Stout Research Centre for New Zealand Studies
Te Herenga Waka—Victoria University of Wellington

Re-reading works on poverty in Aotearoa New Zealand
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"Poverty and Progress in New Zealand: thoughts on W B Sutch's work in historical and intellectual context."

Preface

I was asked by Brigitte, the formi-dable director of the Stout Centre, to consider presenting on this subject a few months back. Disclaimers that I knew not much about progress, very little about Sutch and even less about poverty did nothing to dissuade, and I felt remarkably like a student confronting an unexpected exam question or perhaps a junior public servant, '4000 words on poverty: 'by yesterday would be good'.

I am very grateful that Brian Easton, who knows a lot about all three subjects, has agreed to participate as a discussant and what I have to say has been greatly assisted by many exchanges both in person and by email. I'd particularly also like to acknowledge Ross Webb, who is working on a biography of Wolfgang Rosenberg, which has obvious crossover with my topic today and Jim McAloon and Cybele Locke, whose writings address many of the matters I'm talking about today. And many others whose work I have relied on. I'd also like to thank Piers and Crispin Ovenden for giving me permission to access their grandfather's papers and the Alexander Turnbull Library, the repository of those papers, for facilitating that.

Speaking about Sutch on poverty and on his writing on poverty, immediately confronts us with puzzles. And anyone even slightly familiar with Sutch's career and life will know that puzzles are an inseparable part of both, so maybe no surprises there.

With Nash in London in 1937 the 29-year-old Sutch got himself in the news after having referred to the London press as a 'gutter press'. **PIC**

The letter in *this* envelope addressed to Sutch at his Wesley St home, without any other enclosure, and addressed to Walter Nash, recounted the writer's and others' disgust at listening to address from Sutch 'to think that a Government servant should be allowed to go out and make such an address … all the men at the meeting were supporters of the Labour government but I could sense their feeling of resentment against a Govt that

would tolerate one of its own servants making an address containing such a number of mis-statements … to cause religious strife, a thing I am sure is abhorrent to yourself'.[1] **PIC**

But enough of puzzles for now.

Introduction

Poverty and Progress was first published in 1941 by Modern Books in Wellington (an imprint of the Progressive Publishing Society which Sutch chaired at the time), after it had been turned down by the government, in effect by the Prime Minister Peter Fraser. The fuller manuscript **PIC** from which *Poverty and Progress* was distilled is *Quest for Security in New Zealand*. That was also turned down by Fraser, but in this instance picked up by Penguin in England, which published it in 1942. **PIC**

Penguin was licensed to print tens of thousands of copies.[2] The copies of the latter I have sighted at both this university and at Turnbull have an insert page which asks that members of the armed forces to 'leave this book at a post office when you have read it so that men and women in the services may read it too.' **PIC**

This is probably confirmation of the intense interest in wartime Britain in putting social welfare on a much more generous and stable basis than had been the case before the war: the famous Beveridge Report on social insurance and allied services was also published in 1942. **PIC**

It also prompted wildly divergent responses from young scholars. **PIC**

Quest for Security in New Zealand was republished, in 1966, with the subtitle, 1840-1966. It is far longer and to a great extent a different book. *Poverty and Progress*, with the subtitle 'a reassessment' was republished in 1969. It was also far longer and with an additional quarter century of history covered, it was also to all intents and purposes a different book. **PIC**

In this talk I will use the first publication of both works as a point of reference to discuss Sutch's thinking about poverty, how that changed over time and how it related to the intellectual currents of that and earlier times. I will also say something about Sutch's postwar thinking.

[1] ATL, Sutch Papers 85-185-02/09, letter from Thos B Guscott to Nash 1938
[2] Sutch Papers 85-185 Box 10, personal folder

Sutch biography and approach of the paper

It is not too surprising that Sutch was preoccupied with poverty given that he was raised in a family that had direct experience of it, his father a journeyman carpenter, his mother a dressmaker.[1] Sutch was destined to be a builder, but his primary school headmaster, recognising his talent, persuaded the family to send him to secondary school. ~~and~~ Before age 20, Sutch enrolled at Wellington Teachers College and Victoria College (as it was then called), and had far surpassed their circumstances.[3]

In much of his writing Sutch often touched on the immediate circumstance of poor people, or those in impoverished, impossible circumstances. In one of his two essays on Sutch in *Nationbuilders* Easton reports Sutch speaking of seeing people 'lying on the tops of the underground vents in Paris to try to get warm. I've seen them lying under newspapers in New York to try to get warm'.[2] When he was engaged in the research which would produce the first texts of both *P&P* and *QforS* he contacted multiple informants, explaining that he wanted 'to tell the story of the last depression from the humanitarian point of view to show the need for social service'.[3] And he collected many such including from Auckland City Missioner Jasper Calder, 'children were both undernourished and suffering from wrong feeding largely due to poverty. I have personally known children to feed ravenously on Monday morning on sandwiches … actually made from Friday's bread. The doctor had many patients suffering from skin diseases stated by him to have a definite cause in malnutrition.'[4]

But by and large, unlike Henry Mayhew's landmark mid-19th century *London Labour and London Poor*, or Dickens in *Hard Times* – the unforgettable exchange between Mr M'Choakumchild and Sissy Jupe, the latter unable to answer a question about national prosperity 'unless I know who had got the money and whether any of it was mine.'[6] -- Sutch's approach to poverty and how to overcome it was not primarily ethnographic. The obvious contrast in the New Zealand of the time, is with John A Lee's *Children of the Poor* (1934) and Mary Lee's *The Not So Poor*.[7] **PICS**

[1] Brian Easton. 'Sutch, William Ball', Dictionary of New Zealand Biography, first published in 2000. Te Ara - the Encyclopedia of New Zealand, https://teara.govt.nz/en/biographies/5s54/sutch-william-ball (accessed 9 April 2024)
[3] Information from Brian Easton
[2] *Nationbuilders*:180 from a 1971 radio interview with Sutch
[3] ATL 202-013-45/5, Sutch to Dan Sullivan 18 Jul 1939
[4] ATL 202-013-45/5, Jasper Calder to Sutch 4 Aug 1939
[6] Quoted in Scott Nearing, *Poverty and riches: a study of the industrial regime* (1916): 27
[7] Annabel Cooper and Maureen Molloy, 'Poverty, Dependence and "Women": Reading Autobiography and Social Policy from 1930s New Zealand' *Gender & History* 9/1 (Apr 1997): 36

In this talk I will explore facets of Sutch's *analysis* of poverty and discuss how they relate to the analyses of three other economic thinkers.

First, taking a leaf out of Sutch's title, I will look at Henry George's *Progress and Poverty*, an influential work, not least in New Zealand, published in 1879. Second, I will turn to socialism, and ask to what extent socialist analyses and approaches to overcoming poverty shaped Sutch's approach. Third, I will discuss John Maynard Keynes, whose short essay *Economic possibilities for our grandchildren* published under that title in 1930, predicted the disappearance of poverty within a century – yes, the clock is ticking – whilst the *General Theory*, published in 1936 (and reviewed by Sutch in that same year), marked a radical departure from classical economics and suggested an entirely different way of approaching the question of poverty, among much else. What did Sutch make of that?

Poverty and Progress and *Progress and Poverty*

"I only know that I know nothing" (translation of Latin inscription on flyleaf of 1911 edition of *Progress and Poverty*)

PICS In 1941 it is fair to say that many more readers would have understood the allusion in Sutch's title to Henry George's famous work, than would do so today. The title of George's book, which at first glance seems an oxymoron, expresses an insight that could as equally apply to today. An 18th century visionary, argued George, aware of the technological advances of the 19th century, would assume that poverty had been abolished. How could it not be?[8] And yet not only had it not been abolished, it manifested itself across all societies – in George's words, where there were armies and where there were not; where there were tariffs and where there were not; where there was gold or silver or paper money; and whether the state was a democracy or not.[9]

I will not attempt to lay out all of George's argument here – and then trip myself up – but its essence he argued that increases in wealth and income triggered by economic growth was captured by land – and its owners – and not by working businessmen or by workers. The way around this - and the way to end poverty - was to capture the 'unearned increment' of additional land value through a 'single tax', on land. The downturn in the business cycle which was very evident in the 1870s, the onset of a lengthy period of falling prices (deflation…you don't have to reflect very long to realise that falling prices can be as much of an economic challenge as rising prices) gave added force to this.

[8] Henry George, *Progress and Poverty* 1911: 8
[9] George, *Progress and Poverty*: 9

The tax would both provide the state with revenue to combat poverty and, as politically important, would minimize the tax burden on productive capital and productive labour. The doctrine was particularly directed at societies with large 'rentier' populations - where individuals derived income solely from rents on land, the value of which was socially or collectively created. One might reflect on the parallels today with debate on capital gains tax.

But in practice it was in 'new' societies, including New Zealand, that George's doctrines, his analysis of poverty and how to remedy it, found their keenest adherents. This appears to have been for two reasons. First, the very notion that there should be poverty in a new country, in which there were 'opportunities for all' seemed especially reprehensible and yet it had occurred: 'just as closer settlement and a more intimate connection with the rest of the world … make possible . . . [more] wealth … so does poverty take on a darker aspect.'

Second, the extent of land aggregation seemed to point to a very obvious solution - landowners enjoyed enormous wealth and yet contributed little to the public purse. In particular a property tax, which in effect taxed improvements to land, seemed 'iniquitous' when it meant that the underlying value of the land was not taxed. In New Zealand, where wealth at the time seemed concentrated in land, the argument was especially compelling.

Sutch argued that 'no other writer except perhaps Adam Smith has had such an effect on New Zealand as had Henry George, for the difference between the landed and the landless and the evils that resulted therefrom were too obvious to deny.'[11]

We can capture some of the flavour from an address in Dunedin in 1883, involving - aptly it might be thought, in this setting – the talented 39-year-old Dunedin lawyer, Robert Stout, later to be both premier and Chief Justice – debating the proposal of the then Colonial Treasurer, Harry Atkinson, for a tax funded national insurance scheme to provide for the sick, the widowed, the orphaned and the elderly (it did not make provision for the unemployed). Stout's rebuttal - one voiced by many others - drew extensively from the Henry George doctrine in challenging the financing of the scheme by taxing the working man when landowners mostly escaped taxation

Stout spoke to a packed Lyceum Hall for possible three hours – not for the fainthearted – arguing forcibly that 'pauperism and all other social evils are [not] to be got rid of by putting an enormous amount of taxation on the people ... if we as a nation are ever to get rid of poverty, crime and vice, we must not only incline to individualism, but we [must lead our lives to be a model to those weaker than us].' We cannot cast 'on the working man this

[11] Sutch 1942: 70

sustained/enormous burden of taxation'. That last reference to tax burdens was met with 'loud and sustained' applause (which may however have been relief at the completion of such a lengthy statement).[13]

In later life Stout was more accepting than in 1883 that state action to overcome poverty was needed to complement the inculcation of habits of thrift, temperance and abstinence but his arguments in that year explain some of the appeal of George's doctrine to business, to aspirant farmers and to skilled labour.

For there was another strand to George's thinking. 'The idea', he argued, 'that there is a necessary conflict between capital and labour. . . such ideas, which bring great masses of men . . . under the leadership of charlatans and demagogues, are fraught with danger.'[4]

This dystopian analysis was clearly directed in part at socialism, and toward the end of the work George is even more passionate: 'to put political power in the hands of men degraded by poverty is to tie firebrands to foxes … in the modern city is to be found the greatest wealth and the deepest poverty. And it is here that popular government has most clearly broken down…. go through the squalid quarters of great cities and you may see, even now, the gathering hordes … there is a vague but general feeling of disappointment, an increased bitterness among the working classes; a widespread feeling of unrest and brooding revolution.'[10]

Sutch and socialism

Sutch says little about this in *Poverty and Progress* beyond acknowledging (in the 1969 edition) the debt owed by his title and hinting that 'George's ideas were defeated in New Zealand', a claim which we don't have time to examine here but it is true that a single tax policy was never adopted – and governments discovered income tax (while the transformation of rural New Zealand into a world of owner-managed farms changed the politics of the land tax).

But George was in any case not the only passionate reformer in the late 19th century. The titanic midcentury legacy of Karl Marx fueled the 'brooding revolution', but writers such as Edward Bellamy in *Looking Backward* (1888) and William Morris in *News from Nowhere* (1890) also charted a vision of a world without poverty along socialist lines – just what George was apprehensive about. Socialists – to generalize baldly – saw economic misery produced by capitalism not by land monopoly and expected it to be overcome through collective action by an industrially or politically organized working class.

[13] Robert Stout, *Politics and poverty*, Dunedin 1883
[4] George 1911:
[10] George 1911: 377

Did Sutch agree? In the notes for talk given to a WEA summer school, probably over the summer of 1939-40, **PIC** Sutch described the introduction into New Zealand in colonial times, that is, at the time NZ became a British colony, of 'an economic system which bred insecurity …for it was thought that this would produce the highest type of civilization … the 19th century for most New Zealanders was one of alternate poverty and better times . . .the latter were shorter-lived than the former.'[20]

This point is made forcibly in *Quest for Security,* which Sutch would have been drafting at the time. In chapter 2, titled 'We only want a right and legal thing' Sutch dwells at length on the struggle of Nelson workers for their rights (recently thoroughly and compellingly treated by Jared Davidson)[21] because 'the process of land monopolization by the few and the continuation of wage work for the many … is typical of the history of other parts of New Zealand … during the rest of the century.'[22] *Quest for Security* also has a (rare) quote from Marx, on this instance reporting on a poverty march in London in 1866.

The implications for the failure to overcome poverty is spelled out: in the 1880s and 1890s the 'inadequacies of NZ social services' became obvious, in fact they might be said not to exist: 'there was no poorhouse, no poor law, no minimum wage, no factory act (except one applying to women, and that was not observed), there were no labour laws, no old age pensions, no unemployment benefits, no sustenance payments.' [5]

And there was industrial unrest. In *Quest* Sutch identified two wings to the labour movement, one much more radical than the other and he follows the track of the more radical through the formation, rise of the 'Red' Federation of Labour, 1910-1914, placing it against the backdrop of the global rise of radical mass unionism – the CGT in France, the International Workers of the World in the US; he could also have mentioned Germany's Social Democratic Party - SPD - for long the largest Marxist mass membership party in the world and in an advanced rapidly industrializing economy at that.

You can detect in the way Sutch writes about these trends that he was not averse to radical socialism and indeed may have believed that that was how poverty would finally be overcome which may in turn explain why he chose to invert George's title rather than devise a new one. And possibly from this image too, which is a stylized from a photo of protest in Wellington during the 1931 maritime strike. **PIC**

[20] 85-185-02/12, typescript nd [1939-40]
[21] Jared Davidson, *The History of a Riot*, Wellington 2021
[22] Quest 1942: 26
[5] P&P 1941: 83

But Sutch also recognized that it had not happened that way in New Zealand. *Quest for Security* 1942 had chapters labelled 'industrial defeat' and 'political victory'. **PIC** The former charts the fate of the Red Federation through the Waihi strike, and the maritime strike of 1913 about the fate of which Sutch is very explicit – 'the employers had won again. Since their successful attack at Waihi they had consolidated their force and perfected their organization; while the workers were unifying their command to make a stand the employers had forced on another strike, gained their objective and continued the battle until the complete exhaustion of the enemy'. (It's perhaps evident why Fraser, the labour revolutionary turned wartime leader, was not excited about this discussion in what was meant to be a celebratory history of advances in social services).

The chapter 'political victory' has a 'down-then-up' narrative arc. Sutch notes that in 1930 New Zealand, if 'preceded by many foreign and some British countries, at last obtained machinery for the relief of unemployment [which] recognized the long-cherished labour ideal of the right to work or sustenance.'[6] But as Sutch acknowledges this first and in many ways limited provision was overwhelmed by events and in vivid prose he details the indignities of depression provisions, 'some of them grotesque in their parsimony'. 'It was not so much', he records, the cuts in wages that the people resented but such actions . . . these together with the treatment of the unemployed. In respect of the latter, he instances countless examples such as the 'at one time 400 men [in Christchurch] who could not do heavy work [and] had to report for light work [although] some of the men suffered from asthma, arthritis, rheumatism and epilepsy'.[7] The administrative cruelty of women paying the wage tax to support unemployment relief but being ineligible for that relief. A vivid picture of unemployed men following Harry Holland's funeral procession in October 1933 concludes the sad and angry litany. It is followed by an account of the restorations and advances in social services and provision for the unemployed from 1934 on. [8]

That recovery did not mean a worker revolution. In the opening to the penultimate chapter 8 of *Quest for Security* he explained that having 'showed how an attempt to build a movement which would change the economic system was defeated', this chapter 'completes to the end of New Zealand's first century the development (with some attempt at assessment) of the alternative - the existing economic system tempered, more or less, by social services.'[24]

Within this frame of reference Sutch is very explicit about what needed to be achieved and how much was achieved. 'Poverty was directly linked with ill-health. In 1938, out of

[6] QS 1942: 114
[7] QS 1966: 137. See further QS 1942: 119-123
[8] QS 1942: 123.
[24] Sutch QS: 125, 127; see also Sutch P&P: 140; Sutch QS: 141

every million people, 50,000 were calculated to be sick three times a year, 140,000 twice and 320,000 once. The individual person could not be expected to provide the payment to meet this kind of hazard. In pre-World War II days one-third of children suffered from untreated dental decay mostly because of parents' inability to pay, many thousands suffered from visual defects for the same reason and still more from preventable diseases such as diphtheria and scarlet fever. Many needed medical and hospital attention and could not afford it. The 1938 Social Security Act was the answer to the depression of the thirties and to the indignities and poverty the working people of NZ had suffered.'[9] It was 'probably the greatest achievement of the democratic world, 'in conception and liberality'.[25] **PIC**

Economic possibilities and impossibilities

I will return to Sutch's comments on the Social Security Act but now want to consider the impact of Keynes. As Sutch wrote in 1936 Keynes was the 'most notable economist of his generation'. To the discipline of economics George was a classic outsider, but Keynes was the ultimate insider. No economic thinker during or after Keynes' life was free of his influence and Sutch was no exception. And given Keynes' intellectual adventurism it is not surprising that he thought about poverty as well.

Keynes was well known in New Zealand, his 'Means to Prosperity' a linked series of essays on how to escape the great economic downturn, the Depression, were reproduced in all the metropolitan NZ papers in the first part of 1933. These were not as theoretical as the later *General Theory* but gave readers a sense that there was a 'way out'. As does the *General Theory,* but *Economic Possibilities,* which was one of Keynes' 'Essays in persuasion', also repays attention both because of what it addresses and what it does not.

In *Economic Possibilities* Keynes assumed 'for the sake of argument' that a hundred years hence 'we are all of us, on average, eight times better off in the economic sense than we are today. I conclude – he said - that 'assuming no important wars and no important increase in population, the economic problem may be solved, or be at least within sight of solution, within a hundred years. This means that the economic problem is not …the permanent problem of the human race'. And in a subsequent oft-quoted concluding passage, he stresses that we should not overestimate the importance of the problem: 'it should be a matter for specialists - like dentistry. If economists could manage

[9] QS 1966: 239. Sutch published a descriptive account the Act in the *Economic Record* June 1939 which was later republished by the Cooperative Book Society; QS 1942 itself did not h Sutch P&P: 140; Sutch QS: 141
[17] *Tomorrow* 28 May 1936
[25] Sutch P&P: 140; Sutch QS: 141

to get themselves thought of as humble, competent people, on a level with dentists, that would be splendid!'

The editors who compiled the collection titled *Revisiting Keynes: Economic Possibilities Revisited for our grandchildren*, in 2008 were unanimous on two things. First, that Keynes' assumption of material wellbeing was an *under*-estimate, at least for developed economies, one calculation reckoned that individuals would be 17 times better off than their 'grandparents' in 2030. In the midst of a cost of living crisis and an expectation that living standards of the next generation will not surpass those of the last, these may seem ironic conclusions, but the irony arises from two things which Keynes overlooked, one of which was the *distribution* of wealth and income.

Keynes' *General Theory on Employment, Interest and Money* went some way to addressing that omission, but only indirectly. In arguing that employment levels were determined not by the cost of labour but by the level of demand, Keynes broke with classical economics. There could not be anything more significant in a time of depression characterized by mass unemployment - and the poverty which inescapably accompanied it - than a theory which explained how to overcome it. The classical nostrum, that 'costs had to be reduced' - under which rubric wages were included - was turned on its head by Keynes.

It is difficult to overstate the excitement which this Keynesian revolution triggered in the wake of the Great Depression, especially among up and coming young economists. It is certainly difficult, looking back 90 years from the discrediting of Keynesianism in the 1970s and even from its partial rehabilitation since the Global Financial Crisis. Keynes' reasoning fascinated socialists and non-socialists alike. As one Australian commentator put it in 1939, 'Keynes's *General Theory*, like Marx's *Capital,* is a study in economic pathology. It is meant to show why the economic system does not work, in the sense of maintaining the available labour and capital of society in full, or nearly full, employment.'[10] Classical economics had not done that, and the fact that Keynes came up with different remedies to Marx did not mute the intellectual excitement.

The radical Cambridge economist Joan Robinson, **PIC** a student of Keynes, published two books explaining the General Theory in 1937 and in 1942 published *An Essay on Marxian Economics* described by Allan Bollard (to whom I am indebted for this information) as 'one of the few serious attempts to reconcile Marx and orthodoxy'.[11] And (thanks Ross Webb) we know that Wolfgang Rosenberg, another NZ economist with

[10] E E Ward, 'Marx and Keynes's General Theory', *Economic Record* 15/3 (April 1939)

[11] Alan Bollard, *Economists in the Cold War: how a handful of economists fought the battle of ideas*, Oxford 2023:179

radical instincts, a decade younger than Sutch, early had a 'well-thumbed and annotated copy of Keynes' *General Theory*.[12]

PIC Quite how Sutch got hold of the *General Theory*, published in February 1936, so that he could review it three months later, is a mystery, but it's possible that copies shipped to New Zealand had arrived in April giving him a few weeks in hand. In his review, Sutch fixes on one key element in Keynes' argument - that while interest rates need to be low to encourage new investment, those deriving their income from interest - rentiers - prefer higher interest rates, he quotes Bagehot, 'John Bull can stand many things but he cannot stand 2%'.[17] So as with George, the rentier was in the gun but so were the contemporary institutional forms of capitalism.

Sutch explained that Keynes was not a socialist but 'a liberal and so, and true to his faith, he advocates the minimum amount of socialisation which he conceives to be necessary while admitting that the pursuit of profit does not equate with the pursuit of social welfare.' But this does not mean Sutch is completely at odds with Keynes. In a 'note on unemployment relief', which was probably compiled in 1939 or 1940 he wrote that 'the problem of providing against depression in New Zealand had never been tackled. As far as taxation is concerned, it involves increasing it in times of prosperity and building up a reserve of overseas funds - this is difficult but it has been done in Sweden, and recently cautiously approached in New Zealand but the New Zealand people are not notorious for taking a long view of things.'[18]

Sutch goes on to say that Keynes is not at his strongest in addressing inequalities of incomes and of wealth but that New Zealand's legislators might be willing to go as far as Keynes 'in the steeply graduated taxation of high incomes, the social control and direction of investment, and the euthanasia of the rentier class.'[19] That comment of course in part reflected New Zealand's first-ever election of a Labour government in November 1935.

Concluding comments . . . 1945-1975

In *The Magic Square* economist Wolfgang Rosenberg explained that 'between 1938 and 1966/67 New Zealand [had] been able to maintain absolutely full employment [and]

[12] Ross Webb, 'A dangerous economist: Wolfgang Rosenberg and the rise and fall of full employment in NZ' (draft MS 2024 kindly supplied by author, who also makes the comment about Robinson). See also Alan Bollard, *Economists in the Cold War: how a handful of economists fought the battle of ideas* (OUP 2023), see especially pp 62-65 (Lange) and pp 179-89 (Robinson)

[17] *Tomorrow* 28 May 1936

[18] ATL, 2002-012-45/01 A note on unemployment relief

[19] Tomorrow 28 May 1936

almost banished poverty from its shores'.[13] The two were linked in Rosenberg's mind and almost certainly in Sutch's, a product of combining economic policies designed to avoid unemployment and a fiscal commitment to social security. Keynesian thinking slowly became influential in New Zealand but before that came the Employment Act 1945, valuably highlighted by Jim McAloon. It was introduced by the Prime Minister Peter Fraser himself (the most persistent lobbyist for 1930's Unemployment Act) who explained that while, 'in a country run on untrammeled capitalist profitmaking lines, unemployment is inevitable. We are moving on from that conception very rapidly.'[14]

Sutch by then was overseas, not returning to New Zealand until 1951, when he took up a senior position with the Department of Industries and Commerce.

Sutch's return to both manuscripts in the 1960s was in part triggered by, in his words, a 'weakening tide of welfare … to some extent concealed because until 1967 full employment became characteristic of New Zealand.' This came through most clearly in his discussion on the fate of the Social Security Act in the revised *Quest for Security*. Sutch takes an axe to what he saw as the failure of the first Labour government to complete the social security project by introducing universal health care. He has no doubt who is to blame: 'Fraser had the problem of balancing the health scheme idea of caucus, led by McMillan, against the thousand doctors in the BMA' and failed to give McMillan the post of Minister of Health in his new government because of his support for Lee's challenge to the leadership a few months before. [15] Something could have been done after the War but 'Fraser had consistently suppressed discussion and self-education in the Labour Party and … it was hesitant and confused'.[16] It is not too surprising to find Sutch writing years that Fraser was 'repetitively vituperative about the left wing.'[26]

Sutch was on less emotional ground in charting 'the general erosion of the real benefit of social security after the defeat of Labour in 1949.' No advances on free dental treatment, or free eyecare and he notes that in the early 1950s other countries overtook New Zealand in the generosity of their social security provision.[17] This retreat did not of course end at that time and Sutch's charts from 1942 comparing pensions and family allowances at 1932, 1936 and 1939 – an upward curve – **PIC** can be contrasted with Max

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[13] Wolfgang Rosenberg, The Magic Square: what every New Zealander should know about Rogernomics and the alternatives, Chch *NZ Monthly Review*, 1986: 15. See also Wolfgang Rosenberg, *Full employment: can the NZ miracle last?* (1960)

[14] Jim McAloon, *Judgements of All Kinds: economic policy-making in NZ 1945-1984*, VUP 2013: 56

[15] Sutch QS 1966: 246, 248

[16] Sutch QS 1966: 249

[26] Sutch Papers 85-185-02/09, Labour Party economic policy [c 1936-50]; the items referred to in the quoted passage are also in this file. See also H C Coombs, 'General theory and Swedish economic practice', *Economic Record* 15/3 (June 1939).

[17] Such QS 1966: 249-51

Rashbrooke's 1947-2023 timeline charting the relationship of key benefits to average after-tax wages – mostly a downward curve [18]

Sutch's return to his wartime publications was also shaped by his unwelcome – for Sutch himself – departure from Industries and Commerce in 1965, which coincided with the conclusion of a first, very cautious, free trade agreement with Australia and the scuppering of a project on which Sutch had worked very hard, the Nelson Cotton Mill. A reversal of his industrialisation policy was underway.

The new editions were more attentive to women and to Maori than the earlier publications. *Women with a Cause*, published in 1973, **PIC** took the first theme much further In respect of the latter, a file in the Sutch papers, labelled Maori matters, mostly press clippings, appears to have been opened in the wake of the protest over the Maori Land Amendment Act 1967, and among the various items there is one 1968 article detailing how the newly-urbanized Maori are encountering new forms of discrimination, for example higher rates of unemployment than their Pakeha counterparts.[27] In Sutch's own words, the recent rapid expansion and urbanization of Maori showed that they were as much of the present and the future as of the past.[28]

But when Sutch wrote on the ongoing *colonial* structure of New Zealand' few would have interpreted that as a text on the ongoing colonization of Maori. Nor was it. He was referring to the colonial status of the country as a whole: 'though politically self-governing since 1852 [NZ] remains an economic colony, and many of its decisions about economic development are made abroad. Indeed, its colonization, mainly through Australia, has rapidly increased in recent years.'[29] – a reference to the (very limited) New Zealand Australia free trade agreement concluded in 1965 despite being opposed by Sutch.

A not entirely sympathetic Keith Sinclair noted in his review of *Quest for Security* mark 2 that 'the need for industrial development becomes a central idea, placed alongside the focus of the first book, which was the growth of social security.'[30] One effect is to blur the message of the book, although if industrial development is thought about in relationship to full employment the continuity is more visible.

[18] Sutch QS 1942: 142-43; Max Rashbrooke, 'The two poverties', https://thespinoff.co.nz/politics/12-06-2023/the-two-poverties

[27] See for example Graham Butterworth, 'Maori unemployment a mounting social problem', Public Service Journal Feb 1968, Sutch Papers 2002-012-35/7. Butterworth worked under Sutch at Industries and Commerce for a period (information from Brian Easton)

[28] Into to P&P 1969

[29] *Quest for Security 1840-1966*: xii

[30] Keith Sinclair, review of Quest for Security in New Zealand 1850-1966, *New Zealand Journal of History* 1/?1, 1967: 206-208

Sutch's concerns about poverty was also salient in the submission he made to the 1972 royal commission on social security, his concern being to protect and extend the social welfare system of health and social security.[31] Brian Easton will comment on that part of Sutch's work.

Sutch looked forward as well as back, if not for as many years as he might have anticipated in the early 1960s. **PIC**

He died, a sick and broken man, on 28 September 1975, he was just 68. He had experienced poverty first hand, but he was also a professional economist and public intellectual who thought about it as a problem. His discussion of it oscillated between a belief in the importance of ensuring full employment and generous social services to counter poverty and a predisposition for a more radical social transformation, a new social and economic order

In the present era that the latter vision is hard almost to comprehend, let alone to implement. It is fair to say that the bulk of political and scholarly energy goes into reform rather than revolution, to recovering something more like Keynes' – or Rosenberg's – vision of how New Zealand society, politics and economy might be ordered.

Back in 1883 Robert Stout's moral solution to poverty obscured the politics behind it. From the same era as Keynes, J A Hobson argued (in a book bought by Harry Holland in 1932) **PICS** that the politics itself must be morally informed: 'our main economic troubles are of a distinctively moral origin … workers as a whole are wronged by the economic forces which accord too large a share of the product to non-workers. Sheltered workers . . . injure non-sheltered workers. Owners of natural resources are able to extort large payments for which they perform no services.' [32]

That 80 years on from Sutch's landmark publications, poverty is still with us underlines that J A Hobson's challenge remains as relevant as ever.

[31] Brian Easton, *Nationbuilders*: 252

[32] J A Hobson, *Poverty in Plenty: the ethics of income*, London 1931: 85. The copy of this work held by ATL belonged to Harry Holland.