

LABOR GOVERNMENTS AT WORK

AUSTRALASIAN

SCANDINAVIAN

BRITISH

by

HARRY W. LAIDLER

*Executive Director, League for Industrial Democracy,
author of "Social Economic Movements", etc.*

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Somewhat over a hundred years ago, in the year 1842, industrial workers from all parts of England went to London carrying with them a great petition signed by three million of their fellows. This petition asked the honorable members of the House of Commons to hear the workers' grievances, to grant them the right of universal manhood suffrage, and to vote for needed economic and social reforms.

"The population of Great Britain [the petitioners declared] is at present about twenty-six million of persons, and yet out of this number little more than 900,000 have been permitted to vote. . . . The existing state of representation . . . gives preponderating influence to the landed and moneyed interests, to the utter ruin of the small trading and laboring classes. . . . Your petitioners maintain that it is the inherent, indubitable and constitutional right . . . of those of sound mind . . . to exercise the election franchise in the choice of members to serve in the Commons House of Parliament." (1)

Thomas Duncombe, M.P., introduced the petition, and pleaded that the spokesmen of the petitioners be allowed to appear at the bar of the House. Duncombe's plea, however, was coldly received. "I am opposed," declared Lord Macauley, famed historian, "to universal suffrage. I believe universal suffrage would be fatal to all purposes for which government exists and for which aristocracies and all other things exist, and that it is utterly inconsistent with the very existence of civilization."

Macauley's sentiments were seconded by Lord John Russell, who argued that the great patrician families possessed the capacity to govern and must continue to hold a controlling position in the state. "Universal suffrage," he concluded, "might destroy or shake those institutions which are of the utmost value in holding society together." (2)

Since those days, in country after country, property qualifications for voting have been abolished; labor has formed its own political parties and, after years of bitter struggle, representatives of labor have been chosen in numerous lands to head the governments and to direct their nations' destiny.

Outstanding among the nations where labor now constitutes the government and is proceeding, through democratic means, to

incorporate its program into the laws of the land, are Great Britain, New Zealand and Australia in the British Commonwealth of Nations and Sweden, Norway and Denmark — the three Scandinavian countries. In four of these countries parties in power go by the name Labor; in two — Denmark and Sweden — by the name Social Democratic party.

The support received by those Labor governments in their legislative assemblies and the dates on which the Labor governments were inaugurated, follow:

<i>Country</i>	<i>Name of Party</i>	<i>Lates date prior to 1948 when Labor took over</i>	<i>% of Representation in Lower House of Parliament in 1948</i>
Australia	Labor	Oct., 1941	57.3% (43 out of 75)
Denmark	Social Democratic	Oct., 1947 (3)	35 % (57 out of 149)
Great Britain	Labor	July, 1945	62 % (397 out of 640)
New Zealand	Labor	Dec., 1935	52.5% (42 out of 80)
Norway	Labor	Nov., 1945 (4)	50.7% (76 out of 150)
Sweden	Social Democratic	Sept., 1932	48.7% (112 out of 230)

<i>Country</i>	<i>% of Representation in Upper House of Parliament in 1948</i>
Australia	92 % (33 out of 36)
Denmark	43.4% (33 out of 76)
Great Britain	5.2% (44 out of 850) (5)
New Zealand	80 % (28 out of 35)
Norway	Only one House of Parliament
Sweden	57 % (85 out of 150)

What have these Labor and Social Democratic parties been able to accomplish, despite the shortness of their terms of office, the havoc of world depression and war, the opposition of dictatorships without, and, oftentimes, the presence of hostile legislative majorities in one or both of their houses of Parliament?

THE BRITISH LABOR GOVERNMENT

The Labor government which is today commanding the greatest attention by far of any Labor administration in the world is that in Great Britain. Since July, 1945, the government of this country has been directed by the British Labor party.

Nationalization and Social Services

During the campaign of 1945 preceding the election, the Labor party issued a campaign document, *Let Us Face the Future*, in which it set forth its immediate and long-range program. On assuming office, the party began the difficult task of carrying out this program.

In the field of public ownership, the party proceeded to the nationalization of a number of industries, not, as Prime Minister Clement Attlee declared, as an end in itself, or as "theoretical trimmings," but as "an essential part of a planned economy . . . designed to help in promoting full employment, economic prosperity and justice for all"; as measures "vital to the efficient working of the industrial and political machine . . . the embodiment of our socialist principle of placing the welfare of the nation before that of any section and of dealing with every problem in a practical and businesslike way." (6)

The Labor program in the first few years of office included the nationalization of the Bank of England, the coal mines, the civil air services, the cable and wireless services, the electric power facilities, the gas industry, atomic energy, and the vast system of inland transportation — the latter including railways, canals, long-distant haulage, inland waterways, harbors and port facilities. In introducing the measure of public ownership and operation of the transportation system, Minister Barnes declared that he was bringing before the House "the largest and most extensive socialization measure ever presented to a free, democratic Parliament." (7) In the fall of 1948, the government introduced a measure for the nationalization of the iron and steel industry.

Supplementing its banking act, the government organized a Capital Issues Committee to control the flow of investments. This act provided that, where one wished the public to subscribe to any new issue of capital for a business undertaking, he had to obtain the Committee's consent. Under the act, houses and industrial equipment for essential purposes must take precedence over less socially useful ventures. (8)

While the process of nationalization was taking place, the Labor government was returning over 6 million people from fields of battle and war industry to peacetime industry with a minimum of unemployment and industrial disturbance.⁽⁹⁾ It was likewise freeing the workers from the restrictive labor legislation passed by the Conservative government in 1927, after the abortive General Strike.⁽¹⁰⁾ It was setting up "working committees", consisting of business, labor and government representatives in a number of private industries, with a view of raising the efficiency of specific private industries.⁽¹¹⁾ And it was building houses for workers. In this field, by the fall of 1948, the government was able to report the completion of $\frac{3}{4}$ of a million new homes, and the building of further dwelling units at the rate of 20,000 a month.⁽¹²⁾

For the farm dweller, the Labor government enacted during its first years in office an extensive agricultural program, including provision for a policy of guaranteed prices and assured markets for specified agricultural products, and for financial, technical and other aids to farmers, tenants and agricultural laborers.⁽¹³⁾

In town and country planning, the government adopted a far-reaching program for town building, city planning and the better use of land — entire towns under the New Towns Act are being developed from their foundation. The government likewise assumed a considerable control over the location of industry.⁽¹⁴⁾

In the field of social insurance, the government, among its first tasks, passed the two most comprehensive social insurance acts enacted by any major country. These acts brought within their scope all who earned or received an income. They made provision for unemployment, sickness, accident, insurance; for maternity, widows' and death benefits; for old age pensions, and guardian allowances. The government likewise enacted a National Health Act, which began to operate in July, 1948, providing complete medical, dental, specialist and hospital service without charge or qualification to everyone, with the right of patients to choose physicians and of doctors to choose their activity.⁽¹⁵⁾

In the vital service of education, the government implemented the Education Act of 1944 enacted by Parliament to the end that

“every boy and girl in the country, regardless of income and social status, shall be enabled to obtain the most complete education warranted by his need, age, and ability.”

Not content with these measures for partial planning, the government, in late 1947, created a Ministry of Economic Affairs to coordinate the country's planning in various fields. In explaining the planning ideals of the government, Sir Stafford Cripps declared that the type of planning the British Labor party was interested in was democratic planning. “Democratic planning [he declared] aims at preserving maximum freedom of choice for the individual, while yet bringing order into the industrial production of the country, so that it may render the maximum service to the nation as a whole.”⁽¹⁶⁾

As for foreign policy, British Labor has been often restricted in carrying out its policies by the international agreements made by former governments. The Labor government was severely criticized during these years for its Palestine policy. On the other hand, it was praised by many progressives for granting independence to India, Burma and Transjordan. It likewise brought about advances in the economic well-being and freedom of the British colonists, and, in the United Nations, played an active role in behalf of world democracy.⁽¹⁷⁾

OTHER LABOR GOVERNMENTS

The other Labor and Social Democratic governments — Australia and New Zealand in the British Commonwealth of Nations, and Denmark, Norway and Sweden in Scandinavia — have followed in their legislative activities a pattern somewhat similar to that of British Labor.

There have been, in the nature of the case, however, many differences in the economic and social backgrounds of the various countries, and numerous variations in the impact of neighboring countries on their political and social systems.

Public Ownership

One of the main tasks which the British Labor government set before it during its first years in office, as we have just mentioned,

was that of nationalizing a number of key industries, particularly in the fields of banking, public utilities and natural resources.

When, however, New Zealand, Australia and the Scandinavian countries "went Labor," the new governments found that many of the industries which British Labor in 1945 undertook to socialize had, in whole or in part, already been brought into the public sector. In some instances these industries had been nationalized as a result of the pressure exerted by the labor and progressive movement while it still occupied the benches of the Opposition; in some instances, as a result of general consumer or public demand.

In New Zealand, for instance, Labor, in 1935, on entering office, took charge of a government which was already operating all railways, telephone, telegraph and radio services and large hydro-electric plants; which controlled seven-eighths of the nation's timber and coal reserves; managed life insurance, fire insurance and public trust offices, and conducted health resort services.

In Sweden, the government owned, prior to the formation of the Social Democratic government, the telephone and telegraph systems, the most important railroads, most of the electric power, and over a fifth of the forests. It operated the central bank, the radio system, cigarette manufacture, and the wholesaling of liquor. In addition it held a 50 per cent interest in the capital of the largest iron-ore mining company, was a part owner of 85 per cent of all known iron ore resources, and exerted a licensing control over the armament industry. ⁽¹⁸⁾

Banking and Credit

During their term of office, however, the Labor and Social Democratic governments have considerably extended the sphere of public ownership. As has been indicated, one of the first major acts of the British Labor government when it assumed office in 1945 was to nationalize the Bank of England. Other Labor and Social Democratic governments have been likewise interested in public control of banking and credit. In *New Zealand*, the Labor government, soon after its electoral victory of 1935, proceeded to the enactment of the Reserve Bank Amendment Act of April, 1936, providing for the buying out of the private shareholders of the Reserve Bank, the elimination of shareholder directors, and the reconstruction of the institution as "a completely state-owned

and state-controlled authority responsible for giving effect to the monetary policy of the government."

"The government," declared Walter Nash, Minister of Finance, in explaining the need for increased public control of banking at a time when the country was engaged in pulling out of the depression, "never believed that utopia could be ushered in merely by monetary magic, but they do believe that when there are idle men, on the one hand, and unused resources, on the other, it is both safe and sensible to use the people's credit for bringing these men and these resources together in useful employment."⁽¹⁹⁾ Under its new powers, the bank made numerous loans to the government to assist in marketing schemes, as well as for general purposes.

The New Zealand Labor government also during its term of office has abolished the semi-private control of the State Advances Corporation, which makes loans to workers for the purchase of their homes; has established state control over the transfer of all funds to and from New Zealand, and has purchased from private owners (in 1945) all of the private share capital in the Bank of New Zealand, the largest trading bank of that country.⁽²⁰⁾

Throughout its history, the *Australian* Labor party has also shown a keen interest in the public control of many of the banking facilities of the country. In 1912, when Labor was temporarily in office, it created a Commonwealth Bank. For the next twelve years, this bank was operated by a Governor but, in 1924, a board representing various groups in the community was substituted for the Governor. Labor believed that the policy of the bank's Board during the depression of 1929-33 bore harshly on the small businessman and caused much avoidable unemployment and distress. In 1945, to prevent a repetition of an unnecessarily deflationary policy, and to assure the full utilization of the bank as an instrument for full employment, the Labor government passed an act returning the Bank's management to the hands of the Governor, but giving final say in the determination of public policy to the country's Treasurer.

The 1945 act also gave the Commonwealth Bank power to establish Bank branches in various parts of the country, and to control in many ways the credit policy of the country. It created

an Industrial Finance Department to furnish long-term capital to small industry. It gave the central bank power to determine what general loan policy the country's banks should follow and to provide for control of the credit policy of the country in many other ways.⁽²¹⁾ In 1948 the government went even further and initiated legislation empowering the government-owned Commonwealth Bank to *acquire the assets and liabilities of all privately owned banks*, some of which were British-owned. In August, 1948, several of the provisions of this act, however, were declared invalid by the High Court of Australia, and an appeal was made to the Privy Council in London.⁽²²⁾

Other Advances in Public Ownership

The Labor governments during their terms of office have likewise enacted legislation for the enlargement of the nation's control over public utilities, natural resources and other basic industries, as follows:

New Zealand. The government since its inauguration in 1935 has nationalized the internal air services of the Dominion, and has set up a *National Airways Corporation* to run it; has completed the socialization of the *mines* and has established an *Internal Marketing Division* which imports all oranges ⁽²³⁾ and bananas needed in the country, and processes and sells to retailers large quantities of butter.

Australia. In 1942, the Australian Labor government, which had taken office the previous year, reorganized the *National Broadcasting Services*, and provided for a commission of five to take charge of the broadcasts over the Commonwealth-wide network of the national stations, and of the licensing and regulation of the one hundred or more commercial stations scattered throughout the country ⁽²⁴⁾.

In 1945, the Australian government also nationalized its interstate *air lines*, in keeping with the general Australian policy of keeping transport in public hands. It likewise entered into partnership relations with Great Britain for the operation of the air service between Australia and the United Kingdom and with Great Britain and New Zealand for the operation of the British Commonwealth Pacific Airlines. The Australian Labor government, since the war, has also initiated a long-range program for the reconstruction of the nations *railroads*, including the adoption of uniform gauges for state and federal railways ⁽²⁵⁾.

Sweden. In 1935, three years after Per Albin Hansson became Social Democratic Premier, the state purchased a majority of stocks of the *Air Transport Company*, which it had previously subsidized, appointed government directors and brought the airways into active cooperation with the railway administration. In 1938, it transferred to the state the rights of the landowners to *ores* that may be found in the future on private property. It is at present discussing the

nationalization of the insurance, shoe and stone industries and of the importation and distribution of oil and gasoline.

Norway. Since World War II, the Norwegian Labor government has assumed control of numerous basic industries. In 1946, after the war, the government undertook the construction of a super-modern *electro-iron works* located in Mo i Rana, in northern Norway — one of the largest single industrial ventures in the history of the country. In the corporation controlling this enterprise, the government holds a majority of stocks. In 1947, the government also bought the *iron ore deposits* of the Dunderland Iron Ore Company with an estimated output of from $\frac{1}{2}$ to 1 million metric tons.

The Labor-controlled Norwegian Storting also decided in the years following the occupation to form a big industrial company to take over and complete some of the huge industries planned by the Germans during their occupation for the long-term development of the country. The new Norwegian state-owned company immediately set to work to complete a large *aluminum* plant at Aardal, and to take over power plants.

The postwar period also found the Norwegian government in possession of a majority of shares of the Norsk Hydro, one of Norway's largest *electro-chemical* firms which controlled hydro-electric generating plants and important aluminum works. The majority of stocks of this firm was held before the war by French interests.

The Labor government since the war has likewise initiated *state monopolies* in the importation of *grains, solid fuels and medical supplies* and the construction and operation of *quick-freeze* plants in northern Norway. It has undertaken the operation of a nation-wide chain of *agricultural machinery stations*; has initiated a 15-year reconstruction and electrification plan for the state-owned railways and a broad general plan of *electrification*, and is cooperating with other Scandinavian countries in the formation of a *Scandinavian air service* between Norway and North and South America.

Housing

All of the Labor governments, as might be expected, have given much attention since their inception to the housing of their people and have initiated many public and cooperative housing ventures. The *New Zealand* Labor government, following its election to office in 1935, felt, in the words of Deputy Prime Minister Nash, that it had the duty "to carry good shelter as well as good food, good clothing, good education, good health and working conditions to the people, not to some of the people only, but to all the people all the time." ⁽²⁶⁾

One of its earliest activities in the field of housing was the mobilization of its resources for the construction of thousands of modern individual houses in more than 150 cities and towns. Those homes were made available to all classes of the community with-

out discrimination and no income bar or means test was employed in the selection of tenants. The homes built under this program showed an attractiveness and pleasing variety which private builders had failed to achieve. "Probably no single activity in which the New Zealand government has engaged," declared Mr. Nash, "has brought more joy and brightness into the lives of thousands of its citizens." (27)

The Commonwealth of *Australia*, in June, 1946, set itself the goal of 50,000 new houses a year to be erected by public and private agencies. Under the arrangements agreed upon, the federal government helps with the financing, while the Australian states build and rent the houses to the tenants. As in several other countries, the rents charged are geared to the occupants' incomes and families earning the basic wage are not required to pay more than one-fifth of their incomes for rent, regardless of the economic rent of their apartments. The Commonwealth Bank also makes loans at lowest practicable interest rates to building societies and to those wishing to own their own homes, while each state provides homes for sale to persons of limited incomes on little or no advance deposit.

The *Scandinavian* countries under Labor and Social Democratic control have also been famous for the housing programs of their governments, as well as of their cooperative societies. In numerous instances, the governments have supplied funds and technical advice and supervision to cooperative societies, while the cooperative building societies have taken charge of the administration of the housing ventures. In most cities of Scandinavia, as a result of these undertakings, slums, to all intents and purposes, have disappeared.

In *Norway*, outside of the extensive housing program initiated by the government in Oslo and other cities in central and southern Norway, the government has recently undertaken a comprehensive building program in the 60,000 square miles of the devastated Finnmark and Norland area in North Norway. In these districts whole towns are being planned and constructed.

In *Denmark*, following the inauguration of the Social Democratic government in 1947, a special Ministry of Building was established to further the construction of homes for the Danish people.

Social Insurance

The Australasian and Scandinavian labor governments have also been pioneers in the field of social insurance. The British Commonwealth Dominion of *New Zealand*, in fact, initiated in 1938 a social insurance system which gave the most complete coverage of any social insurance plans passed by any legislature in the world up to that time, and which became, in many ways, a model for the British social insurance act of a decade later. Today the government, through its social security system, protects the individual against financial loss occasioned by sickness, invalidity, old age, unemployment, orphanhood and occupational disease. Its old age pension system reaches down to those arriving at the age of 60. Its unemployment insurance benefits are paid as long as a person is unemployed, unless, of course, he has become eligible to receive another class of benefit. As a means of protecting the child, the government gives, upon application, 10 shillings a week for the maintenance of any child under 16.

Besides this, the Labor government makes available free health and hospital services to every citizen irrespective of income. As in the case of the British national health service, the citizen in need may select his own physician, the doctor selected collecting his fee either from the government or from the patient. If the patient pays, he recovers from the state. A physician living in a sparsely settled district may arrange to treat all patients in the district. In such a case, the government pays the physician a stated salary.

All medicines prescribed by the physician under the plan are free. If a patient goes to a private hospital, the government makes a grant to the hospital equivalent to the cost of treatment in a public hospital. In maternity cases, benefits continue 14 days after child-birth. Since World War II, dental treatment has been extended to all persons up to 19 years of age. As for the financing of the system, this is accomplished by payments by both the state and employees. A social security tax of about 7-1/2 per cent at present writing is being levied on wages, salaries and company earnings. Social security benefits from 1935 to 1945 increased about 11 fold. ⁽²⁸⁾

In *Australia*, the country was handicapped for years in providing a comprehensive social insurance system as a result of the

Australian legal setup which left to individual states in the Commonwealth all social insurance legislation except that dealing with old age pensions and invalidity protection. In late 1946, however, the Labor government submitted a referendum authorizing the Commonwealth to make laws with respect to all forms of social legislation. This was carried by a comfortable majority, and the Constitution was amended as from December 19, 1946, so as to empower the Commonwealth Parliament, in addition to the invalid and old age pensions power, to make laws with respect to "the provision of maternity allowances, widow pensions, child endowments, unemployment, pharmaceutical, sickness and hospital benefits, medical and dental services, benefits to students and family allowances." Since this amendment went into effect, the government has been at work bringing the social insurance system more in line with that in New Zealand and Great Britain, to the end of assuring "to every individual man's most priceless possession, peace of mind." (29)

In Scandinavia, the social insurance system up until World War II was conducted largely in conjunction with trade unions, the governments granting subsidies to the insurance funds. In January, 1946, however, the Riksdag passed legislation providing for obligatory health insurance and increased old age pensions, the health insurance provisions to go into effect by July 1, 1950, when, as the Minister of Social Affairs declared, "Sweden will, in regard to social legislation, be a model country, which we shall be able to display before the whole world." (30) Included in the postwar social legislation have been free vacation travel for children of parents and for mothers of families in lower income groups, and free school lunches for all.

Among the postwar developments in Norway in the field of social insurance have been legislation for children's allowances, a broadened health insurance program, and a national dental insurance scheme. Funds earmarked for social affairs in the Norwegian budget have steadily increased here as well as in the little progressive Scandinavian country of Denmark. (31)

Planning for Full Employment

One of the most insistent demands of democratic socialists has been that for elimination of mass unemployment. Most so-

cialists believe that depressions, with their accompanying armies of the unemployed, cannot be eliminated under a system of capitalism with its lack of social planning and its monopolistic trends. Economic security with freedom, they contend, can only be attained under a democratically planned socialist system.

They feel, however, that much can be done under the capitalist order to stabilize industry and to alleviate, if not cure, the evil of mass unemployment. This is particularly true when, as in the Scandinavian countries, there are large trade union and cooperative movements bent on keeping consumer purchasing power on a high level; when public utilities and certain other important services are under public ownership and management, and when the government has control of key banking and credit agencies.

The Social Democratic government of *Sweden* and the Labor government of *New Zealand* attained office in their respective countries during the days of the depression of the thirties. Both of these governments gave much attention to measures for grappling with the economic crisis. After the election of 1932 and before Parliament assembled, a commission was appointed by the *Swedish* government to survey work schemes which public and semi-public bodies could put into immediate execution. The report, submitted December 3, 1932, listed 3,200 individual undertakings that could be started within a short time, with detailed information regarding their nature and the expenses involved. It likewise noted others about which more information regarding needed outlay had to be gathered.

The first plan for meeting the crisis in Sweden was approved by Parliament in June, 1933, and from then to the end of 1936, approximately \$100,000,000 was spent on public works projects designed to give employment to the jobless. The effect of this program "spread to all corners of Sweden. Something like 100,000 minor and major undertakings, public, semi-public and private, benefited. Public buildings, hospitals, schools, dwellings, roads, bridges, harbors, watering and drainage systems, power stations, and playing fields are among the last monuments", as Dr. Braatoy declares, "to the crisis policy of Sweden's Social Democratic governments." (32)

During this period, most of the workers were taken out of the category of relief workers, and were employed under conditions

prevailing in the general labor market, constituting a revolution in the method of caring for the unemployed. The last several million dollars for public works for the jobless was allocated in 1937. By July, 1937, when there were still many millions unemployed in the United States, the registered jobless in Sweden had shrunk to 9,800, chiefly in the forestry and quarrying districts, and, by mid-1938, jobless in these areas had been reduced by over nine-tenths from the 1933 figures.

Besides initiating the construction of public works, the Swedish Social Democratic government during the thirties utilized its state-owned banking and credit facilities to expand and contract credit, to prevent undue fluctuations in foreign exchanges, to provide additional credit to smaller undertakings that had difficulty in financing economically sound expansion, and to enlarge its control over loans to industrial enterprises.

The Social Democratic government likewise subsidized and guaranteed the production of numerous food products; encouraged the growth of the cooperative movement; made extensive grants for the rehousing of the people and the improvement of living quarters of farm-hands; raised old age pension rates; expanded health facilities; reduced the maximum working week in agriculture and among Swedish seamen, and improved its taxation system.

The *New Zealand* Labor government, when it went into office in 1935, likewise set itself the task of giving work to its army of unemployed, the numbers of which had risen during the early thirties to unprecedented heights. Through measures somewhat similar to those adopted in Sweden — the use of banking and credit facilities, housing, national development works, restoration of cuts in wages, pensions and social services, establishment of a 40-hour week, etc., — the government brought at least temporary stability to New Zealand industry and reduced unemployment to a minimum.

Following the war, the Labor party approved a comprehensive five year plan in behalf of a rising standard of living and greater economic security. Rejecting the idea that "the country's affairs should be left to the play of the blind forces of selfish and un-planned private interests," it pledged itself to legislation for the expansion of its programs in the fields of housing, education, public

works, agriculture, industry, research, land conservation, transportation and communication, labor and social insurance legislation. It outlined the most extensive plan for the development of New Zealand's natural resources in the country's history. The party also gave much attention to ways and means of guaranteeing recreational opportunities to all in future years when technological developments should bring greater leisure to the country's workmen.

In Australia the Labor government also, since its inauguration in 1941, has given much thought to measures for averting mass unemployment. In 1945 it issued a White Paper on Full Employment, in which it pledged itself to pursue a policy in behalf of jobs for all, to be carried out "with the utmost energy and determination". In Norway and Denmark similar programs have been initiated. In Norway Production Councils, an Economic Coordination Council, and a Money and Finance Council were established after the war to assist in preventing the continuance of the old cycle of boom and bust.

Labor Legislation

In the nature of the case, the various governments under labor and socialist control, since their inception, have also enacted much valuable labor legislation. One of the most recent series of labor statutes has been that providing for twelve working days with pay. Labor governments have likewise given much attention to the orderly settlement of industrial disputes. New Zealand in 1936 reestablished the powers of the Arbitration Courts which restored wage cuts, and made union membership compulsory for all industries covered by Arbitration Courts awards. This legislation was followed by the creation of a new Federation of Labor with 200,000 members, which included, with their families, around half of the population of New Zealand. The Labor governments have reduced the maximum working week and have done much to keep down living costs.

Collective bargaining has been encouraged in all of these countries, and conciliation and arbitration machinery has been developed to a high state of efficiency. It goes without saying that wherever Labor and Social Democratic governments exist, a strong labor movement is likewise functioning.

Agriculture

As for agriculture, much attention has been given to the improvement of farm conditions through general measures for raising the living standards of the general population and through more specific agricultural legislation. New Zealand has helped the farmer considerably in the distribution of its products. In the late thirties it set up an Export Department for marketing, and an Internal Marketing Division has opened factories to process and wrap the butter and deliver it to retailers. The Scandinavian governments have subsidized, where necessary, the production of food products, have passed housing and wage and hour legislation in behalf of agricultural labor, and have helped farmers with credit facilities. Among the postwar measures of the Norwegian Labor governments has been the development of a nation-wide chain of agricultural machinery stations and the establishment of an agricultural technical institute.

Far Flung Goals

Most of the above measures of Labor and Social Democratic governments have constituted valuable reforms within the framework of the system of private ownership. They have greatly enlarged the sphere of public ownership and control, but they have not brought the major part of industry into the public sector. In Great Britain, for instance, the Labor government estimates that, when it carries out its first five-year plan, about one-fifth of the industrial life of the country will have been socialized.

As for the future, the British Labor party has pledged itself to work, over a period of years, for the establishment at home "of the Socialist Commonwealth of Great Britain — free, democratic, efficient, progressive, public spirited, its material resources organized in the service of the British people." The party, however, has declared that "the members of the Labor party, like the British people, are practical minded men and women" and that "Socialism cannot come overnight as a product of a week-end revolution."⁽³³⁾ The parties of Australasia and Scandinavia have also committed themselves to work toward the attainment of democratic socialism though, for the most part, they have yet to plan a legislative program of rapid and widespread steps toward that goal.⁽³⁴⁾

CONCLUSION

In the above pages, a few of the achievements of the Labor governments in the British Commonwealth of Nations and Scandinavia have been briefly indicated. These Labor governments have shown:

1. That Labor and socialist forces can gain office as a majority party, and can socialize numerous basic industries through peaceful, democratic political action, a thing which for years advocates of violent revolution and dictatorship maintained to be a practical impossibility.
2. They have shown that workers, in cooperation with farming and professional groups, are fully capable of running a modern government honestly and efficiently.
3. They have shown that the gradual socialization of industry under a Labor and Social Democratic government, far from weakening democracy and restricting freedom, can be depended upon to strengthen democracy and enlarge individual freedom. It is of no small significance that Australia, New Zealand, Great Britain and the Scandinavian countries are today regarded as among the most democratic countries in the world, and that, under Labor governments, democracy has been strengthened through the increased participation of the masses in the control of the government and of industry; through the weakening of the power of private monopoly; through the more equitable distribution of the fruits of industry, and through the vigilant protection of the civil and economic rights of the people. So successful have Labor and Social Democratic governments been in preserving the democratic spirit among their peoples that, prior to World War II, fascistic forces had practically no organized strength in any democratic country under Labor control, while today the communist movement in all of the governments here described is exceedingly weak. In New Zealand and Australia there are no communist legislators; in Great Britain, only two, while in the Scandinavian countries, communists constituted in 1948 only 5.3 per cent of the total in their lower chambers.

4. These Labor governments have demonstrated that Labor in power can be depended upon in peace times to raise living standards, increase economic security and plan democratically for the common good. Students of the subject declare, for instance, that, accompanying its Labor rule, New Zealand enjoys among "the highest standard of health and vigor, the lowest death rate and the longest life expectancy among the nations of the world."⁽³⁵⁾ In 1946, after eleven years of Labor government, the New Zealand Labor party contended that "the New Zealand Labor government has abolished poverty from our land — freed the people — all the people from want and the fear of want; given them economic security from infancy to old age; realized the United Nations' ideal of full employment, with the provision of reasonable leisure, education and cultural opportunities, and made our nation and its people the happiest on earth. It has established the fullest freedom for all."⁽³⁶⁾ With this contention many students readily agree.

In Scandinavia, where Labor governments have been in control, with the exception of the war years, since the early thirties, most students of these countries will agree with Marquis W. Childs that they "have achieved a measure of peace and decent living that will serve, and for a long time to come perhaps, as a standard for larger nations."⁽³⁷⁾

While Labor and Social Democratic governments cannot be credited with all the recent social gains in Australasia and the Scandinavian countries, any more than they can be denounced for the injury to the countries' economies wrought by war and its aftermath, they can be rightly acclaimed for many of the remarkable advances which the common people have made since Labor's advent to power.

5. Finally, the existence and achievements of these governments have shown to the world that there are other alternatives to semi-monopoly capitalism, on the one hand, and totalitarian communism, on the other hand; and that it is possible for an advanced nation to follow the path leading to a system of democratic socialism. The example that is being set by these Labor governments is likely to

exert a profound influence on nations seeking economic security, with freedom and equality of opportunity, in the challenging days ahead.

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FOOTNOTES TO TEXT

- (1) See M. Beer, *History of British Socialism*, Vol. II, pp. 131-3.
- (2) *Ibid.*, pp. 135-7.
- (3) The Social Democratic party in Denmark led the government from 1929 to 1942, when it was forced out of the German occupation.
- (4) The Norwegian Labor government was in power from 1932 until the occupation of Norway by German troops in 1940. During the war the Laborites headed a coalition government-in-exile in London.
- (5) The party alignment in the House of Lords, however, is not fixed.
- (6) British Information Services, *British Speeches of the Day*, July, 1946, p. 415.
- (7) British Information Services, *British Speeches of the Year*, Jan. 1947.
- (8) See *British Speeches of the Day*, March, 1946.
- (9) British Labor Party, *Labor's First Year*, p. 2.
- (10) As a result of the repeal of the 1927 act, civil servants are again permitted to belong to trade unions affiliated with the Trades Union Congress; trade unionists are again allowed to engage in sympathetic strikes, and labor unions may legally devote funds for political purposes in behalf of all members who do not signify their desire to be exempt from making such a contribution.
- (11) *British Speeches of the Day*, March, 1947, pp. 89-152.
- (12) British Information Services Release, August 1, 1948.
- (13) See *British Speeches of the Day*, Jan.-Feb., 1947.
- (14) British Labor Party, *Town and Country Planning; British Speeches of the Day*, Jan.-Feb., 1947.
- (15) British Information Services, *Britain's Charter of Social Security (1948), Health Services in Britain (1948)*.
- (16) *British Speeches of the Day*, April, 1947, p. 185.
- (17) Leonard Woolf, *Foreign Policy* (London: Fabian Society, 1947); British Information Services, Feb., 1948, *British Foreign Affairs* (Debates in the House of Commons); B.I.S. (Feb. 1947), *Toward Self-Government in the British Colonies*; R. H. S. Crossman and others, *Keep Left*; American Christian Palestine Committee, *British Labor and Zionism* (N.Y.: A.C.P.L., 1945); B.I.S. *Britain and Palestine* (May, 1947).
- (18) Margaret Cole and Charles Smith (Eds.), *Democratic Sweden*, p. 134, *seq.* For public ownership in Norway during the thirties see O. B. Grimley, *The New Norway*, p. 139.
- (19) Walter Nash, *New Zealand*, p. 23.
- (20) Soljak, *New Zealand*, p. 74.
- (21) See Alvin H. Hanson, *Economic Policy and Full Employment*, Ch. VII.
- (22) See *New York Times*, August 12, 1948. In Sweden and Norway the Central Banks are government controlled. In Norway the state also controls a majority of the shares of capital of the Industrial Bank, which loans money for productive purposes. It operates other banks formed to serve fishermen and

farmers respectively, and owns jointly with the cities of the country a Municipal Bank, established to finance many of the activities of Norwegian municipalities.

(23) As a result, New Zealand consumed 10,000,000 more oranges in 1938 than 1937 before the government took charge of their import and sale. (W. B. Sutch, *New Zealand's Labor Government at Work*, p. 23.)

(24) No advertisements are permitted over the government network, and the expenses of the stations and the Commission are met, as in other countries where the radio is owned by the state, by license fees charged to broadcast listeners. The local commercial stations carry advertisements.

(25) See "Reconstruction in Australia", by C. Hartley Grattan, in *Current History*, Feb., 1947, pp. 128-36.

(26) Walter Nash, *New Zealand*, p. 266.

(27) Nash, *op. cit.*, p. 267. About 25,000 houses were built by 1946, despite the intervention of the war, while some 17,000 others were financed by the state. The houses were rented at from one pound to one pound 15 shillings a week. The project near Auckland started in late 1945 included schools, shopping and social centers. (See New Zealand Department of Housing Construction, *General Report on State Housing in New Zealand*, 1943.)

(28) See Soljak, *New Zealand*, pp. 76-9; Social Security Department, *Social Security Monetary Benefits and War Pensions in New Zealand* (1946 Edition); Department of Health, New Zealand, *Health Benefits* (1946) W. B. Sutch, *New Zealand's Labor Government at Work* (L.I.D.), pp. 17-20.

(29) Quotation from Australian Minister of Health and Social Services. See W. P. Goodwin, *Social Services in Australia* (Australian Information Bureau, N. Y.).

(30) "Social Legislation in Sweden," 1946. B. G. Howard Smith, in *American Swedish Monthly*, September, 1946, p. 4.

(31) Royal Danish Ministry for Foreign Affairs, *Denmark*, 1947.

(32) Bjarne Braatoy, *The New Sweden*, p. 18; see also Margaret Cole and Charles Smith, *Democratic Sweden*, Ch. VII.

(33) *Let Us Face the Future*. (1945 campaign declaration of B. L. P.)

(34) In New Zealand and Norway the program of public ownership has thus far been of a somewhat more far-reaching character than has been that in Australia, Sweden and Denmark, although in the latter two countries, it may be said, the consumers' cooperative movement has vied with the movement for public ownership in restricting the sphere of profit-making industry. In appraising the fact that the Labor and Social Democratic governments in these countries have not as yet achieved socialism, account must be taken of the following factors, among others: (1) That the number of years during which these governments have been in office has been comparatively few; (2) that their programs of constructive legislation have been slowed up in numerous ways by the World War and its aftermath; (3) that some of these countries (notably in Scandinavia) were constantly menaced for a period of years by the German Nazi government; and that (4) several of the Labor and Social Democratic governments, during much of that time in office, have been supported in Parliament by only a minority or a bare majority of legislators.

(35) Philip L. Soljak, *New Zealand—Pacific Pioneer* (1946) p. 19.

(36) Labor Party Manifesto, 1946.

(37) Marquis W. Childs, *Sweden, the Middle Way*, xvi.

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