	Wellington
G.H. Claridge	Dunedin South		West
P. Connors	Hutt	L.PP McMahon	Remuera
R.E. Crawford	Wairarapa	A.E. Marwick	Stratford
D.R. Creswell	Timaru	C.M. Moss	Dunedin Nth.
P.T. Curran	Auckland West	J.C. Nesfield	Waitomo
B. Dawson	Thames	T.M. Nixon	Eden
A.T. Dillon	Raglan	F.M. Nottage	Lyttelton
N.V. Douglas	Onehunga	J.H. Parry	Christchurch
L.S. Dromgoole	Auckland East		North
S. Duffy	Wanganui	R. Pearson	Christchurch
E.A. Ellis	Pahiatua		South
L. Frame	Wellington Subs.	J.A. Peat	Dunedin Cen.
M.W. Grace	Marlborough	S.S. Pennefather	Auckland Subs
L.A. Harbord	Invercargill	A.E. Petty	Marsden
K.W. Hay	Roskill	Te A.Pitama	Southern
			Maori

M. Rangitaura	Western Maori	W.H. Tong	Rotorua
H.T. Schou	Christchurch	D.J. Upton	Avon
	East	L.A. Wheatley	Auckland Central
C.S. Teece	Wellington	C.W. Young	Bay of Islands
	South	P. Witehira	Northern Maori
D.A. Thompson	Masterton		

INDEPENDENT GROUP

H.M. Bagnall	Auckland West	F.A. Keane	Dunedin North
H. Bliss	Kaiapoi	R. Malcolm	Wellington North
R. Clayton*	Patea	J.H. Penniket	Waikato
W.J. Crawford	Otaki	D.E. Parret	Waimarino
R.J. Culver	Auckland East	G.E. Plane	Grey Lynn
G.P. Cuttriss	Oamuru	J.N. Power	Masterton
R. Day	Thames	L.E. Read	Onehunga
J.T. Donovan	Auckland Subs.	E.C. Russell	Wellington East
C.D. Drummond	Wellington West	W.F. Smithson	Wairarapa
H.W. Glynn	Roskill	E.W. Sinton	Remuera
H.T. Head	Hauraki	L.R. Wilkinson	Tauranga
W.C. Hewitt	Waitemata	D.H. Wilson	Eden

REAL DEMOCRACY MOVEMENT

F. Allen	Auckland Subs.	E. Moss	Franklin
H.J. Angus	Tauranga	T.E. Somerville	Onehunga
C.P. Belton	Roskill	O.A. Thelning	Kaiapoi
Mrs. G. Brooks	Eden	W.H. Thompson	Hamilton
T.G. Burnham	Rotorua	F. Whiley	Christchurch East
S. Burton	Raglan	R.G. Young	Hauraki
J.A. Govan	Grey Lynn		
L.A. Jarden	Lyttelton		
F.C. Jordan	Auckland East		
C.J. Mahon	Botahuhu		
R.O. Marks	Wanganui		
Mrs. S.M. Milne	Remuera		

(Note; C.P. Belton and J.A. Govan were also endorsed by the New Zealand Fighting Forces' League (Political))

* Withdrew

INDEPENDENT CANDIDATES

Candidates marked with an asterisk(*) were endorsed by the People's Movement, although not members of the Independent Group. Independents in the Maori electorates are not included in this list.

H. Atmore	Independent	Nelson
W.E. Barnard	"	Napier
A.C. Barrington	Christian Pacifist	Wellington East
A.H. Carman	Independent	Wellington North
S.J.E. Closey	"	Manawatu
L.A.W. Efford	Peace	Christchurch South
Dr. Maud T. Fere**	Independent	
	Complete Democracy	Christchurch North
S.S. Hamilton	Social Democrat	Roskill
J.H. Hogan	Independent	Hutt
L. Hollings*	Independent Liberal	Christchurch South
Mrs.E.A. Hotchkin	Independent	Hurunui
C.R. Howell	"	Auckland East
W.J. Hyde	"	Wellington Central
H.G. Kendal	N.Z. Fighting Forces'	
	League (Political)	Remuera
H.S.S. Kyle* **	Independent	Riccarton
D.M. McClure	"	Auckland Central
H.V. McCready*	"	New Plymouth
A.D. McKenzie	Independent Youth	Christchurch South
A. McKinnon	Conservative	Marlborough
Miss M. McLean	Independent	Hurunui
P.J. McMullan	"	Wallace
T.O. Maddison	"	Wellington South
A.E. Mansford	"	Palmerston North
A.G. Newland	"	Central Otago
E.W. Nicolaus	"	Buller
C.G. Scrimgeour	"	Wellington Central
P.M. Stewart*	"	Kaipara
L.C. Walker*	"	Christchurch North
J.I.F. Williams	Savage Labour	Auckland Suburbs
J.H. Winter	Independent New Order	Hawkes Bay

** Withdrew

APPENDIX CTHE FORCES' VOTES

The controversy over votes cast by servicemen overseas began immediately the election results were known and continued long afterwards. It centred around three points; the higher proportion of Labour votes cast by the forces than by civilians, the poor distribution of election to the forces, and the burning of the ballot papers in the Middle East. The last, in particular, seems to have become part of New Zealand's political folklore.

Arrangements for forwarding party policy statements and lists of candidates to the forces were made late and in some cases sketchily. The Government's attitude seems to have been expressed in Fraser's remark early in the year that "I do not think that men in Egypt think about politics at all",⁽¹⁾ and it was not until early September that the parties' contributions to the special election issues of the forces' newspapers were invited. The allocations of space were, however, made quite fairly. In "New Zealand News", published in London, Labour was allocated 49 column inches, National 45, Democratic Labour 29, the Independent Group 23 and the Real Democracy Movement six. The three sitting Independents, Atmore, Barnard and Kyle, were each allowed a 100-word message. The same policy statements were printed in all the forces' newspapers, but with variations in layout. In "N.Z.E.F. Times" (published in the Middle East) all

(1) N.Z.P.D., vol. 262, p. 35.

the statements began on the front page, but in "Kiwi News" (published in New Caledonia for the Pacific troops) Labour definitely took the lion's share of the space by using a typographical display without telling any of the other parties that they were also entitled to this.⁽¹⁾ However, if the allocation of space was admitted to be fairly satisfactory, the distribution of the material was not, although the situation was originally thought to have been worse than it actually was.

It was immediately apparent on election night that voting for Labour in the forces was heavier than among civilians. This was brought home forcefully by the appearance, when only the civilian results were known, that the Government had come very near to defeat. National led in six seats which the Government later held with forces' votes. These seats were Eden, Nelson, Palmerston North, Oamuru, Otaki and Wairarapa. Had National held these the House would have been evenly split between the two parties with forty seats each. However, it soon became clear when the forces and absentee votes were counted that the Government had a safe lead. There was uncertainty about the result in Oamuru for some days, and on 27 September most newspapers went to press with a photograph of T.R. Beatty, the National candidate, as the new Member. Although it was clear by Monday that the Government had held most of the closely fought seats, it must have spent some anxious hours on Saturday night.

(1) N.Z.P.D., vol. 267, p. 639.

The National Party was still muttering about the forces' votes when it was announced early in 1944 that the used ballot papers in the Middle East had been destroyed after the election in stead of returned to New Zealand as required by law. The whole question immediately flared up again, and threatened to become a major political issue. National now felt certain that there had been some irregularity in the voting overseas, and were determined not to let the matter drop. The Government realised the seriousness of its admission, and at the beginning of the 1944 session of Parliament a Select Committee of the House was set up "to inquire into and report upon the organization set up and the methods employed for recording and dealing with the votes of servicemen in the recent general election". This Committee, the Servicemen's Votes (1943) Committee, sat throughout the session and did not present its report until 6 December.

The arrangements and procedures for voting in the forces were set out in detail in the reports of the Special Return-in gOfficers⁽¹⁾ and there is no point in recapitulating them here. They seem to have worked satisfactorily on the whole, the one important exception of the upset over arrangements for personnel in India being due to Post Office staff in the Middle East sending the material by surface instead of air mail.⁽²⁾ Interest in the Committee's report, therefore, centred around

(1) A.J.H.R., H33C, 1944.

(2) Ibid., p.14.

its findings regarding the availability of propaganda and the disposal of the Middle East ballot papers.

The report itself was a short document of four pages. It stated, without giving any reasons, that propaganda for the Middle East had been late in arriving and that 6000 men had voted without seeing any of it. Regarding the burnt ballot papers, the committee pointed out that under the Electoral (Members of Forces) Regulations of 1941 these were not available for a recount, the Returning Officer's statement being accepted as final. The committee decided that Major Bryan, the Middle East Special Returning Officer, had committed "an error of judgement" in burning the papers, but it was clear that the episode was not in the least sinister. Bryan had been sent to the Middle East only three weeks before the polling date and had done a remarkable job with, as his report⁽¹⁾ made clear, a minimum of helpful assistance and preparation by the Government. When the count had been completed Bryan had approached Brigadier Wier to have the papers returned to New Zealand, but had been told that no shipping space was available. Had the enemy been able to capture the material, however, the strength of the New Zealand force in the ~~Pacific~~ ^{Middle East} would have been accurately known and its security endangered. It was therefore decided to burn all the election material, including the used ballot papers.⁽²⁾

(1) Ibid., pp. 5-14.

(2) Servicemen's Votes (1943) Committee (Report of the), A.J.H.R., 118, 1944, p. 3.

The National Party were not to let the matter rest at that, and it was thoroughly fought over in the debate which followed the presentation of the report. It was, however, quite clear that Bryan had acted in good faith in ordering the papers to be burnt, and it was understandable that, after a month's frenzied work under trying conditions, he was not very concerned about what happened to them. The minutes of evidence taken by the committee were not widely circulated, only one copy being laid on the table of the House. The National members of the committee contended that the report was a "whitewash" and did not accurately reflect the burden of the evidence. Portions of this which were read out in the debate in the House⁽¹⁾ certainly indicated that this was the case on some points. Although most National speakers were led astray by the red herring of the burnt ballots, it was clear that they had real grounds for complaint about the transmission of election material to the forces. The picture that emerged was of the commanding officers in the Middle East urging the Government to make sure that the Parties' policy statements reached the troops in plenty of time, and the Government itself refusing to make any arrangements until the last moment. One would have expected that the reverse might have been the case, for the officers in the field could certainly have been excused for regarding the election as a nuisance. However, as early as 16 March 1943 Brigadier Stevens, the Officer in Charge of Administration for 2N.Z.E.F., asked that party policy statements be ready for distribution three

(1) N.Z.P.D., vol. 267. pp. 633-696.

weeks before the election. On 24 July Stevens again cabled to N New Zealand asking why he had received no reply to his earlier message. This failed to elicit any reply, and on 21 August Freyberg himself cabled the Government urging that all election material be ready for distribution by 9 September. In response to this L.C. Irwin, the Chief Electoral Officer, set 4 September as the final date for all election material for the forces to be in his hands, and 2 N.Z.E.F. arranged to keep 12 September free from manoeuvres so that voting could be carried out. It will be noted that even this would have allowed only a few days, instead of three weeks, for perusal of the material. National Party propaganda was handed in on 4 September, forwarded to the censor for clearance, and returned to Irwin on the 6th. The Labour Party's material, however, was not handed in until the 10th, six days after the deadline and only two days before voting was to take place.⁽¹⁾ Although the Post and Telegraph Department's Cable Section worked all day on the 12th to despatch the material, there was no hope of it reaching the troops in time. On 11 September Freyberg and his administrative officers decided to stop the voting, until the material arrived, but before all units had received this order some 6000 men had voted without seeing any material whatsoever.⁽²⁾ It was necessary for the Division to

(1) Ibid., pp. 638-9.

(2) A.J.H.R. ~~HM~~ H33C, 1944, p.8.

move to a new training area on the 13th, and voting was accordingly postponed until the 19th. The material finally arrived on the 13th, "N.Z.E.F. Times" "rushed into publication", as Bryan put it, and was distributed to all units on 15 September. Thus the men, many of whom had been in the Middle East for three years, had to try to acquaint themselves with the changed New Zealand political scene in only four days, and at a time when the Division was carrying out a complete change of location. The bungle was clearly the fault of the Government, both for failing to make earlier arrangements for forces' propaganda, and for neglecting even to make sure that Labour propaganda was ready in time.

The Opposition speakers in the debate also revealed, from the evidence presented to the committee, the unfortunate aftermath of the burning of the ballot papers. The final count was completed in the Middle East on 24 October, and, following Weir's advice that no shipping space was available for their return, the papers were burnt on 1 November. Two days later Bryan received a cable from Irwin demanding their return, to which he replied on the 5th advising that they had been destroyed.⁽¹⁾ The Prime Minister was not, however, told of this until the following January, although Irwin had drafted a letter to the New Zealand Alliance promising a recount of the licencing votes on 20 December 1943, and had obtained Nash's signature to it.⁽²⁾

(1) N.Z.P.D., vol. 267, p. 639.

(2) Ibid., p. 650.

Table XI makes clear the differences between the civilian and forces's voting.

TABLE XI

Civilian and Forces' voting

<u>Party</u>	<u>Civilian</u>	<u>%</u>	<u>Forces</u>	<u>%</u>
Labour	383,599	46.73	48276	53.37
National	363,300	44.26	31285	34.58
D.L.P.	34,262	4.17	6162	6.81
I.G.	6,383	.78	820	.91
R.D.M.	5,321	.65	416	.46
Others	28,043	3.41	3503	3.87
Totals	820,908	100.00	90462	100.00
Invalid votes	7,475	.90	2482	2.67

The Labour vote was much higher among servicemen, and this was so in practically every electorate. However, National obtained a majority of the forces' votes in 19 electorates. All but two sitting Nationalists had comfortable leads, although Labour sometimes led in safe National seats where the National candidate was a newcomer. This seems to indicate that, despite a general preference for Labour, soldiers also tended to vote for the sitting member. Barnard, for instance, obtained 531 soldiers' votes to the Labour candidate's 534 in Napier, and in Grey Lynn Lee polled 646 to Hackett's 755, leaving the National candidate with only 182. This trend was probably due to a desire to keep things as they were and

avoid drastic political changes during the war. Democratic Labour's relative success among servicemen was due to several factors. Lee was himself a disabled veteran of World War I, and a holder of the D.C.M. He had taken pains to give Democratic Labour a returned services flavour in choosing its candidates and by inserting the word "Soldier" into its name just before the election. In addition, Lee had always sought higher wages for veterans' and disablement pensions, and his party's message to the forces concentrated very effectively on this and other points affecting servicemen.

Estimates of the proportion of servicemen who voted, given in the Servicemen's Votes Committee's report,⁽¹⁾ were:-

United Kingdom	..	..	75%
Canada	..	..	76%
Middle East	..	..	88%
Pacific area	..	..	97%

These percentages compared very favourably with the figure in New Zealand, which was 82.8 per cent. Informal voting in the forces was, however, higher than in New Zealand. This was probably due to lack of knowledge of the candidates, and there was apparently some informal voting as a protest against the paucity and late arrival of the election material. The Special Returning Officer for the Middle East, Major Bryan, reported that "many persons cast blank ballot-papers,"⁽²⁾ and 2 N.Z.E.F. tradition has it that there were a large number

(1) Loc.cit., p.1.

(2) A.J.H.R., H33C, 1944, p.14.

of "write-in" votes for a certain well-known Middle Eastern monarch.

These factors aside, however, there were several reasons why servicemen should have recorded a higher percentage of Labour votes. First, many of the had been out of touch with New Zealand conditions for some time, and it must be remembered that the Government had been much more popular at the beginning of 1940 than it was in 1943. The only source of news for servicemen, apart from letters, was "N.Z.E.F. Times", which did not attempt to follow the progress of party politics in New Zealand and confined its political news to factual reports of legislation and Government decisions on important matters. Several Cabinet Ministers had also made trips to the Middle East and had spoken to the troops there.

It should not be forgotten that the average serviceman was more likely to be a Labour than a National supporter. He would have been young - under forty unless he was a commissioned officer who had volunteered early in the war - probably unmarried, and not so likely to have the skills that might have caused him to be retained in New Zealand - at high rates of pay - as essential manpower. In addition, the Government, through visiting Ministers and in its election material, had fully described its rehabilitation plans and had drawn attention to recent increases in veterans' and disablement pensions. Finally, the inauguration of the furlough scheme in July 1943 had of course been enthusiastically welcomed by the forces, and came just at the crucial time before the election.

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