

THE POLITICS OF DEVELOPMENT:

A study of the structure of politics from 1870 to 1890.

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Thesis presented for the degree of Master of Arts in history.

- VICTORIA UNIVERSITY OF WELLINGTON -

-1960-

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P R E F A C E.

This thesis is the result not of any specific idea gained from a general study of the period under review; rather it is based upon the research and work done on an earlier project, a provincial history of Taranaki, which, concentrating mainly on the eighteen-seventies, culminated in the abolition struggle and the years immediately following. However, the detailed study of the provincial economy, its politics in both the provincial and central government spheres, and the political attitudes of the local press, accompanied by a general coverage of the politics of the central government throughout the decade, led to the conclusion that in one province at least, the politics of the period were economically based - around the focal point of Sir Julius Vogel's 1870 public works and immigration policy.

From this gradually evolved the concept that economic development and material progress were the issues of greatest importance in the politics of the seventies; they were the prime cause of provincialist jealousies and parochialism, while, in the sphere of central government, Vogelism became the issue on which newly-formed groupings aligned themselves. To see if this concept had validity, the first thing which had to be done was to extend research to get a wider understanding of colonial and provincial economic and political developments, as well as cover the main provincial newspapers for editorial and public opinion throughout the country.

Throughout, I have used the initial information gained from the press and statistics, of Taranaki, a poor and undeveloped province in the seventies - as a basis for comparison with

equivalent information from Canterbury, a relatively wealthy and economically stable province. In the eighteen-seventies this has been supplemented on important occasions - such as changes of ministry, and after significant ministerial policy statements - by press opinion from other provinces, including Auckland, Hawke's Bay, Wellington, Nelson and Otago. This has, unfortunately, resulted in a great deal of bulky material being included which has considerably lengthened the thesis, but which was necessary if an adequate coverage of colonial press and public opinion were to be gained. In the eighteen-eighties - a further extension of the original thesis - the press and provincial statistical work has been reduced again to a consideration only of Taranaki and Canterbury. The choice of these two provinces has been fortunate; for press commentaries reflect strongly their changing economic circumstances - Taranaki from poverty and stagnation to a mildly prosperous progress, and Canterbury, a movement slightly in the other direction.

As is stated in the first chapter, the period covered is, to a certain extent, artificial in its termination point; to have studied the period as complete whole the work should either have ceased at about 1887 when the re-orientated government economic policy replaced that initiated in 1870 and so caused a readjustment of the political structure, or in the late nineties when the original policy of expansion was gradually returned to. 1890, however, although an arbitrary choice, was useful enough, less because it marked a political or ministerial division, as for the reason that the twenty years reviewed do at least cover one whole period of development - 1870 to 1887 - fully, as well as outline the early growth of a new. The original reason why the scope of research was carried on in less detail into the eighties was merely to give an outline of the policy of expansion after the end of

the seventies. Later the eighties became much more important in themselves, because on closer analysis it was realized that the decade was of great significance as being very much the germinating period of a new type of economic policy. This, in its turn, resulted in a realignment of political forces, and so a change in the very structure of politics. To this extent, then, the emphasis of the thesis is wrong; the pivotal years should be approximately at 1887-8 with the political study extending back to its roots in 1870, and forward to the late nineties; or even, perhaps, to the early years of the twentieth century when Vogel's financial successor, Ward, returned in full vigour to a variation of the 1870 policy. Lack of time unfortunately precluded any chance of recasting the emphasis.

The problem of finding a method for studying the period took some time to solve but after much trial and error, the most obvious and clearest way of approaching the subject seemed to be to establish an economic background. This was gained from the study of statistics from the few general economic written works, and especially from long and invaluable discussions with Mr. I. H. Horsfield.* From there the logical step was to study the politics of the period through parliamentary debates and appendices. To get provincial editorial and public opinion on politics the various newspapers were referred to; while to conclude, private papers and correspondence were consulted, more than anything for the purpose of using quotable examples rather than for forming any new ideas from them. Throughout, as well, general works and relevant theses especially, were extremely useful, not only for refer-

* See his thesis: "The Struggle for Economic Viability",

V.M.W., 1960.

ence, but also for the different opinions and ideas they contained on this specific subject.

Thanks are specially due to Dr.J.C.Beaglehole whose help extended very much outside the sphere of supervision of the thesis; also to the staffs of the Turnbull and General Assembly Libraries. Special thanks are owing here to Miss Young of the General Assembly Library for bringing to light the extremely valuable Vogel unsorted papers and letting me study them, and also to Miss P.Palmer of Turnbull for her help with graph photography. Other staffs to whom thanks are due are those of the National Archives, and the New Plymouth and Auckland Public Libraries.

To those many typists who worked on the various chapters and sections of the thesis I am very much indebted for their efforts in helping to complete it on time. This also explains the different styles and type to be found throughout the work.

In the formulation and working out of my ideas I owe most to Mr.I.W.Horsfield. Discussions on both the economic and political aspects of the period, combined with the continual interlocking of our work has given this a far wider scope and coverage than it would otherwise have had. The provision, especially, of a wider understanding of the New Zealand economy has been extremely valuable.

Finally, I am very grateful to my Mother for her help in many ways so that this thesis could be completed in time.

FOOTNOTE ABBREVIATIONS.(a) Newspapers

<u>T.H.</u>	-	Taranaki Herald.
<u>T.N.</u>	-	Taranaki News.
<u>P.M.</u>	-	Patea Mail.
<u>L.T.</u>	-	Lyttelton Times.
<u>O.D.T.</u>	-	Otago Daily Times.
<u>O.W.</u>	-	Otago Witness.
<u>E.S.</u>	-	Evening Star.
<u>W.I.</u>	-	Wellington Independent.
<u>E.P.</u>	-	Evening Post.
<u>N.Z.H.</u>	-	New Zealand Herald.
<u>D.S.C.</u>	-	Daily Southern Cross.
<u>A.E.S.</u>	-	Auckland Evening Star.
<u>H.B.H.</u>	-	Hawkes Bay Herald.
<u>D.T.</u>	-	Daily Telegraph.
<u>N.E.M.</u>	-	Nelson Evening Mail.

(b) Government Publications

AJHR	-	Appendices to the Journals of the House of Representatives.
NZPD	-	New Zealand Parliamentary Debates.
S. of N.Z.	-	Statistics of New Zealand.

Chapter One.

Introduction.

The pattern and basic structure of New Zealand politics in the 1870's, 80's and 1890's has been the cause of comment, disagreement and varying interpretations by those who have studied the period. But throughout, the disagreements and interpretations have not differed to a very great extent because all whoshave made a survey of those decades have accepted in some degree, the essential premises of the arguments of one man. In a lesser degree, New Zealand has followed England in the interpretation of its history; as with the older country, it too has had its liberal historians who have imposed a certain pattern on the development of politics, but whereas in England there have been successful attempts to overthrow - or at least, amend and broaden - the Whig interpretation, New Zealand liberal analysis has remained unchallenged so that the original apologia has flowered and grown to such an extent as to have become an unquestioned, hallowed and revered literary formula.

W.P. Reeves wrote his book, 'The Long White Cloud', at the turn of the century and since then, with minor changes, it has been accepted as the basic authoritative work on the politics of the century in New Zealand although it was written with the bias of one who took an active part on one side in those politics. Reeves had a cause to defend and extol, and so well did he do his

job that his ideas have become the essential foundation for any study of New Zealand's political history since. Briefly, Reeves looked at New Zealand's ~~history~~ since 1870 and saw it as a slowly developing struggle between rich and poor in which the latter inevitably but only gradually fought themselves into such a position that they were able to wrest power from the oligarchy of rich landed conservatives. In the political sphere the protagonists were represented by, on one side, a few wealthy squatters occasionally pushed into accepting political reform by the exigencies of the moment, but generally preferring to exercise a reactionary influence. On the other a collection of 'liberals', or progressives', who, although defeated and downtrodden for years, waited, biding the time which must come for them if they could but be patient to leap to legislate for the downtrodden and economically weak. The point at which this happened - the date to which all history had been inexorably heading - was the annus mirabilis of 1890, the year in which, Reeves says, "the storm burst and a change came."¹ That was the turning point, that the watershed of New Zealand political history, in which the 'conservatives' fell and the 'liberals' took over, to inaugurate a new era of egalitarian reform and social democracy.

1. W.P. Reeves, The Long White Cloud, p.271.

When making a survey of the previous twenty years, it seems best to let Reeves describe the political structure of the colony in his own words. Speaking of one group he writes, "When we come to look at the men as distinct from the measures of the Parliament of New Zealand between 1870 and today the first interesting and curious feature is the Continuous Ministry. With some approach to accuracy it may be said to have come into office in August 1869 and to have finally expired in January 1891. Out of twenty-one years and a half it held office for between sixteen and seventeen years. The Continuous Ministry was a name given to a shifting combination, or rather series of combinations, amongst public men, by which the Cabinet was from time to time modified without being changed at any one moment. It was possible because New Zealand was still more or less of an oligarchy."²

Outlining its policies and development which accompanied the passing of the years, Reeves describes it as a borrowing ministry which had begun as provincialist and mildly democratic but which overthrew the provinces and became conservative. The main leaders he names are Fox, Vogel, McLean, Atkinson, Hall and Whitaker. The only rents in the dominating fabric of the 'Continuous Ministry' were made by Stafford in 1872, Grey in 1877-9 and Stout in 1884-7, and to the latter two ministries Reeves attaches

2. *ibid.*, p.245.

the name 'Liberal'. The birth of Liberalism in New Zealand was a rapid affair, the gestation period of which took little time at all. 'More interesting (than the study of the 'Continuous Ministry') and less of a passing phase' wrote Reeves, 'was the appearance on the stage of definite Liberalism. Rallying under Sir George Grey in 1876, the beaten Provincialists founded a party of progress, taking the good old name of Liberal. Though Sir George had failed to save their Provinces, his eloquent exhortations rapidly revived in the House of Representatives the democratic tendencies of some of the Councils.'

So Reeves set the political stage with, on one side, the 'Conservativesoligarchs', and, on the other, the 'Liberal progressives'. From there he moved to a study of differences of policy between the two parties. Essentially, the main difference between the two groups lay in their land policies. While the 'Conservatives' were committed to the defence of latifundia - the interests of the few wealthy squatters who held the land - the 'progressives' were determined upon opening up and developing this great source of wealth and production for the benefit of the many small men who were debarred from settlement by the great landed

proprietors and companies. By 1890, according to Reeves, the great need was for the breaking up of the estates and elimination of such evils as 'dummyism' and 'spotting' and for the settlement of a small tenancy upon the erstwhile estates, who would pay rent to the owner of the land, the state. But if the land question was the main barrier which divided oligarchy from progressive in the 1870's and 1880's, its importance was paralleled to a lesser degree by the clash in the towns between labourer and employer. Reeves however, makes quite clear which he regarded as the more important when he wrote, 'Most of the Oligarchs, too, were wedded to that economic bane of Australia and New Zealand the freehold tenure, the progeny of which are speculation, the piling up of mortgages, lasting debt, shifting ownership and recurring financial crises. It is customary to attribute the political change, which came so suddenly in 1890, lasted so long and effected so much, to the coming into politics of organised labour. Those who think thus, overlook the large part played by the agrarian question.'⁴ According to Reeves' interpretation then, the main division in politics was social, a class split where privilege, supreme for so

4. *ibid.*, p.277.

many years, was forced inevitably to make way for the under-privileged who had eventually turned in revolt. The equivalent reflection of this in parliament was the ejection of a dominating oligarchy by 'liberal' representatives of the lower classes. This he stated definitely when, in speaking of the fall of the conservatives in 1890, he noted that 'the employing, richer, better-educated sections in the country were almost on one side. This made them appear a combination to protect class interests. Their motives, even when good, were doubted, and political life became embittered with social suspiciousness and class feeling. In the voting in December 1890 there was an uncomfortable approach to a clean cut between the richer and poorer.'⁵

William Pember Reeves wrote in 1898 and for just over sixty years his views of the twenty years of political history previous to 1890 have held sway. Ever since then, the year 1890 has assumed an almost legendary significance as marking the culminating point of one era in New Zealand political development and the ^a suspicious inauguration of a new period with a different outlook; in fact it delineates the dramatic change-over from old to modern in the history of the country of New Zealand. 1890 has become the great historical

5. *ibid.*, p.278.

signpost leading to a newer and better future, and all previous history has been seen merely in the light of a leading up to, or preparation for the new age, while succeeding history has been thought of in terms of the developments occasioned by the events which followed from the great occurrence of that year. As has been earlier stated, most historians writing on the politics of the period have, to a greater or lesser extent, accepted Reeves' interpretation of the developments of that twenty years, and all have looked at those years in the light of his basic premises, whether or not they have amended the conclusions to be drawn from the arguments or have merely elaborated the variations on his theme. Because it would be too difficult to cover the whole field of historical writing on this subject, certain representative writers have been chosen for a brief study, to illustrate the extent to which Reeves' influence still predominates in any analysis of what appears to be the last satisfactorily explained period in the history of the country. This applies especially to the 1880's, which are presented in most histories as the mere no-man's land between the public works decade of the seventies and the great liberal period of the nineties.

The first of the writers to be studied is the political scientist, Leslie Lipson, who, while disclaiming the influence of Reeves's book as out of date,

although brilliant, has taken all his arguments and assumptions as essentially correct and has worked from the historical foundation established by him, even to the extent of dividing his book on the convenient demarcation line of the 'momentous election of 1890'.⁶ Like Reeves he takes 1876 as the main dividing line between the public works policies of Vogel and the start of a new type of political development culminating in the social clash between the two groups in 1890. He writes, 'Abolition set the stage for a new conflict with deeper social implications. Besides the antipathy between center and periphery and the squabble over the distribution of public works a more profound cause contributed in placing the provinces on the lumber heap. This was the politicoeconomic conflict of the wealthy landowners against the small holders and the landless. At a time when land and sheep comprised the dominant interest in the New Zealand economy, around their ownership developed the keenest political battles.'⁷

Abolition is seen as the successful attempt by the 'conservatives' to break the power of provincial institutions which were becoming the centres of liberal and small-owner opposition to reactionary squatter centralism. 'While Liberals wanted to preserve the provinces,' he

6. L. J. Lipson, Preface to The Politics of Equality, p.X.
7. *ibid.*, p.57.

argues, 'their opponents viewed them as a menace. Hence the result of Vogel's action was not only to remove the old political controversy of centralists versus provincialists, but also to introduce at the national level a new lineup of Liberals against Conservatives.'⁸ However, although they swept away the provinces, says Lipson, they were not successful in smashing liberalism, and merely worsened their own position by centralising the opposition to the land-owners and bringing a new 'liberal' party into national politics. In the short run, the conservatives triumphed except for two brief intervals - presumably 1877-9 and 1884-7 - but in the longer term they failed; 'the Liberals struck an emphatic counterblow in 1890-93 when they crushed their old adversary.'⁹

In summary, Lipson's argument is that the old divisions of centralists against provincialists continued through until 1890, but in 1876, as a result of 'conservative' reaction they were transferred from the local stages of the provinces to the national stage and in that process also subtly altered their political form from geographical to social or politicoeconomic groupings based on a

8. *ibid.*, p.57-8.

9. *ibid.*, p.58.

struggle between big man and small, rich and poor, for the land. As with Reeves, the land becomes for Lipson, the focal point around which the politics of the period revolve, although secondary questions also took up a portion of the legislators' time - political reform, which was pressed for by the 'liberals', the town-country cleavage which was the extension of provincialism, and public works agitation which alone of the problems, including provincialism and native troubles, continued to provoke party alignments after 1876. The last, according to Lipson, produced 'mariages de convenance' and inter-regional scrambles which confused politics and blurred party outlines, although the recurring land issue led to more permanent groupings of 'liberal' and 'conservative' forces.

The position established by Reeves, accepted by other intermediate historians and stamped with the approval of Lipson has, in recent years, been elaborated by a third historian in a more detailed study of the fourteen years between abolition and the victory of the Liberal party in 1890.

T.G. Wilson¹⁰ like Lipson, has taken the abolition of the provinces in 1876 as marking the dividing

10. See The Rise of the N.Z. Liberal Party 1877-90 unpub. thesis Auckland 195, two pamphlets The Grey Government 1877-90, and The Rise of the Liberal Party 1880-90.

line between one brand of politics and another, between the climax of centralism versus provincialism which had developed from the 'fifties, and the new division on a class basis in which social and political principles created the difference between the parties. His analysis of the period has not resulted in any fundamentally new ideas but has, on the other hand, been the means of making a detailed and careful study of politics while using the interpretation of Reeves. Apart from adjustments of mere particular points, Wilson has, it seems, been more interested in clarifying, elaborating and applying in detail the formula stated by Reeves, than in outlining any new theory.

With Reeves and Lipson, he believes that the abolition of the provinces had resulted in Grey coming to power at the head of a 'liberal' party, but, in addition, Wilson contends that the reason Grey failed was not because of personal deficiency, but rather because not only was his party being split by provincialist disunity, but 'there was lacking that widespread movement in the country which must, in the last resort, constitute the basis of any stable political party.'¹¹ Although

11. T.G. Wilson, The Grey Government 1877-9, p.63.

Grey had created a 'liberal' party his presence on the political scene, argues Wilson, was premature, because the country lacked the conditions which would allow him to stir up the unrest caused by depression. From this, Wilson moves on to describe the eighties as the period in which provincialism and 'conservatism', both operating under depression conditions, were found wanting, and 'liberalism', weak and leaderless at the start of the decade, eventually grasped the reins of political power which had fallen from the nerveless fingers of a defeated and negative 'conservatism'. The eighties, according to this analysis, then, were the final testing time for the 'conservatives'; they dominated the decade, under both the positive Vogel ministry (for Wilson believes that the Stout-Vogel ministry was essentially 'conservative', this being the only real amendment to Reeves' or Lipson's interpretations) and finally, the negative 'conservatism' of Atkinson. With the decline of the anti-'liberal' forces and also the exclusion of the provincial pork-barrel of public works capital from politics, the way was finally opened for the 'liberal' party to step in with their remedy for the depression in 1890. The 'liberals' now had something in the way of economic

hardship and social distress, on which to base their programme of state intervention in landholding and industry. The whole of the period is seen by Wilson more than any other commentator as providing the background to the gradual but inevitable growth of the 'liberal' party from the defeated, and disunited remnants of Grey's first 'liberal' ministry to a powerful government under Ballance, which, unlike its predecessor had an electorate to whom its policies would appeal.¹² What Wilson regards as the two main obstacles to the 'liberals' - provincialism and 'conservatism' - broke down in 1887 and 1890 and, as he makes clear, left the way open for 'liberalism'. 'The nation's problems,' he argues, 'could only be solved - or endured - nationally. Conservatism, too, the conservatism of landed squatters and financial interests, had almost run its course. While by 1887 the positive conservatism of Vogel was seen to be impossible, by 1890 the negative conservatism of Atkinson was felt, by a majority at least, to be unbearable. The liberals alone seemed able to offer a remedy.'¹³

In addition, he stresses the fact that the 'liberal' victory was not the sudden success of a few who rose

12. T.G. Wilson, see The Rise of the New Zealand Liberal Party 1880-90, pp.39-42.

13. ibid., p.40.

to prominence on the eve of an election, to take advantage of the troubles caused by industrial disputes and social distress, but was, rather, the long awaited success of men 'who had kept alive the liberal tradition and the policy of protest at a time when it appeared to pay few dividends.' and he concludes by speaking of 'the liberal tradition of 1890 and the preceding decade and a half which created it.'¹⁴

The result of his work has been to give the final touch of scholarship to the original concept of politics divided between liberals and conservatives. Any further work on the period could be either greater, but fruitless, elaboration of Reeves' theory or a complete change in the basic interpretation of politics of the ~~to~~ final historical analysts of those years. One accepts Reeves' concept but attempts further development in detail; and the other, by concentrating his research on a narrow field, comes to the conclusion that the old party division is not a satisfactory explanation for changes in the political scene.

The first of ~~these~~ two who have made their studies within the last two years has, in fact, made no new departure from the original ~~inter-~~pretation laid down by Reeves and, as much as

14. *ibid.*, p.42.

Lipson or Wilson, accepts the structure of politics on a 'liberal versus conservative' basis in which the 'seventies and 'eighties serve merely as a battle ground for the eventual victory for those who deserve it. It is - as with the earlier writers - almost as if the participants in that struggle could see the goal of 1890 as the watershed and grand climax in politics and both sides were fighting to attain victory in it, so strong was the element of inevitability become in the interpretation of that twenty years. K. Sinclair¹⁵ makes his attitude quite clear from the first, when he writes, 'throughout the eighteen-seventies and eighties the country was ruled by the conservative oligarchy which dominated political life during the preceding fifteen years. Despite the frequent reshuffling of the cabinet, it was so obvious that the changes of personnel involved no change, that the Government came to be called 'the continuous ministry....

The 'continuous ministry' deserves the label 'conservative' because it was essentially devoted to maintaining the existing social and economic structure and because it was unwilling seriously to tackle the problems of land hunger and labour conditions during the slump for fear of alienating

15. K. Sinclair, History of New Zealand.

its wealthy supporters.' ¹⁶ As with earlier writers, Sinclair equates the birth of 'liberalism' with the arrival of Grey upon the political stage in the mid-seventies and briefly traces its rise through the unhappy years to the 'turning point in the country's development...' ¹⁷ and the end of 'the rule of the early colonial gentry, with their public school or university background, their Latin tags and cultivated English speech, their sheep runs and their clubs...' ¹⁸

As well as running out again Reeves' now well-worn theory, Sinclair also introduces a further variation to the 'liberal-conservatives leitmotiv, a variation which does nothing to modify the original concept but outlines the number of subjects ¹⁹ which formed topics for political disagreement.', centred around five fundamental issues, provincialism versus centralism, borrowing versus 'self-reliance', the dispute between freetraders and protectionist, the quarrel over leasehold and freehold, and, by the end of the eighties, the question of labour legislation. These, according to Sinclair, prevented the alignment of politics on a two-party basis, as representatives from both parties could be

16. *ibid.*, p.160-61.

17. *ibid.*, p.167.

18. *ibid.*, p.168.

19. *ibid.*, p.163.

found on either side, although in the land and labour issues 'liberals' supported the small man while 'conservatives' were to be found protecting the interests of the wealthy and employer. However, the continued depression of the 'eighties one by one eliminated these issues until, at last, by 1890 rich faced poor and after a momentous struggle the former were swept away.

This, then, is the completed summary of the development of the 'liberal' interpretation; the overall impression given is one of polished scholarship and writing, although on the other hand there seems to be a tendency toward a too-facile acceptance of one theory, combined with a reluctance to penetrate the surface layers of party labelling and political propaganda to search for a more fundamental study of the developments of the period.

The first real challenge to the liberal theory has only recently been made, although on a chronologically limited basis and in the comparative obscurity of an unpublished thesis, but it does offer an original approach as well as being soundly based upon intensive research in the writer's own provinces. Essentially what E. Bohan²⁰ claims is

20. E. Bohan, The General Election of 1879, C.U. 1958.

that the pattern of politics for the 15 years before 1890 was based, not upon the struggle between 'liberal' and 'conservative', between small man and squatter or businessman, but rather, had its foundation on the two main supports of provincialist pressure and the personalities in the politics of the day. His main purpose, he says, has been to provide an alternative explanation of the period to T.G. Wilson by a study, first briefly of the decade and a half as a whole, and then by concentrating upon one aspect of it. In his research into the 'eighties he found that 'the terms 'Liberal' and 'Conservative' seldom occurred outside the pages of the Lyttelton Times, and its weekly Canterbury Times; that after 1879 these terms seldom occurred even in those papers; that provincial pressures dominated colonial politics to the exclusion of ideologies; that the misnamed 'Continuous Ministry' was little, if any, less Liberal than its continuation (sic) the Ballance and Seddon Ministries, and that the return of Vogel in 1884 set most of the Canterbury members into a solid block, firmly behind Vogel because he promised to gain for them the railway to the West Coast.²¹ After the defeat of Grey in 1879, he argues in his prefatory survey, the House of

21. *ibid.*, p.vii.

Representatives split into warring factions in which political realities were provincial and personal, and government and opposition groups were shifting combinations manoeuvring for public works and representation. Up to 1887 Canterbury was mainly concerned with getting support for its Midland Railway and with Westland stood behind Vogel in opposition to Grey and the Auckland representatives. By 1887 this was breaking down and from then until 1890 the political set-up 'defies any attempt to impose a pattern on it.'²² Then in 1890 Reeves, Taylor, Percival revived the Greyite terms of 'liberal' and 'conservatives', dead for nearly a decade, and the 'liberal myth' created by Grey in 1879 took on a new, mature form, to be later gives the status of a classical interpretation of New Zealand history by W.P. Reeves.

The election of 1879, says Bohan, was on Grey's part, the attempt to cover over two year's non-performance of promises, and of incapacity, by an irrelevant appeal to the electorate on a class basis whereas the real issues were centred on men and administration. Bohan is concerned to show in his conclusion that firstly in Canterbury, public works, provincial and local needs, and personalities were

22. *ibid.*, p.viii.

the prime political realities, second, that the 'liberal' party was a manifestation of the pork-barrel with its support in provincialism and finally, that in respect to liberal reforms, the so-called 'conservatives' were at least as progressive as their opponents. To strengthen the last contention, he quotes the numbers of 'Continuous Ministers' who played a prominent part in educational, tax and political reforms and were to be found not only pressing for liberal land schemes but also for protection.

Criticism of an interpretation must be ultimately centred on the interpreter's use of facts and figures and the critic must eventually come to study factual material upon which the original opinion is based and analyse what he thinks has been misinterpreted, as well as to check the facts themselves. With this in mind, it is, then, surprising to find that the 'liberal' interpretation of the period under study has relied in the long run far more upon personal recollections and opinions than on a factual evaluation based upon statistics and other concrete data. If to this is added the realisation that the original interpreter was himself fully involved in many of the related incidents, and cannot but have helped to have

seen such events through spectacles undoubtedly tinged with political prejudice, it is astounding that so many competent and reputable successors should have accepted his ideas so unhesitatingly. Possibly Pember Reeves had every intention of treating political friend and foe according to the deserts of each - as he saw them - but even at the most generous estimate, it must be stated that he was far too involved in the action of those years to give anything but a slanted view. On the other hand, it is also quite probable that Reeves took up a brilliantly insinuating and influential pen to set the final seal of authority upon the 'Liberal myth' in by far the finest political apologia ever to be written in this country. If written with this latter purpose in mind, his work has, to date, been unconditionally successful for it has been almost uncritically accepted as a true historical statement by those of all shades of political opinion, and of intellectual ability.

When more closely analysed, Reeves' work can be seen to rest its argument not only upon what the author recollects of the past, but also upon a selection of those recollections. Reeves, very subtly perhaps, does not positively denigrate his political opponents - he merely ignores their achievements or remarks in a slightly surprised

tone upon some individual's 'liberal' attitude to a piece of isolated reform. Whether intentionally done or not, Reeves has given a very biased slant to the whole of the period and his opinions have been unquestioningly accepted because of his own authority, his very fluent and readable prose and his fame as a scholar.

But apart from the criticism of the liberal interpretation on the general ground that it is a result more of the original author's own political prejudices and as a result of that, is somewhat tendentious and unhistorical in its approach, there is a more detailed criticism arising out of this. Because Reeves insists upon using Grey's claim to be the originator of the first 'liberal' party and extends this right throughout the eighties until it links up with the liberal government of 1890, he is forced to fit all parties into the two moulds of 'liberal' or 'conservative'. A brief resumé of the eighties will allow of this spurious application, but when, as with Wilson or Sinclair, a writer looks into the decade more closely, he is forced into the embarrassing position of providing explanations for political actions or party alignments which are far from logical if judged on a 'liberal' versus 'conservative' basis. The result is confusion, a

failure to detect any pattern of politics²³ and an admission that, as far as they can see, no definite parties exist, only confused provincial groups fighting for the contents of the public works park-barrel. The reluctance to question and analyse the Reevesian theory has, it seems obvious, been the cause of this confusion.

Failure to enquire into the fundamental economic and social interests which activated man politically, and uncritical acceptance of party labels and political verbiage which has little relation or relevance to New Zealand conditions has caused many writers to ignore the real issues and be misled by political importations, especially from England, where economic and social conditions were completely different from those existing in the colony. The political terminology of the eighteenth-seventies, eighties and even nineties is, to a large extent, artificial, but it suited the 'liberals' who gained the immense advantage of becoming the heroes in this 19th century political melodrama.

Successors to Reeves have gone about their research in a far more academic and scientific way, checking on parliamentary speeches, newspapers and contemporary accounts and correspondence. But,

23. When asked once what he considered to be the link between Vogel and Stout in their ministry of 1884-7 Dr Sinclair told me that he could see no obvious connection.

obsessed, it seems, with the necessity for proving Reeves correct, they too have been selective in their choice, accepting as fact that which agrees with the interpretation, and, it also appears, either ignoring the disagreeable²⁴ or noting it briefly as mere opinion or conjecture. Where fact has been too obvious to pass over, this has led to minor modifications which, while clinging to the original, also attempt to encompass the inexplicable; the resultant effect is rather like that of many New Zealand structures - an original building surrounded by prefabricated additions attempting to satisfy the increased demands made upon it. So many theses and historical works have now been written whose arguments, if followed through to their logical conclusion, would have proved more than amply that the pattern of politics during the 'seventies and 'eighties was not on the line of 'liberal' versus 'conservative', for, in fact, it has been shown that a great number, if not the majority, of political, electoral, land and labour reforms had at least their roots in the efforts of such men as Vogel, Hall, Atkinson and Rolleston. But writers, while acknowledging this quite readily,

24. It is hoped to be able to prove this later on, by reference to the overwhelming evidence in newspapers, statistics, and private correspondence against Reeves' ideas which must have come to the notice of some, at least, of those who have previously written on the period.

invariably cling to Reeves and, sheltering under his intellectual wing, search for reasons to explain away that which does not fit into the fretwork pattern of their mosaic. An excellent example of this failure to develop a new concept is the work of M.E.S. Prentice who analysed the 'liberalism' of the 'continuous

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ministry' of the eighties. After a fairly thorough survey of liberal measures which were both extensive and occasionally even too radical for their 'liberal' opponents, Prentice nevertheless completes the work by thinking in terms of 'conservative' and 'liberal' without giving any special reason for doing so.

This was also typical of the attitude of contemporaries such as Irvine and Alpers, who, after

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describing the 'liberal' government of 1877-9 as unproductive of reform legislation - whose only measure in fact, the landtax, was a failure because it did not produce the expected revenue - speak of the 'conservative' ministries that followed, ministries which, despite their titles, brought down many radical reforms. But the writers go one step further; they admit quite frankly that much of the reform of the 'nineties had its roots in the previous decade.

25. See M.E.S. Prentice, Some Liberal Aspects of the Continuous Ministry 1879-90, Auckland 1942.

26. R.F. Irvine and O.T.J. Alpers, The Progress of New Zealand in the Century.

'In New Zealand at all events', they write, 'the doctrine of laissez faire has never met with much acceptance. 'State Socialism' in New Zealand is often regarded as having begun in 1891, and, 1.. that year did mark an important change in public opinion on socialist legislation. But the colony had already under the regime of the 'Continuous Ministry' advanced far on the same path of development.²⁷ Even without having recourse to the reforms of the 'eighties by the 'conservatives' they can instance the introduction and establishment of the railways, telegraph and telephones system, the New Zealand University, free secular and compulsory education, life insurance, a land transfer system and the public trust; in fact, they sum up by agreeing that 'the reforms in the Constitution and the experiments in Socialism carried out by the 'Continuous Ministry, are worthy of all praise.'²⁸ Certainly, if judged upon performance rather than promise, the deeds of the 'conservatives' at least entitle them to as much claim to be called liberal as the 'liberal' group themselves and also entitle them to claim as logical results of their own policies, the introduction

27. *ibid.*, p.297.

28. " p.299.

and operation of radical legislation by the government of the 'nineties when conditions were favourable to the application of that legislation. T.G. Wilson has castigated Atkinson's radicalism which he scathingly passes off as 'fair-weather' socialism²⁹ and it is true that Atkinson and many of his party were occasionally perhaps too previously concerned with restoring and maintaining financial equilibrium in the country, especially after the great bouts of extravagance by Vogel, Grey and Macandrew, but their liberal legislation in times of severe hardship is far worthier of notice than the total 'liberal' radical legislation in the five years of the Grey and Stout-Vogel administrations. Wilson continues by arguing that Atkinson and Rolleston must not be judged by their radical theories but by their actions while in office. If this is the case then, Grey, Ballance, and Stout have even less reason to claim the benefits accruing to the name of 'liberal' in the 'seventies or 'eighties - and yet Wilson writes of the rise of the New Zealand 'liberal' party

Wilson admits that the 'conservatives' advocated radical reform measures and endeavoured to use the power and facilities of the state to help the poor

29. T.G. Wilson, The Rise of the New Zealand Liberal Party 1880-90, p.13

and the small land holders, and yet comments that h
this merely marked them out as 'thinkers of a high
order.'³⁰ More will be said later regarding the
land question³¹ but it does seem apparent that to
attempt to construct the pattern of politics on the
lines of rich versus poor, 'liberal' versus conservat-
ive' or what it became, in effect, in the last
analysis, heroes versus villains, is not only confusing
and abortive, but irrelevant.

If Reeves's concept is neither logical nor satis-
factory, what then is the basic structure of politics
in this period and, within the structure, what are the
most important political issues around which parties or
groups form? This can really only be understood after
a study of the needs - especially economic - of a
young and undeveloped colony. Inevitably this
drives the analyst to look beyond the political super-
structure with its confusing forest of party labels,
propaganda and parliamentary platitudes, into the
more fundamental economic forces which, in the long
run, affect party policy and political alignments.
A young and newly colonised country's most important
needs - which bear directly on its politics - are

30. *ibid.*, p.13.

31. See conclusion.

not those of finding the means of providing itself with ideologies and political philosophies. The greatest necessity is the more mundane but realistic one of developing its resources - in other words, of finding and exploiting existing natural resources in an endeavour to provide a satisfactory living for its inhabitants. In primitive and undeveloped conditions the greatest needs are material, and include the provision of communications, the opening up of land and its cultivation - the development of facilities and staple products not only to create reasonably bearable living standards, but in fact to make living possible.

The two main factors limiting economic development are lack of capital and lack of resources within the colony. Either of these can result in economic stagnation or dislocation followed perhaps by social distress, but the effects of a lack of suitable resources is the more serious because it means that the economy must either remain in its primitive state, incapable of supporting a working population, or, if an attempt is made to develop beyond its capacity, the economy may become over-capitalised and over-populated in proportion to the amount of capital

and population the existing resources can carry while maintaining an acceptable living standard. The result can be the lowering of living standards, unemployment and other social evils, as well as deficits in balance of trade until population and imports, both capital and consumption, are brought into line with the ability of the resources to support them. Of course another effect may be that, either by an intensive search necessitated by depression conditions, or by technological advance, existing but previously unusable resources may be converted into workable and paying export staples to give the economy viability.³²

In a new country these, then, are the problems which primarily exercise the minds of those in control,

32. For the complete economic definition of this term see I.W. Horsfield The Struggle for Economic Viability, p.9, in which he describes it as applied to the idea of colonies struggling to improve their position in the international economy... 'Firstly, there is the struggle by colonists to attain, at least a certain standard of living which they have come to regard as a minimum level. This is attained... by production for export or subsistence agriculture. This having been achieved, it is the struggle to attain a more satisfactory place in the international economy. The struggle may be intense, bitter and protracted, or viability may come easily, and its presence recede into the background half forgotten - but it is always there.'

which determine policies, and affect political issues and the alignment of parliamentary groupings. Of course, other more interesting secondary issues more than occasionally steal the limelight on the political stage and perhaps cause temporary changes and realignment but invariably the politics of economic development, occupying a secure position on the stage, reassert their dominance. When this is applied to New Zealand it can readily be seen that the struggle along the road towards viability has been by no means an easy

³³ one. As the colony lacked any real resources, the settlement established by Wakefield in the early forties had a hard struggle not only to find staples to export but also to remain self-sufficient. During the fifties and early sixties, however, two commodities - wool and gold - expanded rapidly and with them, population and economic organisation. But during the sixties gold output fell and wool rate of expansion declined; the result was that much of the population had to find alternative ways of earning a living. 'New Zealand,' says Horsfield, 'in the late sixties was rapidly losing some of its viability; it had either to find new staples to supplement those which

33. For a full account of New Zealand's struggle for viability I.W. Horsfield explains the theory established in Chapter One from which the above has been taken.

were now declining, or proving insufficient, or make
itself more self-sufficient.³⁴ The political history
of the rest of the century is a study of government
attempt to give the colony greater viability (even if
this was not consciously realised by the politicians)
and the courses that government economic policy took
in these endeavours. The fact that the country was not
well endowed by nature, lacking as it did (and does)
resources to provide foundations for export staple
industries apart from its natural grasslands, as well
as being too far away from the world's most profitable
markets with freight rates as prohibitive as they were,³⁵
meant that the state was called upon to provide some
cure for the colony's economic weaknesses - to assure
its inhabitants of at least a certain level of living
standards.

From 1870 onwards, when the central government
first took upon itself the task of trying to find some
remedy for the colony's economic ills on a nationwide
basis, state development policies tended to take either
of two main courses. Generally speaking, the two
policies were those firstly of expansion and secondly
of welfare and intensification. Although these were

34. *ibid.*, p.13.

35. " p.14.

not completely exclusive, there were periods when one or other of the two tended to dominate. The expansionist policy was usually associated with periods of prosperity, and with the utilisation of capital in the form generally of overseas loans for the purpose of opening up new areas, establishing communications, searching for resources upon which to build new industries and in general expanding the region of the colonists' economic activities. The economic welfare and intensification policy, however, was more generally concerned with depression times and was not necessarily dependent upon capital to be effective. It was concerned more with making the economy viable under existing conditions, not by widening the scope of government activities financially or geographically so much as finding people employment by settling them on the land on small selections, and by protection policies aimed at helping local industry and so increasing labour absorption in urban areas.

During the eighteen-seventies, -eighties and -nineties this pattern of government economic policy was closely adhered to, and even since then has with increasing modifications as economic theory has influenced government action been fairly typical of New Zealand's economic development through into the twentieth century. Briefly, the period from 1870

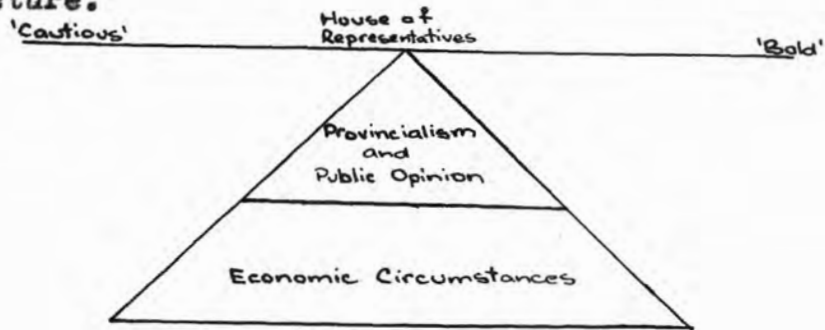
until the end of the century falls into three phases - although it must be stressed that, as was stated earlier, the phases are not completely exclusive, but each contains elements of the other. From 1870 until the mid-eighties, the policy of expansion was predominant, but as depression conditions grew even more serious, it was gradually discarded until, in 1887, the borrowing policy initiated by Sir Julius Vogel was brought finally to a conclusion, and a more empiric policy of labour absorption in town and country by intensified use of existing resources - much of which had had its roots further back in the decade - developed out of it. Government economic policy was now concentrated mainly on land settlement, the protection of local manufacturing and maintenance of financial stability in the colony. This policy was continued, in essence by the new government in 1891 until improving conditions towards the end of the decade brought a cautious and gradual return to the policy of expansion, and with it borrowing for public works, typical of the 'seventies, but in a very restrained key.

The scope of this work is unfortunately artificial to a certain extent, for, bowing to the dictates of time, it has dealt with the period on the basis of the rise and fall of ministries rather than according to policy divisions which are themselves caused by changes

in economic conditions. But in covering the years from 1870 to 1890, it does, at least follow through the whole of the first era of government expansion policy, and continues sufficiently long to analyse and discuss the rise of the policy of welfare, intensification and labour absorption.

Apart from the more general division in the type of policy regarding development, the policy of expansion had its own internal divisions. The differentiation was not so much on the obvious basis of the 'pros' versus the 'cons' - for in the main both sides agreed upon the need for a policy - but rather, on the way the new, progressive scheme should be administered, and on the size of it. Apart from minor groups, the parties aligned themselves in relation to Sir Julius Vogel's 1870 development scheme according to whether they favoured a 'bold' and 'progressive' scheme of expansion or whether they preferred a gradual and 'cautious' policy. For this reason the parties in the period from 1870 to ^{the} perhaps arbitrary date of 1887 will be differentiated along these lines and will be known by the terms 'bold' and 'cautious' - (after 1887, with the disfavouring of Vogel's expansion as a policy of development, the parties, of course, changed to meet the demands of a new policy of economic development.)

A diagrammatic illustration of the politics of this decade and a half would show the following political structure.



in which the double tiered fulcrum represents the forces and influences which affect politics. Balanced upon this fulcrum is a level weighted at either end by the 'bold' policy and the 'cautious'. In the centre is the amorphous group of uncommitted provincial representatives, concerned, firstly, with improving the conditions of their own localities and provinces, and whose weight, whether moved to one side or the other, will give the preponderance to either policy. Economic circumstances and conditions at the base of the triangle are directly and indirectly the cause of most of the decisions on economic governmental policy. Changes in conditions caused by rising or falling productivity, export prices and public or private investment, among other effects, both directly affect government policy and, indirectly, influence it through the upper layer of provincialism.

As long as the policy of expansion under the more detailed name of Vogelism continues this second layer remains important; while there is cash to be exchanged for votes, the needs of localities and provinces remain to the fore, regardless of the pleas for a national outlook. The provinces throughout the 'seventies and most of the 'eighties remain the prime political and economic entities. Not until the influence of provincialism is broken by the failure of the pork-barrel and, as important, the growth of an internal economy³⁶ in which one district's prosperity is dependent upon the condition of another, does the central government assume the domination it should have achieved before a successful national development scheme on so large a scale was carried out. While government economic policy influences party representatives another direct influence on them is that exercised by provincialist feeling and public opinion, themselves affected by changes in economic conditions; this other direct influence upon the representatives, working in conjunction with government economic policy, determines which way the majority will move and so, which party will have the greater weight on its side.

36. *ibid.*, Chapter ³6.

The pattern of party, or rather, policy changes can therefore be traced back, usually to changes in economic conditions. The tendency for the 'bold' group with its impressive schemes of loans and development to be predominant in either prosperous times or in periods when prosperity is obviously foreseeable; the agreeable circumstances create in people's minds a wave of optimism and a great belief in the resources, actual or potential, of the country. On the other hand, a period of depression has the opposite tendency, for it tends to lead to pessimism, and, if following years of high expenditure and extravagance, remorse. In this case the group advocating a far more 'cautious' development with more prudent expenditure, retrenchment and greater efficiency in the administration is usually given the mandate, either by election (often following defeat of the other in the House) or merely by a change-over of members in the House.

Usually changes of parties in parliament ^{were} ~~was~~ only by fairly narrow margins but if the new policy was suited to the economic conditions or believed so by the public, the government benches would be swelled by defecting members from the opposition, as happened in 1877-9 and 1879-80. Of course if the government policy should not be suited to the times as believed by

provincial and public opinion, the ministry would either be defeated outright as happened to Stafford in 1872 and Atkinson in 1877 or its measures would be rejected until, tired of humiliation, its leader would appeal to the electorate as did Stout in 1887. There were time lags between changes in economic conditions and those in policies accepted by a majority of the House, but these were usually caused by the tardiness in which public opinion adapted itself to the altered circumstances. Two such examples were in 1877 and 1884 when, although conditions had deteriorated after more prosperous years, it was hoped that they were actually better than believed and that an injection of 'boldness' would bring a return to prosperity. Only when this belief was proved false by deepening depression did people consent to the less favoured alternative of tightening belts, re-ordering finances and, by so purging extravagance, effect a return to steady prosperity. Unfortunately for the 'cautious' group a return to this prosperity, often aided to some extent their measures, usually brought about their overthrow and the return of the 'bold' optimists. This was especially well put, if, in a somewhat prejudiced manner, by the Taranaki News in 1881; in contrasting the extravagance of the Grey Government with the prudence of Hall's,

which had to cope with an empty treasury and depression, it commented that a lavish government such as Grey's, 'will always remain popular till the purse is empty. By that time it is ready to go out of office, and its successor has the unpopular task of refusing here and cutting down there till it has gained the reputation of being stingy and mean the economists are not allowed time to reap the just reward of their efforts for the public good, the success of their policy is their official condemnation. So it is usually; so it bids fair to be now.'

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The predominance of prosperous times, at first brought about by rising overseas prices for New Zealand produce, and later by injections of public and private loan capital which continued an artificial boom long after exports had fallen from their early heights, led to the dominance of the 'bold' group of politicians in the 'seventies. From 1870 to 1875-6 Sir Julius Vogel's scheme held by far the most commanding position in politics, and as prosperity grew, so did public confidence in the man who had become the idol of all classes for, from his bountiful hand, flowed England's capital. He received a slight check in 1872, before

37. T.N., 30 July 1881.

conditions became as prosperous as they were to become later, but Stafford, leading the forces of 'caution' found the times moving rapidly against counsels of prudence and in a month had been relegated to the Opposition benches again. The only policy the 'cautious' group could now adhere to was that of waiting for harsher times, unless they did what, perhaps, Atkinson intended; prevent too much extravagance by joining the 'bold' ministry and by attempting to halt it from within.

For two years however, a new political alignment cut across the old, but at heart the renewed struggle of provincialists who opposed abolition versus those provincialists who supported it, was still very much a financial matter. As well as the fear of loss of land revenue which dominated Otago's thoughts, the anti-abolitionists felt they would gain more under the existing political institutions in the way of loans, whereas many of the weaker provinces knew that their interests would be better served by tying themselves even more closely to the stronger economic power of the central government.

In 1876 Vogel, perhaps sensing his power might wane as the first chilly breezes of recession blew

over the economy, resigned and became Agent General; in the same year the provinces' constitutional powers were abolished and Atkinson, an advocate of the 'cautious' policy, became premier. A year later, Parliament rejecting his policy of 'political rest' as unsuited to the needs of a progressive colony, overthrew him, and a new ministry undertaking to break through the barrier of 'rest' took over the Treasury benches. For two years this 'bold' ministry, whose political weight soon gravitated to the 'bold' politicians, typified and led by Macandrew, though nominally under Grey held control but with the onset of real depression. in 1879 in conjunction with numerous minor factors, it fell.

For five years the 'cautious' group took over, weathered two years of bitter slump, reorganised the colony's finances, and had not long inaugurated a very prudent and gradual return to a moderate scheme of ^{expansion} ~~experience~~ with the aid of loans when, in 1884, a figure from the 'seventies, the personification of a prosperous past - Vogel himself - returned to the political scene. But his ministry (with Stout as nominal premier) was but a pale shadow of previous glories, for after an early but specious financial sleight of hand, the colony found that neither he nor

the 'bold' policy of expansion was an answer to low export prices. His personal failure as a financier from 1885-7 meant the end of not only of Vogelism, but of the broader policy of expansion, of which it was the manifestation. From 1887, for at least a decade, expansion by means of borrowed capital was dispensed with as a policy, and a reorientated type of government economic development was gradually evolved. As this will be dealt with in much more detail in the concluding chapter - which also deals with the 'eighties as a whole - further examination of this period will be left until then.

While even contemporaries in the later 'seventies were looking back over the events of the past few years through eyes affected by plausible political party labelling, the actions of important members from both the 'bold' and 'cautious' groups show that this differentiation was more realistic than the labelling of 'continuous' and 'liberal' from which the latter made such political capital. One or two examples show that these politicians moved - whether consciously or not - according to the schemes of administration and development proposed by the different ministries. Five men - two 'bold' and three 'cautious' -

³⁸
illustrate just how important development as manifested through the loan policy was, in determining where they sat in the House. A brief resume, firstly of the actions of two 'bold' men, William Gisborne and James Macandrew, shows that both were supporters of Vogel's loan scheme in the early seventies. Although Macandrew was not a minister in Vogel's early ministries as was Gisborne in 1869-72, division lists show that he was a loyal follower. He voted against the Stafford ministry in 1872 as did Gisborne, and although he turned against Vogel in 1874 on the abolition issue, he continued to support the principle of 'bold' expansionist loan policies. After abolition, and the retirement of Vogel, Macandrew joined Grey and together they defeated the 'cautious' Atkinson and his policy of 'political rest'. For two years, he was the most powerful man in the ministry, holding as he did the important portfolio of public works. If the administration of that 'bold' government is closely studied, there can be little doubt that its hold on office was due more to his open-handedness than to any airy liberal reforms promised by Grey, its nominal head. In 1884, briefly, Macandrew joined his old chief, Vogel, in the first

38. Taken partly from G.H. Scholefield, D.N.Z.B. - for others see appendix.

'bold' ministry of that year, and until his death continued to support it. Gisborne, who had dropped out of politics in 1872, came back in 1877 and, after two years, in which he inclined more and more to the 'bold' policy of Macandrew, in 1879 joined the ministry as Minister of Lands, Mines and Immigration. That he was drawn by Macandrew rather than Grey is fairly obvious as even the Otago Daily Times of that date commented that Gisborne would strengthen a weak cause but Grey had made a vast concession as 'their political principles are as wide as the poles asunder. Mr Gisborne has shown unmistakeable conservative tendencies.'

39

On the other side the political actions of three men - Edward Stafford, William Rolleston and Donald Reid - are very useful illustrations of the course 'cautious' men tended to follow. All three opposed to a certain extent the 'bold' expansionist proposals of Vogel in 1870, and carried their opposition right through the 'seventies and eighties although the first and last had dropped out of politics by the late seventies. In 1872 Stafford was leader of the brief 'cautious' ministry in which Donald Reid was Minister of Public

Works; in fact, according to Scholefield, the latter remained a strong supporter of Stafford throughout the 'seventies. Rolleston also gave support to this short-lived ministry, and then for two years the three of them subsided on the Opposition benches to witness Vogel's triumph. The abolition struggle separated them for two or three years, Stafford helping the abolitionists and the other two supporting Grey and Macandrew as 'last-ditch' provincialists. But after this political division ended, first Reid, then Rolleston rejoined the 'cautious' group. Both these men, noted by Scholefield for their liberal tendencies and support of small farmers against the great runholders, refused to join Grey and Macandrew, not because they differed in their liberalism, but rather because they opposed what they thought was the fearful extravagance of the 1877-9 ministry. Although Reid retired soon after, Rolleston continued to support Hall and Atkinson and, as Minister of Lands, enacted the legislation which helped the small man to get land through perpetual lease.

As additional arguments to the political actions of many of the important men in the 'seventies, the speeches and statements of many of those who have been commonly dubbed 'conservative' or 'continuous ministry' men, show that some, at least, of the contemporary

politicians had an inkling as to what form and course politics had taken during the decade. For example, Stafford gives the impression that he saw the actual political set-up clearly when, in 1877, replying to a taunt that he had left his own party to join Atkinson's government, he argued that in 1872 he had founded a ministry which had one common object; 'that object', he explained, 'was that while carrying out the Public Works policy prudence and economy should be observed. It was on that basis solely that the party was formed.'⁴⁰ After defeat, he continued, he had retired from leadership, promising to serve another leader but none was chosen to lead the opposition. Up to the Vogel government's proposals to abolish the provinces, he had opposed it uncompromisingly, but had instigated Vogel towards abolition. Of the present ministry (i.e. Atkinson's of 1877), most were of his party, for three of the seven were late colleagues and two of the others had been in office with him. In addition, Bowen was on intimate private terms, while the premier had been a thorough supporter of his ministry.

Two months later when the Grey ministry had taken power, Donald Reid - whose actions must appear incomprehensible if seen in the light of a 'conservative' versus

40. NZPD, Vol. 26, 28 September 1877.

'liberal' struggle - stated his views with even greater clarity and understanding. He asked, rhetorically, 'what were the reasons given why the late Government should retire from office? The first of these was that we were a continuous government since 1869. On what argument could that assertion be maintained? A continuous Government! Why, in 1871 I was in opposition to the Government which was then in power, and the honourable member for Dunedin City (Mr. Macandrew) was a supporter of it. In 1872 I formed one of the party which ejected from office the Government of 1869, and for a time I sat on those benches as Minister, the honourable member for Dunedin City (Mr. Macandrew) then being in opposition to our Government. In 1873 I was again in Opposition; there was no Opposition in 1874 and I was as often found supporting the Government as the honourable member for Dunedin City; and in 1875 we were both in Opposition. How can it be maintained that the same Government was in power for the whole of that period? If it was, strangely did the honourable member for Dunedin City and I change our plans. I opposed the Government that was in office for reasons that were patent to the House; but when, after the session of 1872, more moderate counsels prevailed with regard to the carrying out of the Public Works policy - when the

Government agreed to bring down their proposals and have them voted in detail in this House - when they agreed to carry out that policy with greater prudence and moderation - then the cause for the greater part of my opposition was removed, and so long as they carried out their policy in moderation I would have been a supporter of that Government; but when they came to the question of Abolition I was not with them. I opposed them as long as it was possible to oppose them in carrying out the Abolition policy. But in 1876 that policy was carried into effect ... and after that it was futile to oppose it. It was decided upon by the House and by the constituencies, and I no longer saw any reason to oppose the Government of the day. On other points I was entirely with them. Then another reason urged against the late Government (Atkinson's) was that it urged Abolition. If those honourable members who were on this side of the House maintained any serious objection to that proposal, why did they not take steps to reverse that policy when they went over to the Government benches? Why, Sir, even after Abolition was an accomplished fact, we were accustomed to hear long speeches against it, and it was made a strong charge against the late Government that they had accepted Abolition; but when those honourable

gentlemen take their seats on the Government benches they say, 'the provinces are gone; we accept Abolition.' Why did they not take up that position at the beginning of the Session, instead of making constant endeavours to harass the late Government? It was said that we were a centralistic Government; But in order to show how hollow and untruthful were the charges made at against us in regard to that I need only point to the fact that our successors have taken up almost every important measure we introduced, after railing against them as I have described.⁴¹ This extremely important speech, containing, perhaps, the best description of the course of politics during the eighteen-seventies, illustrates three major facts; firstly, that political alignments took place according to the attitude of individuals and groups to the policy of Vogelism. In general there was agreement apart from the die-hard opposition of one or two, that a scheme of development was needed but the groups divided over its extent and administration. This Reid showed with remarkable insight, using the comparison of his actions with those of Madandrew. Secondly, he showed how the abolitionist versus

41. NZDP, Vol.27, p.340, 22 November 1877.

provincialist struggle temporarily cut across the 'cautious' v. 'bold' alignment, but that the terms 'provincialist' and 'centralist' were by no means synonymous with 'liberal' and 'conservative' respectively. Finally, his speech confirmed that the legal act of abolition was not really so important in itself, for the power of provincial influence was still really unimpaired as those who had fought against abolition now realised. As long as the borrowing scheme continued and as long as New Zealand remained disparate economically, provincial power would remain and would continue to exercise a powerful influence upon central politics. The provinces had not been defeated; if anything their power had been increased by being concentrated solely on the central stage.

But Reid's speech is important not only in itself, but because it is the clearest of other such commentaries as that of J. Murray of Bruce. In the widespread soul-searching of 1880 Murray laid much of the blame for existing conditions on Gisborne who, he said, had been a follower of Vogel in 1870, and on Macandrew, 'a strong supporter, and, I believe, the prime instigator of the

Vogel policy.'⁴² Thomson of Clutha also, a day later, outlined his views by stating that he could see two groups which formed about the 1870 policy; those who wanted to spend quickly, and those who wanted caution and moderation, but no member had been fully opposed to borrowing for public works, and now the whole colony⁴³ was to blame for the depression.

The complete changeover in the type of policy within the so-called 'continuous ministry' after Vogel left and Atkinson took over was apparently obvious to the former even from his lair in London. From there in early 1878 he wrote to Ebenezer Fox, Secretary to Cabinet, condemning Atkinson's want of loyalty to himself and his party as the reason for his loss of office not long before.⁴⁴ His letter made it clear that he realised his 'bold' policy had not been carried on after his departure and that this was the reason for Atkinson's expulsion from office - he was right. The last statement of the 'bold' policy of expansion, however, was delivered in a long letter from Vogel to an old business colleague, W.H. Reynolds of Dunedin. This letter, written after Hall and Atkinson had been returned to power in 1879 to meet

42. NZDP, Vol.22, p.411, 22 June 1880.

43. " " " " "

44. J. Vogel to E. Fox, Vogel Papers (unsorted), 3 January 1878. See also Appendix A.

the consequences of heavy depression, was a criticism of their gloom and panic in the face of temporary embarrassment and an optimistic reiteration of the great potential of the colony if only put to the correct use. 'New Zealand', he wrote confidently, 'has grander opportunities than ever it had - It has furnished its house by building its railways - It is ready to invite any number of suitable settlers. The Statesmen of New Zealand should remember that their work is the heroic one of Colonization - Questions of Whigs and Tories, Liberals and Conservatives are comparatively of little moment to them compared with the main question of how they can best settle in the Colony a large happy and contented community.'

Vogel's lofty optimism regarding New Zealand's possibilities and the need to continue the 'bold' policy of development is almost identical to Macandrew's attitude some months later when that politician exclaimed from the opposition benches that, 'this country is only on the threshold of its existence and we cannot stand still. The country must go forward or backward.'⁴⁶ and he hoped that the railway policy of 1878 would be carried out fully. But besides this

45. J. Vogel to W.H. Reynolds, Vogel Papers (unsorted), 27 December 1879. See also Appendix A.

46. NZPD, Vol.33, p.488-9, 24 June 1880.

identification of principle between two 'bold' politicians, Vogel shows that he realises just what the political issues in New Zealand centre around - not abstract theories of liberalism and conservatism but instead, the need to colonize the country; for its population to be happy and contented, they must have work, so that the supposed resources must be opened up and developed.

This is the policy Vogel had initiated in 1870, when the people of the colony, suffering mainly from the effects of economic stagnation and also from Maori war devastation, had turned to follow someone who had a positive and possibly also a workable scheme to help them out of their difficulties. But seen in a wider light, the year 1870 is not only important for its immediate effect; the wider implications resulting from the visions and schemes of one man, mark the year as the start of a new era in New Zealand political and economic history. From then on, the ideas of state activity and intervention Vogel had at the start of a period of prosperity were to be employed again and again in years following. In varying degrees they were to coincide with returning prosperity in the early

'eighties, mid-nineties, under Ward from 1906 on, by Massey after the first world war, by Savage and his government from 1935-6 on, and by the Labour government after 1945.

Regardless of the political complexion of the ministries concerned, the policy of development they followed, in essence, was that laid down by Vogel in his budget of 1870. Later policies may have been more successful because of greater economic knowledge or a better appreciation of the country's potentialities but the fact remains that the colony's history took a new turn when Vogel inaugurated his policy and New Zealand's politics became primarily concerned with economic development.

CHAPTER TWO'BOLD' EXPANSION UNDER THE MASTER 1870-74.

From the enunciation of his financial statement of 1870 to the spogee of his power and influence in 1874, Vogel, and even more his policy, were pivotal to the politics of those four remarkable years.

New Zealand wanted a bold scheme of colonization, a scheme which would so inject new life-blood into the sluggish flow of the economy that deadweight stagnation would be swept away by the fresh torrent of agricultural progress, land settlement, commercial prosperity and industrial development implemented by a 'bold' policy of public works. Support for such a scheme was latent; it only needed tapping by an imaginative and enterprising mind to be developed and give vent to vociferous approval.

The depression at the end of the 1860's after a period (for many provinces) of gold-induced prosperity, directly and indirectly had sharpened the demand for an active policy to set the Colony's feet again on the path towards accelerated growth and development. But the years covered here saw a change in the moods of both the public and their representatives in Parliament from the initial desire for a moderately bold scheme of development to break the hold of economic stagnation to one of insuperable optimism and unconquerable confidence in Vogel's £10 million loan plan. The underlying reason for the change was the increasing prosperity caused by rising overseas prices; such was the enthusiasm engendered by this ordinary prosperity, that not even Vogel at his most expansive could provide loan

expenditure at a rate fast enough to satisfy the clamouring provincial representatives. The trend earlier mentioned - that of increasing provincial greed and log-rolling during economically prosperous times, fostered by lavish loan expenditure - rose to its height during these four years. No one could gainsay it, and after the short-lived success of the few 'cautious' men in attempting to restrain the provincialist-distorted 'boldness' of Vogel and his colleagues in 1872, direct opposition to him collapsed into insignificance. Vogel was fortunate - New Zealand less so - in that the execution of his scheme coincided with improving economic conditions. His policy was carried along on a wave of prosperity initially created by improving export prices which would have given New Zealand prosperity for a time regardless of £10 million loan schemes. What it did do, however, was to encourage a feeling of overwhelming confidence in the supposed resources of the Colony which apparently only needed a liberal application of capital to transform them from unusable assets, into the basis for a prosperous and progressive economy.

It is difficult to estimate just how sincere either the Colony or the Assembly were in their belief in the efficacy of the scheme for the solution of the country's economic problems, but the money was there to be used, times were favourable and Vogel's promises crushed any prudent suggestions for the restriction of spending. The 'cautious' men had placed themselves unwittingly in a weak position at the initiation of the policy by agreeing with it in principle - there were few such as Jollie, Cracroft Wilson and D. Monro who completely opposed the scheme - although they wished to tone

down and limit its application and size. Their prudence, as time went on, and an artificial public works induced prosperity boosted the sounder prosperity, was jeered at, criticized as timidity and lack of enterprise, and they themselves were declared to be obstacles in the way of natural progress. Despite lip service paid to the need for economy, in the actual administration of the policy there was no halfway point of moderation; there could only be two attitudes - either entirely for or against - and only the strong-minded few were able to continue their uncompromising opposition to the 'policy of progress'. The moderates, however, were pushed into two courses - they were either ridiculed into silence, or on the other hand forced into endeavouring to restrain the majority by allying with them, and, by being in a position of greater influence, attempt to exercise a policy of greater prudence. Men such as Waterhouse, Hall, and more important, Atkinson, probably realised that straight opposition was fruitless at such a prosperous period; the policy could not be stopped in its tracks but must be curbed and controlled; Waterhouse and Hall soon gave up the struggle; Atkinson, of a more dogged and persevering nature, stuck to his guns, although the fight must often have seemed hopeless.

The provinces in both islands were in a receptive mood for Vogel's proposals at the beginning of 1870; the Maori troubles were gradually being solved by a policy of firmness and conciliation under Donald McLean's guidance, and now commercial stagnation was the main problem to be faced by the provinces. Not able to borrow themselves, the Southern provinces, especially,

turned to the central government to provide some penances for the depression they were undergoing, a stimulus which would once more bring about a state of prosperity such as they had known during the gold boom, while the Northern provinces, especially Taranaki, looked to Wellington for financial aid to help rehabilitate themselves. In both islands the desire for peace was strong but the hope in the south that the war should be ended and expenditure cut down was more than matched by the far more fervent hope in the north, again especially in war-ravaged Taranaki, that fighting would be permanently concluded and the districts involved allowed to develop peacefully. The two objectives and hopes - for cessation of war and the economic development of the provinces by loan expenditure on public works and immigration - went, therefore, hand in hand, and the solution of the former naturally had, in the mind of the public, its corollary in the implementation of the latter; while in return the effecting of a developmental policy depended upon the success of the Native Minister in his sphere. Both in the early pre-budget months of 1870, formed the main topic around which editorial opinions in the Colony's press especially concentrated.

I In Canterbury the Press noted the increasing dissatisfaction with the conduct of native affairs because the government, it said, had failed to carry out a defensive policy and expenditure was still far too high.¹ In its desire for a speedier peace settlement, it assumed a more determined attitude in the following three months, crowning this with the assurance that the Colony had made up its mind that there were to be no further Maori wars, and was against schemes of conquest - the fate of the Stafford

¹ Press, 28 February 1870.

ministry had shown this. The link between the desire for peace and the hope for future progress was strongly outlined in an editorial which insisted 'The Colony must be placed in such a position that the maintenance or disturbance of the peace will not depend upon the actions of the Government. Its internal resources, its population, its wealth, its hold on the country, must be so increased that war will be impossible. In a word, it wants colonization. That is really the great question of the day; one much greater then, because it includes the Native question.² In a northern province, the Taranaki News, on the first anniversary of the murder of John Whitely, also spoke of the continued threat of native trouble. 'A cloud' it stated 'hangs over the future of the settlement in that direction.... It may burst into war or slowly melt away under a growing conviction that it is useless to think of permanently contending against the white man.'³ But at the same time it spoke of economic progress in the flax industry which was a developing coastal export⁴ and hoped that Fox would remain in office to ensure peace and development.⁵ It repeated later part of what was to become almost the Colony's political creed for the next few years when it stated 'for ourselves, we have such faith in the increase of population as the sovereign remedy for the temporary difficulties of this magnificent Colony....'⁶ But Taranaki's needs were more strongly set out by the pro-government paper of the province, the Herald, when it praised the government's peace policy as now providing a chance for public works development, especially railways, and the opening up and settlement of the back country, combined with the

2 *ibid.*, 20 May 1870. 3 *T.N.*, 2nd April 1870. 4 *ibid.*, 4 June 1870. 5 *ibid.*, 9 April 1870. 6 *ibid.*, 4 June 1870.

introduction of population and a harbour.⁷ It was obvious then that Taranaki, poor⁸, isolated and devastated by years of war, saw in Fox's ministry the means of its salvation; through the government's action the native menace might be removed, land opened for settlement by immigrants, and public works and industries started which would not only employ those not established on the land, but help to break through the isolation of the province. A united policy of 'peace and public works' was what Taranaki, extreme example of north island poverty, hoped for if it was to progress and integrate itself with the more prosperous sections of the Colony.

Canterbury's support for such a future was less fervent if only because greater economic stability meant that it was less heavily dependent upon the central government. Nevertheless the province was strongly in favour of the cessation of a war which had proved to be a continual drain on her finances. On the other hand declining export prices and general commercial depression had brought about the belief that they needed a scheme of immigration carried out by the general government. The Press was certain that; 'To leave immigration to the provinces is equivalent to stopping it altogether over a large part of the colony; in other words, is equivalent to

⁷ Taranaki Herald, 7, 14 May 1870.

⁸ In 1870, as in 1869, exports from the province's ports were nil, although there was a small coastal trade (see Appendix for figures of later years), especially with the Manakau. Imports in 1869 had dropped 30.01% from the 1868 total of £17,618 to £12,330, although they rose again to £16,198 in 1870. Provincial government revenue was still the lowest in New Zealand at £7,826 in 1870. ~~Provincial government revenue~~ 1869 and £7,477 in 1870, when Marlborough, next lowest, was just over £13,000. Under such conditions, necessity drove the province to look to the general government for help. Even the ending of the war had been only a mixed blessing for Taranaki, for in the first two years after its virtual cessation 1869 and 1870 - imports dropped to their lowest because of the withdrawal of troops, and business consequently suffered.

consigning the greater part of the Colony to hopeless stagnation'.⁹ Both Christchurch papers, and especially the pro-government Lyttelton Times, agreed with E.W. Stafford's speech at Timaru, in which he argued that New Zealand needed to embark on a policy of colonizing the country to develop its resources, although both thought his plans and policy were a little belated, and remarked on his failure to apply them earlier, whereas Taranaki's main requirements from the government seemed to be peace, land settlement by immigrants and public works. Canterbury laid greater stress on the need for the introduction of immigrants on a greater scale to settle the wide acres the province had at its disposal.

Vogel's financial statement of June 1870 did not, then, come as a bolt from the blue. In principle most people were expecting some proposals for loan expenditure on public works and immigration, but what did stagger them was the extent, the unbelievable magnitude, of Vogel's scheme. Throughout the 1860's the provinces had borrowed £2,359,000¹⁰ before their borrowing powers had been withdrawn in 1867. But, as C.R. Carter complained in his booklet, New Zealand thirsted for more loan expenditure and in 1870 Featherston and Bell were in London negotiating an Imperial guarantee for a loan of one million. But their efforts were overshadowed by Vogel whom Carter described as 'the central figure around which the Colonists were to dance and certain portions₁₁ of the press were to pipe for a number of years to come....' for the Colony was not to be

9 Press, 17 March 1870.

10 Figures from C.R. Carter, An Historical Sketch of New

Zealand Loans 1853-86.
11 ibid., p.15.

satisfied merely with an expenditure of £200,000 per annum for five years.

E.W. Stafford had also twice come forward with similar proposals in 1869 and 1870. In the House, at the reading of the Otago Loan Bill, he claimed that he was not one of those who thought New Zealand's resources should not be developed by foreign capital. It would be suicidal, he thought, if a small population did not borrow to develop and he would like to see the Colony determining before-hand on a system of large works, and going itself into the London market with a large borrowing power, say, of one or two millions...which would enable large continuous contracts to be entered into-which would include immigration and the employment of immigrants for a term of years on large public works.¹² But he emphasised that, although stagnation must be counteracted, he disapproved of accomplishing this by means of provincial cut-throat borrowing. He reiterated both these points in April of the following year when in addressing his Timaru electorate he declared, 'The policy I should like to see adopted for North and South is ... to open and people all parts of the country simultaneously, to open up the country for settlement, and increase its population.... Now a great addition to the population is absolutely necessary in order that it may achieve the position nature intended for it in our generation. But I shall never be a party to shovelling people upon our coasts, and then abandoning them....I want to see a well considered system laid down, which will involve the introduction of persons who, by means of such works, may obtain

¹² NZPD, Vol.6, P.540, 18 August 1869.

engagements for at least from six to twelve months, leaving them free at the same time to accept employment when offered by any of the permanent industries.¹³ That his proposals were in accord with the spirit of the country can be seen from a letter T.W. Hall wrote to John Hall, describing the general satisfaction Stafford's political views had given in Timaru,¹⁴ but, as with Featherston's prudent scheme, his 'cautious' plans for a moderate loan expenditure on development, were swept away and forgotten as the flood-tide of Vogel's scheme hit the Colony.

The financial statement brought down by Vogel in June 1870 centred its policy around the sentence, - 'We recognize that the great wants of the Colony are - public works, in the shape of roads and railways; and immigration...the two are, or ought to be, inseparably united.'¹⁵ Then, from a discussion of this general statement he gave a more detailed account of his scheme for financing the proposed public works and immigration, and the effects of all this. £10 million were to be borrowed over the following ten years, of which the bulk was to be spent on public works, especially railways. Provision would be made for the repayment of the 5½% interest from receipts above working expenses on railways, from railway estate revenue, and from stamp duties. As security, and to ensure that the provinces would be able to meet repayments, he intended that the land should be made to bear a considerable portion of the financial burden.

On the specific topics of public works and immigration, the government's policy would be centred on three principles - that both islands were to share in the activity and the results of

13 Timaru Herald, 23 April 1870. 14 T.W. Hall to J. Hall, Hall Papers, 24 April 1870.

15 NZPD Vol. 7, p. 102 28 June 1870.

the scheme, that there were to be no changes in political institutions, that the ministry realized that conditions and circumstances with the Colony varied although the need for colonization was the same. It was this third condition of his policy, his failure resulted in an inflexibility which made many of his schemes unprofitable. The link between immigration and public works would always be close so as to enable the Colony to be effectively opened up and settled at the same time; railway construction alone would be 'a large and comprehensive means for promoting immigration',¹⁶ The dovetailing of the two facets of the scheme meant that public works would open up the land for the settlers and at ^{same} the/time provide work for new immigrants until they found permanent employment. On the other hand the public works scheme needed a continuous stream of immigrants to keep it going. Communications would be constructed in both islands, but whereas the south would get mainly railways, the north lacked both roads and railways so that 'the opening of a road through the North Island will promote its real, and probably rapid settlement....'¹⁷ but, as in the South Island, this would be changed on the land of the provinces which benefited..

Provinces and provincialism were to be respected and the entire scheme would be adopted to an acceptance of the position of the provinces prepared to receive them, for 'the only limit

¹⁶ *ibid.*, p.107.

¹⁷ *ibid.*, p.102.

to profitable immigration is that set by a want of local preparedness to receive the immigrants.¹⁸ But to the existence of the provinces in the future, Vogel's statement contained a latent threat. Although he deprecated violent political changes, he warned that he would infinitely prefer, should the existence of the provinces hinder his scheme, 'the total remodelling of those institutions to abandoning that stimulating aid which, as I believe, the conditions of the Colony absolutely demands.'¹⁹ Vogel, then, was in no definite sense, either a 'provincialist' or a 'centralist'. At this stage his scheme was all-important to him and he was prepared to work within the framework of any political system which would facilitate it; but if a system were to become an obstacle to his policy, there was no doubt about what he would do, for he certainly had no intention of sacrificing his own work. However, in 1870 he was prepared to work with the provinces, even to the extent of making them capitation grants which on the whole benefited them at the expense of the general government, although these were subsequently to be gradually diminished.

The general effect upon the North Island, with its native trouble, was referred to as a strong inducement to support the scheme; for in both the North, directly, and the South, indirectly, the war had been a ceaseless burden and financial drain. 'The employment' said Vogel 'of large number of well-paid natives on public works, to which, in their present temper,

¹⁸ *ibid.*, P.107.

¹⁹ *ibid.*, P.104.

they will resort with avidity; the opening up of the country, and its occupation by settlers, which will result from the construction of roads; coupled with the balancing of the numbers of the two races by a large European immigration - will do more to put an end to hostilities and to confirm peaceful relations, than an army of ten thousand men.'²⁰

A comparison of press and public reactions to the budgets of 1870 and 1874 - the one at a time when the Colony was still in the process of dragging itself from the mire of stagnation and the latter brought down in a period of boom conditions - is instructive and interesting. In the former year there is a range of comment varying from mild, yet 'cautious', approval of the proposals to strong criticism of a wild and premature scheme. Only in two strongly pro-government papers is there immediate unstinted praise for Vogel. In 1874, however, after two or three years of growing prosperity, exaggerated also by the effect of Vogel's policy, there is little or no adverse comment on the budget-adulatory editorials are the order of the day.

The Colony by 1870 had come through the Maori wars and a period of commercial stagnation; it wanted stimulation but was, for the most part, overwhelmed by the magnitude of Vogel's plans and a little uncertain of their results if put into effect. Even the Taranaki Herald, always in later years ready to support 'bold' and 'progressive' policies in times

²⁰ *ibid.*, P.108.

of prosperity, had at first little to say about the main features of the statement. Only the proposed grant to the provinces was mentioned eleven days later. 'One part of the statement' it commented 'which we cannot but look upon with satisfaction, is the proposal to give out of the consolidated revenue £2 per head on the white population of each province.... This addition to its [Taranaki's] revenue will enable it to assist in developing its many resources by means of roads, bridges, and steam communication along the coast....' Of the statement as a whole, it merely said approvingly that 'it shows the Ministry do not intend to neglect Taranaki for the future.'²¹ Only after the lapse of a month did the same paper speak more strongly in favour when it said, 'It cannot be denied that the more the statement is read, the simpler and more feasible it appears. The idea of borrowing a large sum of money for immigration and public works is not a new one - it has been talked about and written about before. The credit of it to the present Ministry does not, therefore, lie in the originality of the scheme, but in their being the first with courage enough to bring it before the country, and in the skill they have displayed in its design and construction'.²² The Taranaki News, however, a more prudent journal, after praise for the system of capitation grants, and agreement that the need to develop the Colony's resources was great, professed itself unhappy over the enormous size of the loan, as 'it is not the way to procure the money we require on easy terms, and if we had not had

²¹ Taranaki Herald, 9 July 1870.

²² *ibid.*, 30 July 1870.

previous experience of the aberrations of Mr. Vogel's genius, we should have been greatly surprised at the proposals taking so wild and unpractical a form in his hands..... We believe the Colony will be prepared for a moderate loan of one or at the most two millions to begin with....and we can only look upon the ten million loan as a gigantic bid for popularity on the hustings.'²³ It concluded by criticizing the lack of planning in implementing the scheme. By the end of the month, however, the News had softened its opposition, mainly because the scheme had been toned down. Any success of the policy, it thought, would be largely due to the 'prudence and moderation' of the non-Government members, although 'we by no means wish to deny Mr. Vogel all due praise for many proposals which, whether original or not, he had had the good sense to incorporate in his budget.'²⁴

As in Taranaki, the most depressed of the Colony's provinces, so in Canterbury, perhaps the most solidly prosperous, there was also a division of opinion. The Lyttelton Times, now openly in favour of the government, thought that, as the proposals of Vogel agreed with Stafford's speech to his constituency on opening up and peopling the Colony, they merited great consideration. It conceded that the largeness of the views would take the breath away but believed they would satisfy when considered. Because of the effect of provincialism's narrowing vision, 'a purblind public is scared and dazzled' with a scheme not extravagant in itself;²⁵ Vogel now needed the support of the people to help solve the

²³ Taranaki News, 9 July 1870.

²⁴ *ibid.*, 30 July 1870.

²⁵ Lyttelton Times, 30 June 1870.

native difficulty in the north by roads and land settlement, and to give the south people and railways. 'For the first time in the history of the colony' it asserted, 'a Ministry has been found able and willing to subordinate Native affairs and internal political squabbles to the more important and legitimate work of promoting the settlement and colonization of the country.'²⁶

Throughout early July the Times continued its strong support of Vogel's scheme, alternately showing how much it would open up and develop the country, and how moderate it in fact was. The latter point argues that it felt itself obliged to defend and explain a policy which many thought not only immoderate but possibly ruinous in its effects. Had there been immediate and general acceptance of the proposals, based on a feeling of confidence in the country's economic ability to bear such a heavy load of public debt, there would have been no need for the Times to have insisted that the most prudent way for a young Colony to develop was by borrowing in proportion to its population and undeveloped resources. It felt constrained to emphasize that the Colony would be borrowing only £6 million, although there had been talk of £10 million, and would have a debt, therefore, of only £600,000 per annum. With an immigration rate of 15,000 a year, in addition to normal increase, the population, it maintained, would leap from 250,000 to 700,000 in ten years and so would easily be able to repay annual debt charges.²⁷

26 *ibid.*, 2 July 1870.

27 *ibid.*, 4 July 1870.

On 6th July a public meeting was held in which the majority firmly supported Vogel's scheme. Almost immediately the Times dropped its initial semi-apologetic tone and from then on castigated the Opposition and their amendments - Rolleston, whose 'political vision is of too microscopic a nature,'²⁸ and the opposing Canterbury members, including Travers, Jollie, Wilson, Stafford, Hall, Stevens, Tancred and Potts. - 'Moderation' it declaimed 'is only unreserved opposition'.²⁹ - if the Canterbury members really represented their constituencies they should join the Government and, if not, they should resign their seats to those who would.

The Press, always more prudent, after eight days thoughtful - or perhaps, stunned - silence, noted apprehensively that no one would have been surprised at proposals of one or two millions. 'But a proposed expenditure of ten millions, with an addition of six millions to the consolidated loan, is something almost overpowering.... The proposals of the Government go so far that, if they fail, their failure will be most disastrous. They will either lead to the great advancement of New Zealand or to its entire ruin.'³⁰ And yet, on the day before the budget it had supported the idea of a moderate scheme of development, although it commented that £1 million was not much to cover colonial expenses in public works and immigration.³¹

28 ibid., 12 July 1870.

29 ibid., 12 July, 1870.

30 Press, 6 July 1870.

31 Incidentally, the Press of 27 June implicitly acknowledged both Vogel's power in the Ministry, and that the financial statement was the policy-making speech of the Government when it said 'On Wednesday morning they (the public) will know exactly what the Government intend to do. If the proposals are satisfactory, well and good; but if not they will then have something definite against which to direct their opposition.' Until Vogel made his statement, then, it would appear there had been no definite enunciation of policy so that he, and not the premier, Fox, became the Ministry's policy-maker. The Press, 7 July 1870 re-emphasized this when it said, 'It is interesting... to remark how everyone instinctively attributes the whole scheme to Mr. Vogel; the

Generally, however, it did give cautious approval to the scheme, but insisted that, although great works were required by the Colony, yet to prevent log-rolling the expenditure should be entrusted ^{not} to the Government but to a board of commissioners, and that other modifications should be made before the policy was accepted. At the end of July, many of the qualms of the Press had been overcome by the reduction of the proposed loan from £6 million to £4 million - a move prudent and businesslike, it considered, for 'As we have remarked before, the great defect of the original scheme was its vagueness.'³² By August, although still as interested in the safe and prudent operation and effects of the scheme, the paper could remark, 'It is indeed refreshing, after the long and painful continuance of hard times in New Zealand, to have millions even in anticipation.'³³ In fact, the paper then insisted that Canterbury should press its claims, lest it get only an inadequate sum, and noted that Hall, Rolleston and Studholme had formed a deputation to the Government to enquire about railway extensions. The paper's two-way pressure of 'caution' on the one hand, and provincial feeling on the other - to be found throughout the Colony - was gravitating more to the side of the latter. This was partly because its prudent modifications had been effected, and also probably because it felt that economic conditions were improving and that the Colony would be able to bear the increased load of

32. *ibid.*, 27 July 1870

33 *ibid.*, 3 August 1870

public debt;³⁴ now, therefore, was the time for its own province to make its claims before it was ousted by others. But they had not improved sufficiently for the majority to accept the full scheme unhesitatingly - only after moderation of the policy would the Canterbury representatives join in support of Vogel.

Th the Auckland province, after some thought, a year of rising exports and fairly high imports³⁵ was enough to give moderate confidence in the scheme. In the main Auckland's attitude was much akin to Canterbury's - the desire for further stimulus but not to the extent Vogel planned. The Daily Southern Cross certainly supported the Colonial Treasurer strongly, but it was his paper and so bound to boost his policy.³⁶ Bu the New Zealand Herald was much warier; although in a series of editorials³⁷ it agreed that railways were required in the North Island to preserve peace, and that immigrants and public works were 'the great desiderata' (sic) for peace also, it stated that there was need for the members to pay careful attention to the financial statement before committing themselves to or against the 'gigantic scheme'. The policy as a whole, to develop the Colony's resources, it thought a wise one, but there must be

³⁴ In fact they were in Canterbury, for in 1870, exports took an upwards turn for the first time in a number of years after having reached their lowest point in 1869 - see Graph, Appendix. From well over £2.5 million in 1866 they had dropped to £.5 million in 1869, but in 1870 were £800,000. Although they fell again in 1871 to just over £700,000 the trend thereafter was one of gradual improvement up till 1874-5. Imports, too, reflected the growing feeling of prosperity; at their lowest in 1870 they rose far more spectacularly than exports through until 1874. The Lyttelton Times, 12 February, 1870, had noted the good farming conditions, the abundant grain crops and the likelihood of a fair demand in its Australian market as many Australian crops had failed. Though far less justified in other parts of the Colony, the growing feeling of confidence typified by Canterbury was prevalent throughout the country. See S. of N.Z. Exports were £895,000 and imports £1.3 million.

³⁶ D.S.C., 6 July, 1870.

stringent control over loan expenditure to ensure reproductive results. ^{agreed that it would have been better if the Auckland members} However - indicative of its future attitude - it had come to an understanding with the Ministry regarding public works and immigration. By 8th July the Herald had shrewdly decided that the scheme was one 'worthy of a statesman' and 'bold, startling and original.'³⁸ - here the realizations that Vogel did not intend being thwarted and its own provincialism, sharpened by the fear that if it did not accept the scheme, Auckland would possibly lose its fair share of the benefits to be distributed, played an important part in determining the province's attitude.

Otago's reaction was decidedly cooler than this. The Otago Witness commented unfavourably on the proposals but supposed that the country would support them. 'Public Works and Immigration at any cost if the favourite cry from one end of the Colony to the other. The depression of business, the unremunerative returns from agricultural and pastoral enterprise and the general stagnation...have engendered a feverish anxiety for remedial measures of any kind.'³⁹ But if the country should wait until it had instructed opinion on the scheme, the Witness felt sure that the verdict would be in favour of moderation, especially as the North Island was to benefit so much and the public debt would be doubled. The Otago Daily Times, also critical, accused the ministry of plagiarising its predecessor's policy, as well as criticising the government's policy of centralization, which it had also taken over from

38 ibid., 8 July 1870. 37 N.Z.H., 30 June, 1 6 July 1870.

39 O.W., 9 July 1870.

Stafford.⁴⁰ In fact, what worried the Times was, of course the fear that Vogel's proposals were merely an attempt to use the wealth of the South Island to benefit the North. It was in favour of a moderate and limited application of loan expenditure to facilitate public works development and colonization, but^{not} in a way which would make Otago the main bearer of the costs. As richest province, it had most to lose by this.

Wellington, whose trade, both inward and outward, had improved greatly over the 1860 figures, was divided in its opinion. The Wellington Independent, after expressing initial surprise at the extent of Vogel's scheme, thought that it should repay the interest on the loans 'if judiciously devised and economically executed....and the large question of the necessity of promoting immigration and public works by means of borrowed capital is one on which the progress and future prosperity of the Colony chiefly depends....'⁴¹ After a few days' further thought it came to the conclusion that it was a great idea for encouraging colonial unity, and felt that any government would have eventually made the scheme a feature of its policy. Fitzherbert, it remembered, had also proposed a scheme of colonization as soon as the colony was ripe for the measure.⁴² The Opposition too, it said, realized that there was no need for party faction and most were prepared to work with the Government; though to reduce the amount, as Reader Wood wished, was merely an attempt to thwart the scheme in toto. Like the Lyttelton Times, it insisted that there could only be

⁴⁰ O.D.T., 2,4,5,8,12,15,16 July 1870.

⁴¹ W.I., 30 June, 1870. ⁴² *ibid.*, 5 July 1870.

two attitudes to the scheme and those who opposed the 'progressive policy boldly conceived and energetically carried out....[should] openly proclaim their principles....' by either accepting or rejecting the government's proposals.⁴³

Although the Independent grew more laudatory in its support, the Evening Post waxed indignant against a scheme of 'uncontrolled expenditure of fabulous sums for which no means are provided....'⁴⁴ and which would have no appeal for the time settler who was averse to the immersion of the Colony in 'an ocean of debt so vast....'⁴⁵ But although it opposed the scheme as extravagant it later noted that some mistakes in the statement had been corrected, the most important of which had been the omission of a line of railway from Wellington to Wanganui.⁴⁶ This shows that even those who criticized the scheme as a whole, realized firstly that it was what their provinces needed to open them up, and secondly, that if they did not make a strong claim for their own locality it was likely that they would be neglected in the rush.

⁴³ *ibid.*, 12, 14 July, 1870.

⁴⁴ *E.P.*, 29 June 1870

⁴⁵ *ibid.*, 30 June 1870

⁴⁶ *ibid.*

The comments of the final two provinces are interesting in their contrast, for these areas were at different phases of economic development. Hawkes Bay, whose imports and exports had climbed from the depths of 1868-9, was far more sanguine of the success of the scheme than Nelson, whose trade figures were continuing to decline.⁴⁷ While at least one of the Hawkes Bay papers gave moderate support to Vogel, partly because his scheme of development would help to solve the native difficulty, and felt that the interest on the loans could easily be met by a greater population,⁴⁸ both Nelson papers strongly opposed what they considered to be the unwieldy size of the scheme.

⁴⁷ Hawkes Bay's exports rose from £47,000 in 1868 and £48,000 in 1869 to a peak of £104,000 in 1870, while imports also increased, less spectacularly, from £77,000 in 1868 and £80,000 in 1869 to £95,000 in 1870, the highest to date. Nelson, however, was suffering from a contraction of trade as gold production fell off. Exports fell from £405,000 in 1869 to £370,000 in 1870, and imports from £367,000 to £291,000 - See S. of N.Z.

⁴⁸ H.B.H., 1, 8, 12, 22 July, 1870.

The Nelson Examiner considered that 'to distract from the frightful state of the finances of the colony, Mr. Vogel has propounded a wild scheme of borrowing and expenditure, which it would be utterly impossible to carry out!'⁴⁹ Such reckless proposals were not expected, although it agreed that the principle of borrowing for public works and immigration was safe if it was kept within reasonable limits, say £5 million; the colony needed capital, labour and public works, but not too much to digest, and the paper's opinion on this remained unchanged even after a Nelson public meeting had voted in favour of Vogel.⁵⁰ The Colonist, though warmer towards Vogel, agreed in essence that, although most of the country and much of the opposition, including Stafford, were in favour of the scheme, the principles of which were basically correct, it would be preferable for the Government to concede the modifications wanted.⁵¹

The country, then, had generally given, after a certain period, a verdict of agreement with the principles of Vogel's 'bold' scheme of development, but it also urged the need for 'caution' in borrowing and administration. The majority feeling seemed to be - yes, we believe that the colony needs foreign capital to settle and develop it, after a period of economic stagnation and war, but can it stand the size of the scheme proposed?

⁴⁹ N.E., 29 June 1870.

⁵⁰ N.E., 6 July 1870.

⁵¹ T.C., 1, 8, 12, 15 July 1870.

In the House of Representatives, too, after the initial outbursts of Reader Wood and T.B. Gillies, the attitude of most members of the opposition under Stafford was that in principle the scheme was worthy of consideration, but that Vogel had overstepped the bounds of prudence in the size of his scheme. As the debate on the proposals went on it became increasingly apparent that the House was dividing into three sections - those, firstly, who wholeheartedly supported the scheme, those who agreed with the main principles of it but opposed its enormous size and proposed administration, and finally, those who completely objected to it under any circumstances. It was, then, upon this basis that the party groupings formed over the next few years. The first group formed a party which was bound together by its adherence to the policy of 'bold' borrowing and loan expenditure for the development and settlement of the colony, while the two latter groups coalesced to establish a party of 'cautious' men. It was less compact than the 'bold' group because it contained within its ranks not only those who, like Stafford and Fitzherbert, believed in a policy of moderate borrowing to carry out carefully planned and economical work, but also the extremists of the party such as Cracroft Wilson and Sir David Munro, who in their complete antipathy to any form of borrowing formed the extreme wing of the group. The speeches of the members in the weeks following Vogel's statement illustrate the way in which the two sides first divided to form the two poles of 'caution' and 'boldness' - described in Chapter 1 - according to their attitude to the application and administration of Vogel's scheme.

A selection of the speeches of members will illustrate how opinions divided fairly obviously into the two camps on the details of the policy, while most remained in agreement on its general principles. Richmond⁵² (Grey and Bell) of Taranaki, who was later to fight Vogel bitterly over the proposed bills emanating from the policy, and also to be replaced in his electorate by a Vogelist, was in favour of a nine - or ten - year scheme for colonization but thought that Vogel's was far too extravagant. The railways, he said, would not pay as they had in compact and centralized Victoria, for in New Zealand they would have to compete with shipping routes, while in New South Wales, Queensland and S. Australia there had been heavy debts. The government should feel its way and experiment with one or two lines. He suggested that time should be left for the colony to consider the scale of the proposals. Travers⁵³ (Christchurch City) agreed that there was far too much political scheming and wished to see such safeguards as a board of works to prevent provincialist interference.

But perhaps one of the most significant and knowledgeable speeches of the entire debate was made by a man who was not recognized as an opposition leader. Jollie⁵⁴ (Gladstone) criticized the Government's plans on the grounds that they were not cautiously directed to the real needs of the country. He thought 'that we are apt to overestimate its [New Zealand's] resources and capabilities. Its extent is not great; much of

⁵² NZPD, Vol. 7, pp.269-276, 7 July 1870.

⁵³ *ibid*;;, pp.277-283, 7 July.

⁵⁴ *ibid*., pp.302-307, 8 July.

its land consists of mountain and morass that will forever remain practically useless for the purposes of man I believe its resources are limited, like its area, and we must not draw too largely upon them.' Compared with California and Victoria, its resources were restricted and he thought that the Government had miscalculated the country's wants and capabilities. An expenditure of £2 million would be preferable, and £5 million was far too much even if 200,000 immigrants were to be brought in over 10 years.' ... What are you going to do with such a number?' he asked, 'Will you introduce them without reference to the capital of the country and the means of giving them employment?' The Government should make proper provision for 'receiving and sheltering them, and due precautions (be) taken that wherever they be located, there shall be within the district adequate means of employment, either private or public.' Seen in the light of the analysis in Chapter 1 and the work of I.W. Horsfield⁵⁵, Jollie's description of the limitation of the colony's economy and its capacity for development by lavish loan expenditure was realistic, even although this seemed to his contemporaries a gloomy picture. The next opposition speech came from Cracroft Wilson,⁵⁶ who unbendingly opposed the entire scheme, condemning it as a new South Sea Bubble. Rolleston (Avon)⁵⁷ came straight to the point when he said

⁵⁵ See unpublished thesis, 'The Struggle for Economic Viability.'

⁵⁶ NZPD, Vol. 7, pp. 300-11, 8 July 1870.

⁵⁷ NZPD, Vol. 7, pp. 311-15, " " " .

that Vogel 'has seized an opportunity in the history of the Colony when a large portion of it was beginning to feel its way towards prosperity and when the country generally felt that greater efforts than had hitherto been made ought to be initiated to bring the country into a higher state of prosperity - he has seized that opportunity to bring down a scheme of colonization of unprecedented magnitude.' The scheme, he said, was too vague, and works and immigration should only be carried out to the extent the country could take them as Canterbury had done - by introducing 1,000 immigrants a year for fifteen years' ... the idea of pouring in immigrants and spending money is not settlement of the country. It is by steady and progressive systematic work, bit by bit - showing that as you go on it is paying, that settlement is succeeding that you will promote colonization.' Therefore he agreed with the principles but not the details of the scheme. Men such as Rich⁵⁸ (Waikouaiti), Ludlam⁵⁹ (Hutt) and Tancred⁶⁰ (Ashley) agreed with him in this feeling that a modified scheme would be permissible but that the other would only bring temporary prosperity.

Stafford⁶¹ (Timaru) had the support of Gillies (Mongonui) Hall (Heathcote), Reader Wood (Parnell), Stevens (Selwyn), and Fitzherbert (Hutt), the other important members of a 'cautious' opposition, when he stated that the colonization policy was

⁵⁸ *ibid.*, pp.336-7, 12 July 1870.

⁵⁹ *ibid.*, pp.337-40, 12 July " .

⁶⁰ *ibid.*, pp.340-42, 12 July " .

⁶¹ *ibid.*, pp.343-51, 12 July " .

not in fact a new one, fathered only by the present Ministry. Fitzherbert and he himself had suggested similar schemes earlier; for it was realized that land, labour and capital were necessities for a new colony. But he criticized the present scheme on its lack of provision for the settlement of immigrants; the railways, too, would have to be restricted to important lines and those near ports. However, he agreed with the principle of the scheme and would be prepared to help the Government to modify it. Fitzherbert⁶², too, stressed the need for the active settlement of immigrants by opening the land up for them. It would be, he emphasized (as had Hall) preposterous for people to be brought merely to be engaged in public works.

The weight of opposition opinion, then, lay with those who agreed in principle with the need to develop New Zealand's resources, but wished to ensure that the way it was done should be 'cautious' and gradual, without over-taxing the colony's resources and ability to repay the interest charges. Only a few such as Tancred, Collins (Collingwood) and C. Wilson were actively opposed to the scheme fully, but even of these the first was prepared to vote for it if it could be modified, as he felt it was useless trying to fight against it.

Those who supported and defended the policy in every sphere did so for the same reasons - the need for a 'bold' scheme of development after wars and commercial stagnation.

⁶² *ibid.*, pp.438-444, 14 July 1870.

The colony's resources, they argued, were at present lying latent, undeveloped, and only the expenditure of capital on them would result in great returns. A combination of provincialism and yet at the same time sincere belief in New Zealand's resources dominated their thinking. Typical of this was the speech delivered by the ebullient Macandrew⁶³ (Clutha) on Vogel's proposals, in which he said, 'It appears to me that it is eminently practicable. I have not the slightest doubt that there would be no difficulty whatever, in the course of ten years, in raising twice ten millions of money, if required, for reproductive purposes.... the exports of this Colony are upwards of 50 per cent. per head more than the exports from Victoria.... the one thing needful for New Zealand is population, and the opening up of the country by the cheapest and best roads - that is to say, railroads.' (p.349)

Vogel had either been very fortunate or extremely shrewd in choosing this time to bring forward his policy; for in 1870 the colony, as a whole, was taking its first breaths of an air freed from the previously ever-present troubles of war, an air which was also rapidly, it seemed, becoming cleared of the suffocating effects of economic depression and commercial inactivity. A feeling of confidence and a belief that things were at last improving pervaded most provinces. With the obstacles pushed aside and exports increasing⁶⁴ it seemed that the time was ripe for some scheme of development to help boost the trend towards progress and prosperity. But the moment of

⁶³ *ibid.*, pp.348-351, 12 July 1870.

⁶⁴ Exports had risen from £4,224,860 - the lowest since 1865 - to a new peak of £4,822,756 (See S. of N.Z.), and although imports were still falling, the rising prices for overseas produce were sufficient to engender a feeling of confidence.

increased prosperity had not brought sufficient confidence for the House of Representatives to go the whole way with Vogel in his proposals. In 1870-71 the 'cautious' members were still in a strong enough position to be able to keep a check on the ambitions of the proponents of 'bold' expansionist policies. Only as wool and grain prices leapt, private investment within New Zealand increased and Vogel's policy swelled the boom conditions, were he and his followers able to sweep aside the controls of those few scorned prudent politicians who, in vain prophesied a doomed future.

Now, however, the forces were fairly equally matched. Stafford, Hall, Fitzherbert, Rolleston and others agreed with Vogel and Fox that their policy was needed but they insisted that it must be modified before they would vote for its enactment. The result was that, in the bills which emanated from the Financial Statement that Session, the votes for borrowing and expenditure were reduced by one-third - from the £6 million Vogel had proposed, to £4 million. Thus, with their main modification achieved, most of the moderate opposition members were prepared to vote with the Government in order to pass the individual bills which would put the policy into operation. A small knot of men in the opposition however - those who opposed the policy at its very base - forced divisions, but it was obvious that they were acting in direct opposition to the wishes not only of the colony but also those more moderate members of their own party who, after having gained their modifications, were prepared to work with the Government. Many of them paid the price for their attitude

by failing to gain re-election.⁶⁵

It was not long before some of the less fortunate effects of the policy began to emerge. Local dissatisfaction and envy crept in as some provinces thought they had been unfairly treated. The railway works, it appeared to the Taranaki Press, were mainly for the South Island and Auckland, while Hawkes Bay, Taranaki and Wellington had been excluded. Both the papers on the same day commented on this. 'We believed', complained the Herald, 'that public works in native districts were the first things to be done with the loan What, then, are we to understand, when we find a Government proposing to commence the works forthwith in districts that are populated; whilst native districts where they are most required, are to be left as they have been for years.' ⁶⁶ However, said the News, a deputation from the three provinces is waiting on Mr. Vogel and is 'putting on the screw, and having interviews with the Government on the subject of their ill usage.' ⁶⁷

⁶⁵ In the division, at the most, only 10 of the opposition voted against their leader, Stafford and Fitzherbert, on 3 occasions. They were: NZPD, Vol.8, p.294. Immigration and Public Works Bill, 2 reading, 4 August 1870. - passed 45-7; opposition Haultain (Hampton) Jollie (Gladstone), Munro (Marsden), Richmond (Grey and Bell) R. Wood (Parnell), NZPD, Vol.9, P.514. Immigration and Public Works Loan Bill 5 September 1870, 2 reading, 35-6, Brandon (Porirua) J.C. Brown (Bruce), Kynnersley (Westland North) J.C. Wilson (Coleridge) Jollie (Gladstone) Richmond (Grey and Bell) Pairs against, Edwards (Nelson City), Swan (Franklin), Munro (Marsden), Collins (Collingwood). NZPD, Vol.9, P.546 Railways Bill, 2 reading, 6 September 1870, passed 35-4 - Ludlam (Hutt), Richmond (Grey and Bell), Brown (Bruce), Kynnersley (Westland North) Pairs against, Edwards (Nelson City), Mervyn (Manukerikia), Munro (Marsden), Swan (Franklin). Of the above, those not returned at the 1871 General Elections were: Kynnersley, Jollie, Haultain, Wilson Edwards, Swan, Ludlam, Richmond.

⁶⁶ T.H., 27 August 1870.

⁶⁷ T.N., 27 August 1870.

The trend toward the complete acceptance of the Government's policy gained greater impetus at the General Election in early 1871. As has been noted above, many of Vogel's strongest opponents were defeated and most provinces sent either full government returns or at least, big majorities, the exceptions being Nelson, Westland and Otago. The two former, still depressed, and therefore wary of bold schemes, were quite cool in their response while Otago was, as W.P. Morrell says, 'loth to give up control over her own works, and ... afraid ... that under the new scheme she would ultimately have to pay for the public works of other provinces as well'.⁶⁸ Taranaki, Hawke's Bay and Marlborough, three small provinces which had much to gain from the distribution of loans by the central government, sent full complements of Government members, while Auckland, Wellington and Canterbury sent large majorities.

'The elections' says Saunders, 'upon the whole, were supposed to have given a majority of from 12 to 15 in favour of the Fox Ministry, or, as Mr. Vogel called it, "in favour of his great Public Works policy"'.⁶⁹ It is not surprising that Vogel should have increased his strength, considering that the election was centred around him and his policy. The Opposition under Stafford had nothing to offer, except agreement with a scheme they had helped to pass in the previous session; their only modifications were, it seemed, minor, such as giving detached plans regarding the resumption

⁶⁸W.P. Morrell, The Provincial System of Government in New Zealand, 1852-76, P.204.

⁶⁹A.Saunders, History of New Zealand, Vol.11, p.295.

of landed estates for the purpose of establishing small village settlements⁷⁰, and substituting short railway lines from hinterland to port outlets instead of having them compete with shipping from town to town.⁷¹ The feeling was then, that Stafford and his supporters had nothing new to offer, the contest was between measures, not men, and therefore the initiators of the scheme would be its best administrators. There was even less sympathy for those who completely opposed the policy.

Vogel, too, was lucky. Although imports had fallen again in most provinces⁷², exports had risen to their highest peak ever - £5,282,084 - due very much to the rise in the price of wool. Saunders sees this when he speaks of '... the wonderful combination of favouring incidents that seemed for a time to crowd round the daring projects of the applauded speculator. The main factor which gave lustre to all his enterprises, which concealed all his over-sanguine calculations, which gave confidence, even to the money lenders, in defiance of the unparalleled debt upon the small population, were the great facts that, during the year 1871, the price of New Zealand wool rose to two shillings per lb., and that, during a portion of the year 1872, both wheat and barley were selling at seven shillings per bushel.'⁷³ Although Saunders exaggerates his figures conditions were slowly improving and commerce was breaking through its stagnation even in Taranaki, where the News noted that two flax companies were asking the Provincial Council for 20 families to be employed at their mills⁷⁴, and later remarked

⁷⁰ See Press, 10 March 1871.

⁷³ A. Saunders, p.293.

⁷¹ See Press, 10 March 1871.

⁷⁴ T.N., 28 February 1871.

⁷² The total drop from the previous year was from £4,639,015 to £4,078,193, the lowest it had been since 1861, and the lowest it was ever to be again.

that, 'It is gratifying to realize that something akin to movement is coming over the long stagnation with which this Province has been afflicted ... great advantages must follow to the Province out of the active exertions proceeding in public works on the part of the General as well as the Provincial Government'.⁷⁵

Private commentators, too, saw the power of Vogel's position. H. Carleton, defeated in the election, wrote to John Hall, 'The present Government will be unassailable until their followers begin to quarrel over the spoils; the less our friends do or say, until then, the better But if you must attack, ring the change upon jobbing. It is their weakest point.'⁷⁶ J.C. Richmond, also smarting no doubt from recent defeat, wrote to Hall, expressing his fears of Vogel's administration' ... I don't want the Vogel policy. I want our great works to be carried out on commercial principles not as evils of local log-rolling.... I am sure we agree in the necessity for prudence and something like precision in our finance. Round figures when you come to the seventh or eighth digit are not suited to our station in life.... I ... shall be still more delighted ... to see Stafford and you with the banner of prudence replacing those mountebanks with their go-ahead flag.' He stated the position succinctly later in the year when he said, 'Vogel believes heartily in his scheme; but the bulk of his supporters, and his contractors at home believe in getting money out of it.'⁷⁸

⁷⁵ T.N., 1 April 1871.

⁷⁷ J.C. Richmond to J. Hall, Hall Papers, 4 April 1871.

⁷⁶ H. Carleton to J. Hall, Hall Papers, 18 March 1871.

⁷⁸ *ibid.*, Hall Papers, 24 August 1871.

It was true that development had become the great catch-cry of the provinces. In Taranaki, most dependent of provinces, the wants of the province - lands, roads and population in that order - were stated so that they would be known before Parliament assembled. The lands must be won from the few Maori squatters and roaded so as to subdue ^{the latter} them. Immigrants too were wanted, especially rural people of frugal habits, but, 'It is very evident that the settlement of this Province, by an agricultural population, is practically impossible without good main lines of road - either of metal or of iron.'⁷⁹

But Vogel's 1871 budget was not one which tended to encourage great hopes of provincial gain. The most significant statement was that in which he admitted that there had been a revenue deficit, compared with the estimates, of £116,135 or £82,995 below the receipts for 1869-70⁸⁰. The depression he said was due to a fall in wool prices, in the value of property and the comparative suspension of public works. In regard to constitutional changes mentioned in the Financial Statement of 1870 he said that now, development of resources was more important than 'the maintenance of any particular organization, however much we might respect it

(Regarding immigration) the invitation to the Provinces to co-operate with us has failed to be so successful as we anticipated.'⁸¹ Therefore the provinces would be relieved of not only the cost and administration of immigration but also

⁷⁹ T.H., 2 August 1871.

⁸⁰ NZPD, Vol.10, p.367, 12 September 1871.

⁸¹ " " " p.370-71, 12 September 1871.

much of the colony's public works, and as a consequence their⁹¹
grant would be reduced to 15/- per head.

For the administration of public works and immigration a Board of Works would be established to divest them of their political surroundings and prevent a possible scramble for public money.⁸² Finally, after mention had been made of the Brogden contracts, the two principles for railway construction were stated - firstly, that no railway should be constructed that did not promise to pay working expenses and secondly, to prevent an indiscriminate scramble, there would be a power of local rating in certain contingencies.

W. Gisborne's Public Works Statement⁸³ in the following month did little but give effect in details to the policy laid down by Vogel, so that any criticism of it was criticism, actually, of the Financial Statement.

Defensively, the Lyttelton Times⁸⁴ claimed that the Government could not be blamed for the deficit as there was a world-wide depression although perhaps, the Colonial Treasurer had been a little too sanguine. But he had retrenched and modified provincial institutions. It was possible that Stafford might have tried a bid for power, it thought, on the basis of larger retrenchment, as he had no other chance for an attack.

Wishfully, it remarked that it failed to see more than one party in the House as the Opposition had no leading principles of policy and just wished to effect a change of government. 'There is only one policy before the country at

⁸² *ibid.*, P.374.

⁸³ See NZPD, Vol.10, 27 Sept. 1871.

⁸⁴ See editorials, 14, 20, 21 September 1871, in LT.

the present time,' it insisted, 'that of peace and progress, 92 and when Mr. Stafford speaks of prudence and economy in departmental expenditure and the conduct of public works, he is not going beyond the merest details. He has said on several occasions that he is not opposed to a policy of progress, and the only question as yet before the House is a question of administrative fitness and capacity. The country has accepted, with little or no reservation, the principles of the policy enunciated last session, and the only thing that has now to be considered is - the way in which it shall be carried out, and the men to whom the work shall be entrusted.'⁸⁵ It supported the proposed Board of Works but thought that in railway construction the Board should not only consider whether a line would pay working expenses but also whether it would pay interest at $5\frac{1}{2}$ per cent on construction costs.⁸⁶

In contrast to the Times defensive attitude the Press immediately assumed an aggressive air. 'The truth is out at last,' it stated, 'the damning state of the finances of the colony ... stands now fully revealed.'⁸⁷ Even with the economies which would be likely to prove fatal to some of the provinces, there would be a deficit of £90,000. The general impression given by the Press, always more in favour of the 'cautious' application of Vogel's policy than its contemporary, was of extreme dissatisfaction with Vogel's recklessness, the underhand way he was starving the provinces (although it did not defend the provinces per se), and the unfair method to the South of charging railways on the land

⁸⁵ L.T., 29 September 1871.

⁸⁶ ibid., 9 October 1871.

⁸⁷ Press, 14 September 1871.

revenue.⁸⁸ Gisborne's statement too, came in for criticism on the counts of vagueness, regarding the proposed Board of Works, the virtual monopoly by Brogdens of all railway contracts, and the inattention to the detailed matters of administration.⁸⁹ It raised the point, again, of Vogel's dominance in the Ministry, the fact that his Financial statements should be the means of expounding Government policy while Fox as head of the Government admitted that until the Colonial Treasurer returned from England, 'he was unaware ... what his policy was, or what principles he would be required to carry out'.⁹⁰ Finally, it claimed that the Board was not originally a Government measure. 'It was warmly pressed on them last session by several opposition, or rather, non-Ministerial members, especially by Mr. Travers and Mr. Hall.'⁹¹ Even in 1871, the 'cautious' men in the House still had some influence, for they could force Vogel to adopt their restraining ideas to prevent an unchecked and rampant provincialism from completely wrecking the scheme. But both he and they were in the end defeated by a majority in the House which wanted no restrictions on their power to exert influence and pressure on the Ministry, and the proposal for a Board of Works was defeated.

The feeling was that little business had been done in the House during the session,⁹² but the Lyttelton Times⁹³ believed that Stafford was partly to blame for not committing

⁸⁸ See Press editorials, 20 to 29 September 1871.

⁸⁹ " " " 2 and 3 October 1871.

⁹⁰ " " 4 October 1871.

⁹¹ " " 9 October 1871.

⁹² See T.N., 25 November 1871.

⁹³ L.T., 12 October 1871.

himself as leader of the Opposition until later in the session.⁹⁴ But again it insisted that there was no real difference between the parties and that Stafford even proposed to go further than the government. He had frightened Hall, moreover, with his radical ideas for liberalizing the regulations under which Crown Lands were held and disposed of.

In October the Opposition, taking advantage of the feeling of dissatisfaction with the Government's policy as set out in the Financial and Public Works Statements, had begun to organize on party-lines under the leadership of Stafford. As early as July 1871 William Rolleston had written to Stafford, 'I believe there is a common platform on which yourself and others who really are in earnest may meet and affect much good. The two sides under which all political parties sooner or later range themselves are those of the prudent (slow going Conservative as called by their opponents); the speculative (calling themselves 'progressive' but otherwise called scramblers) I agree with Gillies that we are not drifting but driving headlong to the Devil under the progressive Policy,'⁹⁴. Rolleston hoped that Stafford, with the help of Munro and Curtis, would lead a party with such strictly defined principles as borrowing on specific securities, not borrowing then later determining the work to be done; abolition of provincial charges; abolition of Provincial Councils and the substitution of counties with Government Agents in principal towns.

⁹⁴ W. Rolleston to E. Stafford, Stafford Papers No. 54,
21 July 1871.

During early 1872 the more prudent continued to feel concern for the financial situation. Rolleston wrote in 1872, 'I have held for some time past that till the money is spent no honest men can meddle with public life.'⁹⁵

W.H. Calder too criticized the recklessness of the government and wrote to Stafford, 'What between neglect of ministers, armies of loaders, and immigration agents so called, finance adrift, landlaws in confusion and absolutely no administration, you can almost hear the roar of Niagara ahead of us'⁹⁵

The newspapers now begun to notice the formation of a solid opposition, but ignoring its claimed policy of prudence, concentrated on its provincialist composition and accused it of narrow localism.⁹⁷ The Taranaki Herald⁹⁸, quoting the 'Wellington Independent', complained that, although there was now a need for colonial government unhampered by provincial interference, Fitzherbert and his fellow superintendents were trying to delegate the Public Works policy to the Provincial Councils and so prevent the House getting at the Ministry. In a burst of unwonted oratory, the Herald thundered, 'The old question of Provincialism v. Centralism is again to be debated on the floor of the House of Representatives. The Superintendents, plumed with the peacock's feathers of a petty Imperialism, have made a stand, and intend to demand from the

⁹⁵ Rolleston to Stafford, Stafford Papers No.54, 7 June 1872

⁹⁶ W.H.Calder to Stafford, " " No.51, 30 April 1872

⁹⁷ This side of the argument has also been taken up by E.C.Martin N.Z.Immigration, in which the writer describes the Stafford Ministry as provincialist. But this takes no account of the real aim of the Ministry which was to impose some sort of a check on extravagance.

⁹⁸ See T.H., 6 July 1872

Ministry full control of the money to be spent on the public works of the colony The true meaning of this is that the Superintendents wish to muddle away the present loan in the same manner that the previous loans have been by their predecessors.⁹⁹

But the real aim of the opposition was embodied in a paper on public works and immigration, written possibly by Stafford, and circulated among the leading 'cautious' men of the country, in which he said, 'The chief considerations embodied in the following proposals are: that the Sessional renewal of a Scramble in the Legislature for particular schemes of works, or a share of public money on any terms, will injure the characters of the System and increase its cost, and prevent good and responsible government in general' There was a need for more safe-guards and guarantees, especially land revenue, to increase the capital fund and meet loan charges, each province paying on a per rata basis into the Public Works Capital Fund. Immigration, too, was to be limited 'by the area of agricultural land available for immediate settlement and by the amount of expenditure to be increased in Public Works under Colonial authority'¹⁰⁰ Moreover, one family would be settled immediately to every 100 acres opened or for every £100 expended on public works in the provinces. Stafford, and his 'cautious' followers did not want to overthrow Vogel's scheme, but to place a check on extravagance and waste as well as engage in a more planned system for the active settlement of immigrants. As Gillies said, 'The question is not the reversal

¹⁰⁰ From a paper 'Proposed Amendments in the Mode of Authorising and administering Colonial Public Works and Immigration', undated, but probably of July 1872, as there is a letter from Waterhouse to Stafford of 26 July 1872 referring to it and to his, Reid's and Rolleston's agreement with it.

⁹⁹. T.H., 14 August 1872.

of the policy [of Public Works] but of carrying it out 97
efficiently. I believed at one time that another policy might
have been carried out with the same successful result ... but
I say that by having initiated and carried out a policy to a
large extent successfully, no government sitting on these benches
can attempt to reverse or change that policy.¹⁰¹

The want of confidence motion, opened by Stafford on 20
August 1872,¹⁰² illustrated clearly what he and the rest of his
opposition regarded as the failures of the Government, the most
important being the wasteful way in which the public works and
immigration policy had been carried out.

On the same day Vogel and Ormond had made their Financial
and Public Works Statements. Neither were very different from
the previous year's. Vogel had a surplus of £17,414, due to
higher customs revenue, but announced that there would be no
changes in policy. Ormond merely gave a list of figures for
the amount of money spent on all public works up to the end
of June 1872, which came to £922,070, and noted that railway
construction costs were rising due to the increased costs of
iron. The Government, too, he said, was anxious because of the
difficulty of obtaining emigrants. As a summary of the scheme,
he stated that no new works of magnitude had been proposed
until the results of the present works had been seen.

The Taranaki Herald had little comment to make on the
statements, except to remark that there had been nothing
startling in Vogel's and that the large increase in revenue
was highly satisfactory.¹⁰³ The Lyttelton Times too thought

¹⁰¹ T.B. Gillies, note on Public Works and Immigration, McLean
Papers No.116, 23 August 1872

¹⁰² See NZPD, Vol.12, p.365-374

¹⁰³ T.H., 24 August 1872

the budget plain and businesslike and one in which the greater⁹⁸ concentration was given, as in the future it would be, to administration of a successful policy which 'has restored the depressed and gloomy spirits of the colonists and brought back ... prosperity',¹⁰⁴ Less enthusiastic however was the Press which claimed that for the money expended, results were scanty; not a line of railway of their own making had been opened, immigration expenditure had only been 4% of the total instead of half public works expenditure, and again the Brogden monopoly was criticised. The financial statement it treated more kindly, remarking that it was 'a good common place budget, which anyone can understand It contains no startling novelties, and the constitution is for once left untinkered.'¹⁰⁶

However, by the end of the month far more interest was being attached to the possible outcome of Stafford's want of confidence motion. In Taranaki, the Herald,^{later} dismayed at Vogel's defeat, thought that if the Government had been extravagant a change might be necessary, but extravagance would have to be satisfactorily proved.¹⁰⁷ Moreover, with peace and communications now fairly secure through a once wartorn country, it would be unfortunate if McLean's work were undone. After noting that Stafford supported the principles of the public works policy, the Herald commented, 'We prefer that native affairs should be in the hands of the Government that has brought about the peace, ... and we think that the public works are more likely to be better administered by the originators of the scheme than by its most strenuous and bitter opponents.'¹⁰⁸

104 L.T., 24 August 1872.

105 L.T., 22 August 1872.

106 Press, 23 August 1872.

107 T.H., 28 August 1872. 108 T.H., 7 September 1872.

The Taranaki News, a more cautious paper, had little comment to make except to support Atkinson, who was thought to be either independent or pro-Stafford, against Moorhouse, a strong Vogelist, in the coming election for Egmont. But its equally prëdent Southern contemporary, The Press, continued to criticise the Ministry through the last few weeks in August¹⁰⁹ for poor, wasteful administration and for using Donald McLean's good native administration to hide behind. 'As if that had anything to do with the matter in hand', snorted the Press. 'Mr. Stafford's resolutions do not touch native affairs. They affirm that the administration by the present Government of the public works and immigration policy has been unsatisfactory.... [The Government] are accused of making a mess of their public works expenditure; and their answer is, that Mr. McLean has been exceedingly successful at the Native Office.'¹¹⁰ Unlike the Herald, which opposed Stafford, and criticised his call for economy in public works as being 'only ... the reduction of the works contemplated by the late Ministry ... [which] will have the effect of leaving Taranaki out in the cold...'¹¹¹ the Press was satisfied because the Government had been defeated, 'on a distinct universally intelligible issue' - because they were 'incompetent and untrustworthy administrators'.¹¹² That most agreed on the merit of the principle of Vogel's policy was clearly stated by the Press when it said that only the administration of it was criticized by Stafford; of the policy itself there was no question at all. That was thoroughly discussed and agreed upon in the session of 1870, and was

109 See Press, 21, 26, 28 August 1872.

110 " , 28 August 1872.

111 T.H., 18 September 1872.

112 Press, 10 September 1872.

100

confirmed, with some amendments, by the new Parliament in 1871. The question now was, whether the expenditure which the Assembly authorised last year for the initiation of the scheme had been judiciously managed ... in a word, whether the policy had so far been well administered.¹¹³

For Stafford's policy the Press had little but praise¹¹⁴ - for his proposals to await Parliamentary authorisation for expenditure, to break the Brogden monopoly, to place immigration on an equal footing with public works, and to keep expenditure down to revenue. But the Lyttelton Times saw the want of confidence motion as merely a party struggle. Stafford, it said,¹ had no new policy and merely wanted to administer Vogel's. There had been no extravagance and Stafford could not prove any. It disagreed, too, with the Press on the argument that public works policy had nothing to do with native affairs. 'The plain fact is ...', it said, 'that the success of the one depends to a very great extent ... on the management of the other. Endanger our relation with the natives, and the effect on the public works scheme would inevitably be most disastrous.'¹¹⁶ After Stafford's victory the Times continued to criticize him for leading what the Taranaki Herald had called a 'miscellaneous gathering of discontented politicians....'¹¹⁷ a combination of ultra-provincialists, led by a centralist, and scouted any thought of a coalition of the two parties as this would involve unwarranted concessions by Vogel.

But the Otago Daily Times saw the position more realistically. After a number of editorials in both it and the Otago Witness mainly in favour of Stafford's motion, and

¹¹³ Press, 11th September 1872. ¹¹⁴ Press, 16 September 1872.

¹¹⁵ L.T., 19th August 1872. ¹¹⁶ LT. 29 August 1872.

¹¹⁷ TH. 7 September 1872. ¹¹⁸ O.D.T., 16 September 1872.

criticizing most of the Otago members except Reid for voting 101 against it, the Times said that a centralist head of a Ministry with three Superintendents might seem surprising. But, it explained, 'It is not Provincialism that we see in the ascendant, but prudence. The Constitutional policy, the colonising policy are each good in their way, but neither is more than a crude and ill-conditioned thing when separated from the policy of prudence.... this is what the country has been demanding - and it is as incompatible with ultra-provincialism as it is with violent constitutional change.'¹¹⁸ For that reason it gave its support to Stafford's Government.

In Auckland the Daily Southern Cross, of course, came out strongly in support of Vogel, criticizing Stafford as a tool of others and his motion merely as a result of disappointed ambition. After his victory it claimed that the scheme would be carried out only half-heartedly and that there would be no fresh vigour and zeal.¹¹⁹ However, the Herald was generally in favour of Stafford although it disagreed with some of the personalities in the Ministry. 'But' it stressed, 'there must be no drawing back from the career of progress entered on by the country; no halting in the work we have undertaken.'¹²⁰

Wellington's support was also divided, the Independent being in favour of Vogel while the Evening Post accused it of frittering away its loans on unproductive railways,¹²¹ summing up its attitude with the cry that New Zealand had 'flung off the incubus of mis-government - the Old Man of the Sea -

¹¹⁸ O.D.T., 16 September 1872.

¹¹⁹ See D.S.C., 23 August, 4, 7 September 1872.

¹²⁰ N.Z.H. 11 September 1872.

¹²¹ See E.P., 22, 27 August 1872.

which has for the last three years weighed the Colony to the dust.¹²²

Hawkes Bay's only paper, the Herald, had only the comment that it sympathized with Stafford regarding his choice of colleagues and thought that the Ministry would prove an abortion.¹²³ Nelson, as did the larger provinces, divided, the Examiner insisting that Stafford should administer the policy prudently, prevent log-rolling, localize the administration of public works and breach monopoly, while the Colonist's main criticism was of the composition of Stafford's Ministry, although it also feared that his accession meant the winding up of the public works policy.

Stafford's victory was a narrow one; from 1870 the opposition forces of 'caution' and their opponents in the Ministry had been fairly evenly balanced and it only needed one or two members to change their allegiance for the balance of power to be changed. So, at no time for the next unhappy month was Stafford's Government really strong. In addition to the weakening influence of Sewell, a barnacle who clung to any vessel, the Ministry lost power as it enunciated its policy - the policy of Vogel, it seemed, without its author - but in a more economical and prudent manner than the previous Ministry. The two important speeches, the financial and the public works statements, illustrated the way the Ministry intended following the policy of the Fox-Vogel Ministry, 'that the policy of railways and public works already entered upon cannot be reversed; and that to be a benefit to the Colony it must be

122 E.P. 6 September 1872.

122a H.B.H., 13 September 1872.

123 NZPD, Vol.13, p.401, 27 September 1872.

carried on vigorously thought at the same time with prudence, judgment and economy.¹²³ The reason for their accession to power, and yet at the same time the inherent weakness of the ministry, can be seen in a later section of the Financial Statement when Gillies explained, 'The Committee will remember that the present Government have taken these seats, not on the ground of the impropriety of the policy of their predecessors, but that those predecessors had failed in the administration of the policy agreed upon. It is, therefore, unnecessary for me to enunciate a general financial policy different from that of my predecessor. My duty will be to carry out the existing policy, subject to such administrative reforms as I shall indicate.'¹²⁴ In a very short statement on 2 October, Reid, Minister of Public Works, agreed generally with Gillies' principle of policy - he would not change the policy essentially but rather would endeavour to administer it along more prudent lines.

The weakness, then, lay in the fact that not only did the Ministry appear to have no new policy of its own - it admitted that quite freely - but that in its modifications of the late Government's scheme it was moving against the feeling and spirit of the times; times which, now, were becoming more prosperous economically,¹²⁵ and so were engendering a feeling of greater confidence in the colony's ability to be able to bear the load of a growing public debt and a greater population.

NZPD, Vol. 13, p. 404, 27 September 1872.

In every province, except for Westland, the depression in imports had been n off and they were beginning to rise. If not a true measure of prosperity, ts are at least in part a gauge of the public confidence in its ability to re goods, and goods of a wider range. However, in 1872 exports were still g except in Auckland and Westland, where a fall in god production led to a in exports, so that people's confidence was not entirely misplaced by any . *Imports 1871 £4,078,192; 1872 £5,142,951. *Exports 1871 £5,282,084; 1872 0,665. Although exports had dropped, this was only caused by the very large in Auckland's from £1,618,000 to £756,000. Elsewhere there were moderate in-

Seen in this light, it is possibly easier to understand the Taranaki Herald's indignant outburst after Gillies' statement, in which it spoke of the 'unblushing effrontery of Mr. Gillies in appropriating the financial policy of his predecessors....'¹²⁶ Five days later it had great occasion to rejoice - at Stafford's defeat. The Lyttelton Times considered that there had been no originality in Gillies' policy while although Reid's statement was 'clever', Canterbury had met with 'very scurvy treatment indeed.' The Government had not only come down on Hawkes Bay and Taranaki, which had opposed it wholeheartedly, but had made Canterbury its chief victim,¹²⁷ and was killing incentive by stopping the railway although there was plenty of money in the colony.

The Press, supporter of the 'cautious' Ministry, however, praised Gillies for a policy which was vigorous and yet prudent and especially commended him for his decision to abide by the law, economise and not charge loan interest to the loan account.¹²⁸ Its praise was echoed by the Otago Witness for a realistic and commonsense statement.¹²⁹ At the Ministry's defeat this paper noted regretfully that it was a reversal of the Assembly's decision for 'careful and economical administration', and a return to 'the old regime of extravagance and improvidence' - 'Neck or nothing' is now its motto'.¹³⁰ The Daily Times, too, supported Reid's statement as it showed that there was no

126 T.H., 5 October 1872.

127 L.T., 4 October 1872.

128 See Press, 1, 3 October, 1872.

129 See OW., 5 October 1872.

130 O.W., 12 October 1872.

intention to check the progress of railway works. Although Taranaki was omitted, public opinion would endorse this, thought the Times; most important, Otago would no longer be unjustly treated.¹³¹ After Stafford's defeat, which the Times regretted, it thought that a coalition was best for sound administration; for it felt that Vogel, alone in office, wished to bolster the North Island provinces at the expense of Otago.¹³²

Again, in Auckland, while the Southern Cross criticized Gillies for his failure to do anything but follow Vogel and Reid, for his determination to make the public works policy miscarry,¹³³ the New Zealand Herald gave credit to the Treasurer for his promises of economy and caution for the future. After Reid's statement it thought that it was as well that the Ministry with its stress on 'prudence, energy and watchfulness' should have replaced Vogel so as to ascertain what had been done 'before deeply mortgaging the future' - moreover, Stafford's Government had been more favourable to Auckland.¹³⁴ At its defeat the Herald expressed regret, but now, it said, '... all are alive to the necessity of prudence, energy and judgment in the expenditure of the borrowed money which will otherwise most assuredly prove a curse instead of the expected blessing. In arousing attention to the imminence of this danger, the Stafford Government have done undoubted service.'¹³⁵

The Evening Post in Wellington agreed in praising Reid for his proposal to carry out 'the great public works scheme with energy, prudence and foresight.'¹³⁶ but the Independent merely thought it, like Gillies' statement, 'a poor imitation, a sort

131 O.D.T., 4 October 1872. 132 O.D.T., 9, 11 October 1872.
 133 D.S.C., 1, 4 October 1872. 134 N.Z.H., 30 September, 4 October 1872.
 135 N.Z.H., 7 October 1872. 136 E.P., 3 October 1872.

of rechauffe of Mr. Vogel's ideas....'137 Elsewhere, the Hawke's Bay Herald and the Nelson Colonist were jubilant at Vogel's victory, although the Examiner, after supporting Stafford, felt that a coalition would be the best outcome to ensure the policy being carried out but in a prudent manner.¹³⁹ Vogel, it thought, would be likely to take a more cautious line, especially with men like Waterhouse and Hallas - colleagues, for '... if he should suffer a relapse ... we shall look to see Mr. Waterhouse and Mr. Hall abandoning their seats ... they will serve as gauges of the internal conditions of the Government'.¹⁴⁰ The Examiner little knew just how prophetic and accurate its utterance was to prove.

The Stafford Ministry, seen as part of the larger pattern of politics of the 1870s, appears as no more than a brief, hopeless and unsuccessful prudent interlude, in the Vogel-dominated years. Economic conditions governed and called the tune for the rise and fall of parties in this as in later years. Personalities might play a minor part in organizing parties around a policy and erecting Ministries, but in the final analysis the success or failure of their policies depended upon whether or not those policies agreed with the prevailing economic circumstances which affected the attitudes of the public and their representatives. Stafford, through his own influence and standing, was able, by the enunciation of a definite policy in 1871, to gather round him a following of members, who, from a cursory examination, would appear to have

137 W.I., 4 October 1872

138

139 N.E., 9 October 1872

140 N.E., 16 October 1872

few attitudes in common. But as has been stated, Stafford's policy of prudence overrode their differences and they became 'cautious' politicians, rather than 'provincialists' or 'centralists.' It was this array of the prudent that Stafford led into battle and to victory, and credit should go to him, and to Fitzherbert, Curtis and Gillies, especially, for their ability in organizing what appeared to be a fairly compact party at the end of the 1871 session. But they were limited by their times and circumstances. Stafford was successful very much because the colony was not yet prosperous enough for Vogel's scheme to assume that aura of success with which boom conditions later gilded it - in fact there was a minor depression again in 1871 - and the 'cautious' Ministry's call for prudence met with a sympathetic reaction from those better-off areas, especially which were managing to get along by themselves without the need for so much help from the Central Government.

The sessions of 1871-2 were the last, then, in which the 'cautious' opposition had any opportunity of making a bid for office with any chance for success, and even then only because they reaffirmed that they accepted the principle of the development policy and merely wished to make it more economical administratively. 1872 was not a year of great prosperity but it was a year of progress towards prosperity, and as soon as the prudent ministry enunciated its policy - a policy which appeared to be the applying of brakes - there could be little doubt that the general reaction would be adverse. Prudence as a policy, although not laughed to scorn as in later years, was regarded as an obstacle in the way of progress.

The Stafford Ministry was the last attempt by the 'cautious' men to gain power in order to guide the great policy into careful, economical and safe channels, by the means of direct opposition to the great master. Their defeat was decisive, not immediately but as a prelude to the inevitable crumbling collapse of the 'cautious' party as a political entity. The only alternative after 1872 was for 'cautious' men to seek by more devious means, by alliance with the victors, by subservient coalition, to find a niche, a place of influence whereby they could exert a restraining influence. Along such lines did the political careers of first Hall, then Waterhouse and later, more significantly, Atkinson, develop;

There was no doubt that Vogel was firmly entrenched as leader of the victorious party by October, 1872 - regardless of the fact that Waterhouse had been prevailed upon to take over the nominal premiership from Fox - and H.A. Atkinson, newly elected member for Egmont, stated the position clearly when he wrote to his brother that, 'the House is thoroughly tired and has no fight left in it.... As far as I can see, no coalition is now possible, nor do I think the House is inclined to go to the country.

'Vogel will be left in command of the situation.... Things are in a horrid state and will I fear remain so until the money is all spent.... Hall wishes to have a good talk with me, and would like to have a good talk with James (Richmond); he thinks a great mistake was made last year in not trying a coalition then.' 141 Even then, immediately after the defeat of Stafford,

141 Richmond-Atkinson papers, H.A. Atkinson to A.S. Atkinson, 13 October 1872.

there seems to have been some attempt to form a working coalition between the 'cautious' men in the Ministry and those outside in an endeavour to influence and guide the public works and immigration policy into more careful administration. The motto of the 'cautious' party might well have been - if you cannot fight the devil ally with him.

1873 was a year of high prosperity. Both imports and exports had reached new peaks, and although imports had, for the first time since 1869 surpassed exports, it was felt that progress and prosperity had a solid grounding in increasing exports. But the steep rise in imports was perhaps the most significant development, indicative as it was of a growing public confidence in present and future progress.¹⁴²

Taranaki felt the impact of growing economic prosperity and the Herald announced that the tide had turned and was now floating in the province's direction with increasing public works and industrial development, although not to the extent that the public was entitled to expect, as main roads and railways were still in the future. Local endeavour, too, was encouraging progress in the way of flax mills and the possible development of iron and steel; and the revival of the Agricultural Association showed the colonists' interest in farming.¹⁴³ The

¹⁴² Exports in 1873 were £5,610,371 and imports £6,464,687. In every province imports had risen from 1872 levels and exports everywhere except Marlborough and Hawkes Bay - see graph in Appendix. The growth of boom conditions is reflected in the rising import figures. Whereas exports rose from the 1871 slump total of £5,282,084, through a drop in 1872, to £5,610,371 in 1873, imports leapt from 1871 £4,078,103, to £6,454,687 in 1873, an increase of more than one-third. They had increased by just on £1,100,00 in 1871-2 and £1,300,00 in 1872-3. See S. of N.Z.

¹⁴³ TH., 4 January 1873.

only complaint that the paper had to make was about the inability of the settlers to get hold of the confiscated lands from the Maoris.¹⁴⁴ 110

Vogel's 1873 Financial Statement was just one to suit boom conditions, though, eventually, it was felt that even he had not travelled quickly enough. New Zealand, he said, had never been in a sounder or more prosperous condition and the revenue for 1872-3 was higher by £111,987 than that for 1871-2 and totalled £1,119,402. But with high estimates of expenditure the surplus for appropriation in 1873-4 was £3,835. Regarding the public works and immigration scheme, he said, 'the principle of a colonial system of public works should be diffusion, not centralization';¹⁴⁵ the prosperity, that is, should be spread throughout New Zealand evenly.

In policy-making, with regard to the political structure of the colony, he explained that he would try to follow a policy of equilibrium, by striking a balance between the Central and Provincial Governments. 'Neither my colleagues nor myself can be considered partisans of either Centralism or Provincialism' he stated, 'I confess myself to have frequently wavered in my opinion, appalled by the difficulty, on the one hand, of preventing the Provinces from destroying the necessary power of colonial action, and on the other, of preventing the centralizing tendency from destroying the usefulness of local governing bodies without supplying or being able to supply their place.'¹⁴⁶

¹⁴⁴ See T.H., 4 January 1873, and 15 February 1873.

¹⁴⁵ NZPD, Vol.14, p.134, 29 July 1873.

¹⁴⁶ NZPD, " " " " " " .

To overcome the difficulty, and not certain at all that a strictly colonial system of government would be best, he proposed to allow the provinces once more to borrow within the Australasian colonies for harbour works, reclamations, roads, branch railways, hospitals, etc., with special securities. Vogel was caught in a cleft stick. As he had earlier admitted, constitutional forms were much less important to him than the effecting of his policy; so long as that was left untouched he was not particularly interested in either provincialism or centralism, but if one should prove an obstacle it would have to be removed.

When the provinces, ignoring Vogel's attempts to maintain the equilibrium between central and provincial governments, succeeded in breaking down the safeguards with which he tried to strengthen his scheme, Vogel acted, but that was not to happen until his patience had been thoroughly exhausted by provincial intractability. Now, in 1873, he laid down another two principles which were soon to be swept aside, firstly, that members should not forget the essentially colonial character of the public works department, and secondly that the government must take land as security for railways; ^{in fact, he said, 'not another yard of railway} ... should be authorized without security, in the form of landed estate, being given to the Colony.¹⁴⁷ Finally, for the future, he intended to raise a £2 million loan - £1,500,000 for railways and £500,000 for native land purchase - and also another of £750,000 for buildings, telegraphs etc. Meanwhile

¹⁴⁷ *ibid.*, P.140.

the Government hoped to encourage people to settle on the land.

Richardson, the new Minister of Public Works, followed with his statement in August, in which he merely gave effect to the policy laid down by Vogel.

Generally, in both Taranaki and Canterbury the reception of both statements was favourable, even the Taranaki News, commenting that, 'there is of late a recognisable improvement in the internal prosperity of the Colony, and the revenue shows an increase on the past, while its credit abroad is satisfactory.'¹⁴⁸ It noted also the progress in public works and the earnest desire of the Government to expedite the settlement of new districts, but thought that Richardson's statistics did not show great results, and that the Government would have to give thought to the problem of lack of labour for immigration.¹⁴⁹ However, the attitude of the province as a whole was summed up in a News editorial which asserted that praise was due to the present Government, 'for the care which it had uniformly taken of the interests of this hitherto neglected portion of the Colony.... Since ... the accession of the Vogel Ministry to office, public works have been pushed on by them in Taranaki to an extent hitherto unprecedented....'¹⁵⁰ Significantly, the only comment the Herald had to make in addition, was that the works were not proceeding fast enough in Taranaki,¹⁵¹ but it described the turning of the first sod for the start of the Waitara-Wanganui railway as marking the beginning of Taranaki's advance to prosperity,¹⁵² and spoke of 'a feeling of confidence and an air of prosperity' throughout the province.¹⁵³

¹⁴⁸ T.N., 30 July 1873.

¹⁵⁰ ", 20 August 1873.

¹⁵² T.H., 23 August 1873.

¹⁴⁹ T.N., 16 August 1873.

¹⁵¹ T.H., 13 August 1873.

¹⁵³ ", 2 August 1873.

In Canterbury, too, the main criticism lay, not against the policy itself, but against Vogel's proposed safeguard of taking land as security which the Press thought was merely to favour the North Island - the increased tariff, and the proposal to allow provincial borrowing.¹⁵⁴ The Press also raised the issue of the Lyttelton Harbour works which, it contended, should have been constructed colonially, not by the province.¹⁵⁵

Needless to say, the Lyttelton Times exploited the circumstances to claim that the colony had never been more prosperous, but was averse to allowing the provinces to borrow unless the Government guarded against 'colonial responsibility for loans purely local.'¹⁵⁶

Both papers praised Richardson's statement as workmanlike and unvarnished, but the Press brought Vogel's unchallenged position in the Ministry into clear focus, for since the financial statement had become the sole mouthpiece of all policy except Native Affairs, the 'effect is to degrade his colleagues into a subordinate position ... simply of administration.'¹⁵⁷

A new phase of Vogel's relations with the provinces and their representatives regarding the administration of his policy was to become apparent in the 1873 session. Up to the middle of the 1872 session there had always been the possibility that a 'cautious' opposition with fairly solid

¹⁵⁴ Press, 1 August 1873.

¹⁵⁵ " , 2 August 1873.

¹⁵⁶ L.T., 31 July 1873.

¹⁵⁷ Press, 19 August 1873.

support throughout the country could impose restraints upon Vogel's administration of his policy. But towards the end of 1872, and much more in 1873-4, economic conditions, boosted also by the effect of the scheme, improved to such an extent that they infected the people with a great feeling of confidence in the colony's resources and in the ability of the scheme to bring even greater progress and prosperity. Gone was the support for those who advocated a slower and more careful development. From now on Vogel was no longer the leader who blazed a 'bold' trail towards a goal of greater prosperity; he found to his surprise that he was not going fast enough to satisfy the demands of all the provinces. Boom conditions had produced a great feeling of confidence, but they had also had the unfortunate effect of stimulating local greed; now that, in times of prosperity, money flowed freely from Treasury chests, there was felt to be no need for caution - the country was rich, and province competed against province to get as much for itself as possible.

Because of this, Vogel had forced upon him the necessity to make a decision on a question which he had been trying to dodge - whether the provinces, which were upsetting his scheme, and so proving insuperable obstacles to its working, should be abolished or not.

Morrell states clearly the attitude of the provincial representatives in the 1873 session regarding the public works and immigration policy, when he says 'What followed [the financial statement] showed the limitations of even Vogel's power. The loan and railway proposals of the Government were

accepted so far as they involved additional expenditure, but¹¹⁵ when it came to the checks Vogel wished to impose, difficulties were at once raised.¹⁵⁸

How the provinces of Canterbury and Otago managed to save their land funds, it is not necessary to describe, but the very fact of their setting aside Vogel's safeguards in order to preserve their own financial interests, and get as much of the expenditure as possible, shows the extent to which prosperity and his policy had undermined their original 'caution'.

1874 saw the peak of the great scheme reached under Vogel's hand, and also the peak of the boom conditions. There was little talk of care in newspapers; the one criticism the provinces had to make was that immigrants were not arriving in sufficient numbers either to construct public works at the pace desired, or to provide labour for private employers. Disconsolate 'cautious' men could only write to one another, bemoaning the state of affairs, as did Sir David Monro to William Rolleston; 'I am told', he said, '... that at the present moment the credit of the Colony is very high in England and that we can get any amount of money we choose to ask for. This must come to an end however before long. The Colony is living at a fearful pace and at a pace which is becoming faster....

'I suppose there is no opposition: and I really think there would be little use in having one - The Colony cares only about one thing: and that is money - No matter where it comes from so long as there is plenty of it in circulation and no thought of the day of repayment - Let things alone.

The laws of political economy will not be suspended in favour of Mr. Vogel: & they will assert themselves some day or other. There will be a nice smash when it comes - ¹⁵⁹. The day Monro referred to certainly did come but as it was not yet nigh in 1874 there was little concern in the Colony about the future.

In fact Vogel's budget and Richardson's statement met with an almost completely unrestrained enthusiasm which amounted in some cases to adulation. No one could find fault with the Government's policy publicly, and those who disagreed did so privately. The great majority agreed with Vogel when he said, in his statement, that he was disclosing unprecedented prosperity. The revenue was £239,716 above his estimates, exceeded that of 1870-1 by 51.7% and was £207,461 more than for the year's expenditure. However, to add a note of caution, he warned that, although his loans had been obtained at approximately 4 $\frac{3}{4}$ % interest instead of 5 $\frac{1}{2}$ % as anticipated, the market for colonial loans was not as favourable as the previous year.

With public works, there was no doubt that Provincialism had won, for he announced that railways would now be completed solely out of borrowed money instead of the land bearing some of the burden. What[†]his led to was that the Government firstly had to hurry on the railways with more haste than was originally intended, so that it would bear part of the interest charges, and secondly, would have to borrow more money and at a more rapid rate than intended. The mad rush had begun.

¹⁵⁹ D. Monro to W. Rolleston, Rolleston Papers, 15 July 1874.

But Vogel, for all his insistence upon a 'bold' policy of public works, was not slow once more to warn the House that 'Whatever may be our own conviction of the success of our policy, we must not forget the wisdom of keeping our self-confidence within reasonable limits. We have asked, and are asking, large sums to improve our resources from the hoarded capital of those who mostly have no other interest in our country; and we must not, by unwarrantable demands, excite their alarm.'¹⁶⁰

But his strictures had come too late; he had given way to the provinces previously on basic points of policy, and now, in the great boom year, they were in no mood to listen to gloomy predictions from the man who had urged them earlier to be bold and far-sighted.

Once again, Richardson's Public Works Statement contained little of policy-making, but much of facts and figures for individual districts and provincial public works, and immigration in the past and the future. The one general figure he did give was that of his department's expenditure which amounted to £5,078,056, but he thought that, despite the large figure, the railways would pay and that the vast service performed by the North Island roads could not be denied.

The general public's reaction to the budget can, perhaps, best be summed up by a Taranaki Herald editorial which described it as 'the most satisfactory and masterful exposition of our financial policy yet delivered.... We think the settlers may congratulate themselves and feel proud that the Colony possesses men with sufficient grasp of intelligence

¹⁶⁰ NZPD, Vol.16, P.162, 21 July 1874.

and vigour of intellect to originate such a policy, and to be able to carry it through stage by stage till it has fructified in the manner we now see it.¹⁶¹

Even the usually staid and prudent Press reflected the great prosperity Canterbury was feeling during this period, due to a combination of high exports and imports, and lavish public expenditure and large private investment.¹⁶² It affirmed that Vogel's statement was the most satisfactory ever delivered because of the enormous revenue, but was pleased that there was to be no more borrowing except for authorized works, and hoped that his conversion to greater prudence would be complete.¹⁶³ The Public Works Statement, too, it thought practical and to the point, although it criticized extravagance such as in Taranaki where land prices had driven up the cost of railway construction. Finally it made a note of comparative road and railway construction costs per mile, which in the former case amounted to £235, and on the latter, £6,900.¹⁶⁴ The Lyttelton Times found itself in quandary, caught between its support of Vogel's public works policy and its strong opposition to his proposal to abolish the North Island provinces.¹⁶⁵

Auckland supported the budget, which the Southern Cross described as 'in some respects the most remarkable ever made in New Zealand... [and] a fair and even liberal one', for Auckland.

¹⁶¹ T.H., 25 July 1874.

¹⁶² In the province, exports had risen from £952,095 in 1873 to £1,108,531, imports from £1,084,298 to £1,568,826. Population had leapt from 55,294 in 1873 to 71,316 and the receipts from the land were the highest in New Zealand for two years, which consequently raised the provincial revenue also to the highest in the colony. Although exports had fallen temporarily throughout New Zealand, while imports had leapt almost £1½ million, this was felt to be unimportant compared with the great increase of public and private investment and population. See S. of N.Z.

¹⁶³ Press, 23 July 1874. ¹⁶⁴ See Press 28 July 1874.

It admitted that the system of offering a sop to provincial demands was vicious one, but, it said, 'it is after all a necessity of the political system, and we cannot blame the Premier for accepting things as they are, and dealing frankly with them as he finds them.'¹⁶⁶ The Herald, admitting its firm belief in the public works policy, provided that the expenditure was divided equally among the provinces, hoped that Auckland would get a fairer share of the loan to be asked for in the future as ^{it} was still in a 'lamentable condition'.¹⁶⁷

In Otago, the description of the political situation in the House made by the Daily Times could equally have applied in that province. 'The Opposition', it said, 'is dead, silent, nowhere. We could much wish for a powerful minority, ready and able to perform its function of scrutiny and watchfulness.'¹⁶⁸ It believed that few Treasurers had had the opportunity to make so pleasant a statement and that the revenue had exceeded the most sanguine expectations; but although Vogel's policy had been eminently successful, he had not tried to solve the financial difficulties of weaker provinces except by temporising;¹⁶⁹ also, while he was moderate in the face of the hungry provinces, many had been incited to crave for means of entering on public works of their own.¹⁷⁰ The only criticism the Evening Star had to make was that other provinces had gained an unfair portion of the surplus; for the rest it was completely satisfied.¹⁷¹

The balance sheet was heavily weighted to the credit of Vogel's policy in Wellington, for although the Evening Post was

¹⁶⁶ D.S.C., 22 July 1874

¹⁶⁷ See N.Z.H. 23, 27 July 1874

¹⁶⁸ O.D.T., 29 July 1874

¹⁶⁹ - Reference to payments to Auckland, Taranaki Nelson and Wellington from surplus revenue.

¹⁷⁰ O.D.T., 23, 29 July 1874 ¹⁷¹ E.S., 22 July 1874

almost non-committal in its delayed editorial, it had no fault to find. Moreover, the New Zealand Times made up for its contemporary's silence by an enthusiastic outburst in favour of Vogel, whose budget, it said, must 'rather astonish the few croakers and marplots in our midst, who mutter, in obscure corners, to scanty audiences, their forebodings of evil.'¹⁷² The facts and figures, it contended, were unassailable, especially in a contrast with former years of disastrous war, crippled resources and dormant energies. But there was a need for a firm hand at the helm and the Premier was not likely to be swept away by those who wanted to borrow. It praised Richardson's statement, second only, it said, in importance to the budget, for its care and restraint, as the labour market was already strained to the utmost.¹⁷³ Substantially, the Colonist of Nelson agreed with the Times in its praise of Vogel for increased revenue, cheap loans, whose interest would be paid now out of the consolidated fund instead of from future loans, and aid of the weaker provinces.¹⁷⁴ Nelson certainly had no cause for complaint - it had been given £50,000 from the budget surplus.

Vogel was at the apogee of his power and influence in July of 1874. His policy was paramount in politics and its author was equally important among politicians. Those who dissented from what they thought were the evils of the policy, either kept their own counsel or were trying to restrain it from within. Certainly, the time was not favourable to them in 1874.

¹⁷² N.Z.T., 23 July 1874.

¹⁷³ N.Z.T., 28 July 1874.

¹⁷⁴ See Colonist, 23, 30 July.

But although on the surface there may have seemed to be political quiet, and a 'rest and be thankful' attitude prevalent underneath, events were moving towards a crash which, temporarily, completely upset the balance of politics that had developed around the policy of 1870.

As has been stated before, both the apparent success of the policy of development and the increase in normal prosperity had encouraged in the provinces a feeling of confidence in the resources of the colony and the possibilities of public works and immigration by borrowed money. At the same time, and because of this, the different provinces, in competition, had been incited to view the policy only in the light of narrow localism. The more loan expenditure there was in Treasury coffers, the greater the incentive to get as much as possible for themselves. Therein lay the causes for the collision; while Vogel, neither a Centralist or a Provincialist after 1870, cared only for the success of the scheme itself, the Provinces and their representatives saw it as a means for helping themselves to large shares of borrowed capital, regardless of the consequences to the Colony as a whole. Vogel was therefore preparing a rod for his own back in the early years of the decade, when he encouraged the provinces to forget their timidity and help him enact and administer a 'bold' policy for the development of the Colony.

The Colonial Treasurer, as we have seen, had warned the province in previous financial statements that he was more interested in carrying out his policy than maintaining the constitution as it existed, and he would, therefore, have no hesitation in effecting constitutional changes if any section

of the constitution proved to be an obstacle in the path of its²² successful implementation. But the provinces, apart from this and earlier warnings, had no cause to think that he would not continually give way to them as he had in the past. As has been shown by Morrell, the search for equilibrium failed.¹⁷⁵

Vogel could no longer ignore the deleterious effects provincial greed and log-rolling was having on the working of his scheme, and although he had been in great part, though unconsciously, instrumental in encouraging local feeling he now determined to break ^{its} their hold over the government.

The occasion arose at the second reading of his New Zealand Forests Bill, another measure planned on a colonial scale but opposed by provincialists on the grounds that their provinces would lose too much land to the Central Government. Sick and tired of the factious opposition Vogel rose and replied that millions had been spent on the North Island provinces which had, in three years, only paid £443,849⁵. 'And when, in view of those figures, ' he said, 'we are told that the establishment of a system of State forests in the North Island is inconsistent with the maintenance of provincialism, it seems to me that there can be but one reply: Abolish the provinces in the North Island.'¹⁷⁶

The conversion was not sudden, as Morrell asserts,¹⁷⁷ for as can be seen above, Vogel had always considered the sacrificing of the provinces to be a far lesser evil than the wrecking of his scheme. The forest conservation controversy which led to abolition was merely the spark which ignited the existing and constantly growing heap of powder.

¹⁷⁵ See W.P. Morrell, p.214-23, passim.

¹⁷⁶ N.Z.P.D., Vol.16, P.423, 4 August 1874

¹⁷⁷ See W.P. Morrell, P.229

From the time Vogel put his abolition motion before the 123 House until after abolition had come into effect, the basis of politics shifted from public works to the provincialist struggle. Old party ties were severed and new combinations formed, but even although many deserted the government in those two years because of its proposals for abolition, it never had any trouble in continuing its financial and public works policy. The political division was four-way instead of, as previously, two-way; for now, more important, the provincialist versus abolitionist struggle had become the division of the day, but still there remained the old divisions of 'cautious' versus 'bold', in which members were found on both sides of the House. When the constitutional dispute had been argued and won, these divisions were still in existence, ready to assume once more, the centre of the political stage.

The first period of Vogel's scheme of public works and immigration ended, then, not as most would have wished, with its author standing supreme and advocating further development and progress within a politically quiet and receptive country, but instead, with the colony almost ready to divide into two hostile camps, to haggle and argue for two not very edifying years over a constitutional question whose causes were, again, basically economic. Although Vogel had struck the first blow of either side, in favour of abolition of those institutions which were impeding the progress of his policy, he was not to remain the principal protagonist on the side of the abolitionists. From the peak of his power in 1874 he slowly gave way, over the following two years, to a man whom he had not long before invited to take a seat in his ministry: one whom for many years was to be the exponent and advocate of more than one unpopular cause -

Harry Albert Atkinson.

ABOLITION AND THE INAUGURATION OF A 'CAUTIOUS' POLICY 1874-1877.

New Zealand in the three years following the great boom of 1874 presents a picture completely the opposite of the early years of the 1870's. Instead of a period of great expansion, increased borrowing and loan expenditure by the Government, growing private credit expansion and imports, and unbounding confidence in the future, these years are rather a time of retraction from boom conditions, falling overseas prices and contraction of expenditure. Possibly under the stress of increasingly adverse circumstances, exports rose by £1,722,149; but even so did not keep pace with the population increase, which was advancing at as least as great a rate as in previous years, although, again, there was not to be another such increase as that of 1873-4 until the second boom of the 1870s in 1878-9.¹

The great boom conditions under Vogel are examined by Simkin, who says, 'in 1874 loan expenditures and the current expansion of credit together amounted to a sum only slightly smaller than total export receipts.... [between 1870 and 1874]

¹ Imports throughout New Zealand fell from £8,121,812 in 1874 to £8,029,172 in 1875, £6,965,171 in 1876, and rose slightly to £6,973,418 in 1877; while exports moved in the opposite direction - from £5,251,269 in 1874 to £6,327,472 in 1877, although not sufficiently to avert a fall in exports per head - 1874 £14.1, 1875 £15.1, 1876 £11.2, 1877 £13.1. Moreover, bankruptcies were increasing. They had dropped from 525 in 1872 (Supreme and District Courts' figures combined) to 451 in 1874; then continued this way until 1876, when the figures stood at 542; but in one year, 1877, they leapt to 994. S. of N.Z.

imports, current revenue, and factory production all doubled, the bankruptcy rate halved, and the marriage rate rose from 6.7 to 8.3 per cent.'² But in contrast to this, he describes the position between 1874 and 1876 when gold output fell to one-third and wool fell to 1s. 'Loan expenditures,' he says, 'offset the decline in credit in 1875, but not completely, and in 1876 themselves decreased by £1 million. Nor was this decline offset by credit expansion. We may take it, therefore, that there was a check to prosperity from the middle of 1874, and that recession had become noticeable in 1876. Imports decreased by 20 per cent, land sales slumped, marriages fell, and bankruptcies rose.'³ Banks reported a felling off in business due to smaller public borrowings while Vogel was trying to allay disquiet about the Colony's credit and unemployment. Only from the middle of 1877 did bank advances and discounts increase and this expansion of credit plus an inflow of private capital helped to offset a decline in loan expenditure of £1½ million.

In the political sphere significant changes were taking place. For two and a half sessions the political structure changed from one which was essentially based upon the public works policy and its application, to one basically centred on the constitutional problem of abolition and the consequent provincialist reaction. This resulted in a realignment of

² C.G.F. Simkin. The Instability of Dependent Economy, p.158.

³ *ibid.*, p.139. Regarding land sales, Simkin is contradicted both by a later statement of his own in which he says 'the strange land boom, which had been in evidence since 1875, continued with unabated vigour, and in 1878 land prices actually doubled' (page 160) and by S. of N.Z. figures for mortgages which show a rise from 5,1212 at £3.824,590-16-0 in 1874 to 7,754 at £5,174,490 in 1877; and releases of 2,315 at £1,194,634 for 1874 to 3,681 at £2.054,054 for 1877.

politics, not as previously on the 'cautious' versus 'bold' approaches to the administration of the 1870 policy, but rather on a purely provincialist basis, every province allying itself either to abolition or its opponents, for reasons of local self-interest.

But in addition to the new emphasis of politics which had cut across the previous alignment, there was another less obvious - although, in the long term, more significant - trend in the realm of national politics. It was that, with worsening economic circumstances after the boom years, there was a turn to a more 'cautious' approach in the application of the public works and immigration policy. With the departure of the master and author of the policy in 1876, control fell into the hands of the man who had been awaiting his chance since 1874 - the prudent Atkinson.

Gradually - for the influence of Sir Julius was still very strong - Atkinson attempted to replace the 'bold' progressive application of the policy with a more 'cautious' attitude, culminating in the 'rest and be thankful' budget of 1877, when borrowing, loan expenditure and the introduction of immigrants were reduced and a period of recuperation was advised by the Premier-Colonial Treasurer..

The great struggle over abolition, with all its bitterness and chaos, came to an end in 1876-7 with the abolition of the provinces. Although some activity by Macandrew and Grey in their provinces did follow, on the national political stage it no longer formed the main pivot on which the plank of politics balanced. Once more, after a

period of confusion, members returned to the old party alignments centred around public works, except that now the position of the two groups had been reversed, and those in office were the 'cautious' men, while the opposition consisted of men who wished to see a 'bold' and progressive policy of development returned to, in order to whisk away the remnants of what they believed to be a temporary recession. Their efforts to gain office were successful and, owing partly to an apparent improvement in New Zealand's economic position and partly to Atkinson's lack of ability as a leader, the 'bold' men, assisted by a dissentient middle party, came to power at the end of 1877.

For the remainder of the 1874 session the abolition proposals formed the main topic of debate.⁴ The division lists show a complete change in the voting, with members of the 'cautious' or 'bold' groups voting against each other. The most notable alliances appeared to be between Vogel, Stafford, and J.C. Wilson on the one side; and on the other such men as Macandrew, O'Rorke, Reeves and Hunter, once all 'bold' men with Vogel, combined in opposition to abolition with members of Stafford's 'cautious' 1872 Ministry, including Fitzherbert, Gillies (T.B.) and Reid with the prudent Rolleston.⁵ Both in the House of Representatives and the Colony, Vogel gained big majorities, for it seemed to the provinces except Otago and Auckland, that they would gain most from the abolition of a system under which they had never prospered.

⁴The developments in the House of Representatives have been fully dealt with by W.P. Morrell, so are not described here.

⁵ See NZPD, Vol.16, pp.806 and 909 24 August 1874.

masterpiece and partly for the rather less high-minded reason that Auckland had nothing to gain from a Wellington despotism, if she were to give her large customs revenue to the consolidated fund while the Southern provinces could retain their land fund. Even Reader Wood admitted he would have been an abolitionist had abolition involved colonialization of the land fund.⁷

The labels 'Provincialist' and 'Centralist', then, tend to give a misleading picture of abolitionist politics, for they imply the existence of some narrow-minded provinces opposing the majority, which wanted a strong centralized system of government for its own sake. Both sides were in fact narrowly provincialist. The only difference between the two is that what we may call the 'Centralist-provincialists' supported unitary government because in that way they could get more for their own provinces, while the 'Provincialist-provincialists' would benefit more under a divided system. D.Herron puts it succinctly when he says that: '... centralism and provincialism were alternative methods of satisfying provincial aspirations,'⁸ for although he refers to the 1850's and 1860's the judgment applies equally well in the 1870's and 1880's. The provincialism which dominated politics and altered the group alignments had economic causes at its base. The main difference between the two sides, however, was that, while one was centred around the

⁷ See NZPD,

⁸ D.Herron 'The Circumstances and Effects of Sir George Grey's delay in summoning the First New Zealand General Assembly; Historical Studies, Vol3, Nov.1957-May 1959, p.373.

attempt to gain as much for the province in the way of development as possible, the other, although interested in great expenditure, was more concerned with trying to preserve a rich land revenue.⁹ Perhaps the only member of the House not predominantly provincialist-minded in the session of 1874 was Vogel, devoted only to the best means of implementing a centralizing system of public works regardless of the method employed. It was a case of Vogel the centralist allying with the abolitionist provinces to defeat the provincialists.

In the country the attitudes of the provincial press differed, according to the financial position of the province and the size of its land fund. The Taranaki papers were, therefore, in favour of abolition generally and questioned only one thing - what was to follow? The Herald considered that '... although it has long been thought that provincial institutions have served their purpose, and that it is time they should be swept away, yet, until we know what is to replace them, it is difficult to give an opinion on the matter. We can hardly see that it is fair to the North to annihilate provincialism, if the Southern provinces are allowed to exist. Why should the Middle Island enjoy local self-government when it is debarred the North?'¹⁰ Apart from this, the Herald strongly supported Vogel's proposals, believing that they would be the means of ensuring the progress of the province, whereas its great resources could never be developed under provincial

⁹ Only in this period does Lipson's statement that the land formed the main basis of politics (see p.61) remain true. Generally, at other times, the land issue was merely part of the wider question of the struggle for public works and immigration; any importance which land may have had was primarily the result of the needs of immigrant settlement or of public works.

¹⁰ T.H., 12 August 1874.

administration;¹¹ and it noted accurately that 'Mr. Vogel has utilised the existing institution to the utmost, and maintained them until he found they stood in the way of the colonization and progress of the Colony'.¹² Putting Taranaki's specific condition more definitely, the Herald showed that financially the province had only struggled on because of the aid of a £2,200 loan from the Central Government's Public Debts Apportionment Act, and that its public works rested on colonial loans and guarantees, for previous to that they had been almost nil. Finally, it pointed out that, 'If at any time the community could have felt sure that the province would not have been taken over by the General Government, we believe that they would have willingly relinquished all the pomps and paraphernalia of provincialism and chanced the alternative result'.¹³

Later in the year public meetings were held throughout the province, at which H.A. Atkinson spoke, showing how much the northern provinces were dependent upon the General Government for finance as they lacked land funds; at all such meetings resolutions were passed in favour of abolition, opposition coming from only one or two hardened dissenters.¹⁴

In Canterbury, rich in land revenue, and much less dependent upon the General Government for its continued existence, there was a cooler reception to the proposals for North Island abolition. The Press, while denying that it was opposed to provincialism, nevertheless objected to the abruptness of Vogel's action, stating that although it

¹¹ ibid., 10 August 1874.

¹² ibid., 22 August 1874.

¹³ "

¹⁴ ibid., 30 September 1874.

approved of the conclusions he had reached, it did not like the 132 way he had reached them - by making abolition the penalty for opposition to the Government. It noted that Macandrew, hitherto a strong Government supporter, was opposed to the land-taking which he visualised would follow. However, it claimed that there was a strong case for abolition because of the financial failures of the provinces and their log-rolling, and felt that Vogel should have argued his case that way.¹⁵

The Lyttelton Times, on the other hand, was extremely indignant at Vogel's action, asking querulously, 'Why, when everything was quiet, when he was undoubtedly strong in the House and with the country, when he had the very heavy responsibility of administering a great policy, and when a month or two ago he said that for the present the colony ought to rest and be thankful, should he raise this storm?'¹⁶ Only when all the public works and railways had been constructed should abolition be carried out, the Times continued, for then the provinces would have died a natural death. Now, 'the colony ought to devote all its energies to the prosecution of the public works policy'.¹⁶ Getting to the core of its argument, it said that with North Island abolition, 'the land fund of the South Island would in a year or two become common property; and reiterated its claim that abolition would naturally follow on from the prosecution of public works'.¹⁷ In a most strongly-worded editorial it hammered home the warning that 'the assault on the Canterbury and Otago land fund will be made openly instead of covertly.... The majority of those who have backed Mr. Vogel are hungry after the half million, or more,

¹⁵ See Press 13, 15 August 1874. ¹⁶ L.T., 15 August 1874.

¹⁷ ", 17 August 1874.

which this province has to its credit....'¹⁸ The Times was caught in the painful dilemma between supporting Vogel and his public works, and opposing him and saving the land fund. It finally plumped for the latter by supporting Fitzherbert's proposal for a dissolution even though it should interrupt the 'vigorous prosecution of the public works policy.'¹⁹

However, in Parliament seven Canterbury members had followed Stafford's lead, while only three voted against Vogel. Throughout 1875, too, the attitudes of the members from the two provinces remained the same - the three members from Taranaki voted solidly in favour of abolition with the majority of Canterbury's fourteen members, while only three Canterbury men opposed it.

During the year, the Taranaki press continued to support the Government, though occasionally with much less fervour than at other times. Abolition as well as the public works policy could receive a different welcome as economic circumstances changed. Through most of editorials there ran a fairly strong streak of wariness regarding Vogel's proposals, for they feared a 'rigid unimpressable,'²⁰ central government dominance. After describing the satisfactory state of Provincial Council finances due to the large gains of £20,000 in land revenue²¹ the Herald adopted a more reserved attitude to abolition, considering that it would be wise to have an

¹⁸ ibid., 22 August, 1874.

¹⁹ " " " " .

²⁰ T.H., 2nd January 1875.

²¹ See T.H., 15 January 1875.

election so as to study and ventilate the subject.²² Both the Taranaki News and Patea Mail agreed, the News wondering what was to follow the decesses of Provincial Governments, and insisting that '... a free people must develop their own institutions for themselves, commencing at the lowest rung of the ladder'²³ while the Mail, more critical of a provincial system of government which had neglected Patea interests even more than New Plymouth's, still hoped that the provinces would not be replaced by a cumbrous system of local government.²⁴

Yet the Herald in July moved back to its earlier tack when it criticized the Provincial Council for wanting to delay the act of abolition. Standish, the Provincial Secretary, had criticized Vogel's action in 1874 and claimed that the Central Government would not look after local interests. More to the point, he stressed the fact that Taranaki would suffer financial injury from abolition as it would have to bear the debts of other provinces, Auckland's £683,000, Wellington's £319,000, Hawkes Bay's £113,000, while Taranaki's own indebtedness was only £1,000. 'By abolishing the Provinces,' he warned, 'we shall not only have to bear the burdens of the other Provinces, but our land revenue will also be taken and used for works to be done in other parts of the Colony'.²⁵ With their growing land fund and the possibility of the sale of the Moa Block a few miles south of New Plymouth being merely the first in a line of areas to

22 See T.H., 15 January 1875. 23 T.N., 15 May 1875.

24 P.M., 5 May 1875.

25 Reported from T.H. 28 July 1875.

be opened up²⁶, sections of the Taranaki Provincial Council were becoming veritable provincialists, and as intransigent-sounding as many of the Otago members. This attitude in 1875 is significant, for it provides most clearly what the provincialism of those who opposed abolition really consisted of. While Taranaki was poverty-stricken, with its lands under central government control, it supported abolition fully, but when, in 1874, it gained a certain amount of control over the disposal of its waste land,²⁷ a strong minority, led by Standish and other members of the Council, objected to immediate abolition because, as Standish argued, 'neither in revenue or land are you likely to obtain more from the Government than you are now getting'.²⁸ If certain sections of Taranaki could feel this way in the first small flush of prosperity, it can be readily understood why Otago should feel so much more strongly about the possibility of its enormous reserves being colonialized.

However, there was not sufficient prosperity from land to give the province overweening ideas about its own ability to live independently of central government aid, and the opinions of the minority were not strong enough to affect the actions of the three representatives who continued to vote for abolition - which they did with the support of the local press. The latter kept stressing the inability of the provinces, especially in the north, to administer their own areas; for while the General

26 Throughout mid-1875 the Deputy-Superintendent was dealing with a number of enquiries about Taranaki land from other provinces. Men such as C.A. Wyllie from Auckland - see letter 20 July 1876 in Superintendent's outward official correspondence-wished to bring in and settle immigrants on a private settlement scheme, but although, as the Deputy Superintendent stated, the Province realised the advantages resulting from the introduction of persons with capital such as you mention', there was not yet sufficient land at the time to establish a special settlement.

27 By the Taranaki Waste Land Act, 1874. 28 T.H., from 28 July 1875.

Government had control over customs, the postal and other departments, the business of land, education and road administration was also developing under small local boards, and thus the Provincial Government was doing less and less to justify its existence. A clinching argument in favour of abolition appeared to be that which the Taranaki Herald outlined in stating that, under the proposed system, Taranaki would gain £20,463 for local public works.²⁹ For the rest of the year the Herald continued to criticize, on one hand, the Government for their dilatoriness in pressing forward with the bill, and on the other, the opposition and especially Grey, for their factious stonewalling. Grey was abused and ridiculed both as a man 'who has shown how utterly unfit he would be for a ruler...',³⁰ and as one who, in contravention to the ideas of his colleagues in opposition, had returned to Auckland, 'to babble of a modern Carthage on the most republican principles, with its site in the immediate vicinity of Queen-street. We do not think much will come of the new policy with Sir George Grey in it. He is too erratic to lead or be led - a very Pegasus in harness.'³¹

By the end of the year then, when Taranaki went to the elections, it was, apart from some worries about a rigid and inaccessible government from Wellington, almost unanimous in sending three abolitionists back at the general elections which followed early in the new year.

²⁹ T.H., 4 September 1875.

³⁰ T.H., 23 October 1875.

³¹ T.H., 4 December 1875.

In Canterbury, too, the elections demonstrated clearly what the province as a whole thought. Although there were one or two changes in favour of Grey and Macandrew, the majority once again agreed with the Press which had earlier in the year, commended the government for extending the provisions of abolition to the whole of the Colony. It believed that the government only needed now to reassure the Middle Island that the provincial and land questions were not connected and that 'it was not by virtue of being provinces that Canterbury and Otago kept their hold over their land revenue;... in fact, their possession of the land fund would run much more risks from the maintenance of provincialism than from its abolition.' As the Compact of 1856 was to be respected abolition on that point was 'unimpeachable'. The Press, too, was 'centralist' in its politics, but for provincialist reasons, for it believed that as Canterbury had its land guaranteed, it not only kept its financial strength, but in fact, also had more chance of retaining it than under the existing system. For the legal and political forms, it cared nothing; to retain its riches in landed estate was the main consideration.^{33 & 34}

In the House as a whole, however, the Provincialists had gained a few seats from the election, and although they had little chance of affecting the eventual result, they fought bitterly to the last.³⁵ The abolitionist provinces had won ,

³² Press, 2 August 1875.

³³ See Press, 5 August 1875.

³⁴ At the election, apart from J.T. Fisher at Heathcote and T.W. Hislop at Waitaki, both anti-abolitionists who replaced abolitionists, and C.A. Fitzroy (abolitionist) who replaced W.Reeves at Selwyn, there were no changes in Canterbury.

³⁵ See W.P. Morrell. Ghp. 1, passim.

and the spirit of their victory may perhaps be summed up in 138
the triumphant cry of Taranaki. 'The Provinces Are Abolished
At Last....large centres of population will no longer
monopolise all the money that is required in other places.'³⁶
Now, it seemed to say, was the time to stop all the fruitless
argument about legal forms, and get back to a concentration on
the topic that really mattered - public works.

During the abolition struggle which had held the public
eye for two years, Vogel's public works and immigration policy
had been undergoing some changes and modifications under the
hand of a Colonial Treasurer other than its author.

The year 1875 opened with a great feeling of confidence,
especially in Taranaki where the newspapers, with exception,
praised Vogel, his policy, and the new £4 million loan, as the
means by which the Colony had made so much progress and would
continue to do so in the future. The only slight criticism
was from Patea where the pace of railway construction was
regarded as too slow.

In July^{for} the first time in the 1870's - apart from
Gillies' abortive statement in 1872 - the budget was delivered
by a Treasurer other than Vogel, who was away in England with
loans and gout. The essence of Atkinson's policy can be summed
up in his statement that although the Colony was in a sound
financial position, it would be unwise to enter the London
market for some time to come. The duty of the Government, he
said, would now be to concentrate its attention upon 'careful
yet vigorous administration',³⁷ Vogel had meant the scheme
to extend over a long period of time but pressure had been

³⁶ T.H., 1 November 1875.

³⁷ NZPD, Vol.17 P.146, 30 July 1875.

Consequently the loans had been placed on the market at much shorter intervals than originally intended, and their cost had been higher. By 30 June 1875 the total public debt had risen to £17,421,106, plus £250,000 advanced by the Bank of New Zealand, while the annual interest charge was £945,785.

The revenue actually received for 1874-5 was £1,605,002 - £108,402 higher than the estimates. With unrealized assets and the previous year's surplus added this revenue came to £1,786,413. In the estimates of revenue of 1875-6 of £2,476,193 Atkinson was gratified to be able to include the first appearance of £294,042 as railway revenue.

Richardson, in his statement four days later, outlined his policy for further railway appropriations, amounting to £6,091,981 for 991 miles at an average cost of £5,600 per mile. He explained that the rising costs were due to higher labour and material rates, but that there was no room for gloomy forebodings as the railways had opened up areas for settlement. There had been, he admitted, large expenditure but prudent management should make repayment easy.³⁸

The Lyttelton Times, although opposing the Government on abolition, continued to support the public works policy, but thought that more than £4 million would be wanted to complete it; the country was showing the good effects of the policy of development by its increasing revenue and should then be in a position to borrow again with undiminished credit. Finally,

³⁸ See NZPD, Vol.17, 3 August 1875.

³⁹ L.T., 2 August 1875.

it congratulated Atkinson upon the excellence of his statement.³⁹ It received favourably, too, Richardson's statement and although the railways were costing over £600 per mile more than had been estimated, it thought that they were still cheap compared with Victoria's. It believed they would pay nearly the 5% required of the construction costs and that Atkinson's policy of not borrowing until the present works had been completed, was wise.⁴⁰

The Press, too, thought Atkinson's budget plain and straightforward, but also thought that his 'wits are blunted by partisanship' when he tried to defend Vogel's over-raising of loans. It argued that the progress of the Colony was due not to public works so much as to the rise in wool prices. Moreover, 'it is impossible to scatter in a short time several millions amongst a small population without inducing more or less of fictitious and speculative prosperity, and ... they mistake this abnormal and temporary state of things for indication of productive progress.'⁴¹

This thoughtful and well-considered criticism was not, however, echoed in Taranaki, where for example the Patea Mail, after praising Atkinson's statement, criticised Richardson's which would delay Patea's railway for a year. The Member for Egmont, the Mail noted spitefully, had not insisted upon setting the needed money aside 'a fact we hope the electors here will remember when Major Atkinson seeks re-election in a few months' time.'⁴² For the rest of the year, even the more prudent News was full of praise for Vogel's policy for opening

⁴⁰ L.T., 6 August 1875.

⁴¹ Press, 5 August 1875.

⁴² Press, 5 August 1875.

up and populating the country and, 'After thirty-four years of precarious existence Taranaki is only just beginning to feel the glow and the buoyancy of vigorous life....'⁴³

The Herald, too, praised the Government for the continuation of the policy, but also had complaints to air regarding the slowness of its operation in the spheres of both immigration and railway construction when applied to Taranaki. In addition, it felt that McLean was pandering to the natives by not buying up land quickly enough to absorb all the immigrants that were wanted. The great feeling of optimism⁴⁵ for the future was well expressed in a Herald editorial at the start of 1875, boasting that 'Our capacity to absorb population is only limited by the advance of the railway through the forest, and the survey and sale of land to supply the new arrivals.'⁴⁶

Although conditions were not so flourishing at the start of 1876 and there was a feeling that the future would not be so bright, this spirit of optimism generally prevailed. It was voiced again by the Taranaki Herald, criticizing those who feared the lack of balance in New Zealand's trade position; 'we may safely laugh to scorn the predictions of sudden disaster which may befall it'.⁴⁷

⁴³ T.N., 23 October 1875.

⁴⁴ See T.H., 30 October, 13, 17, 27 November 1875.

⁴⁵ The enthusiasm felt by the press seemed to be justified throughout 1875. Imports rose by 29.86% - the highest percentage increase in the Colony - over 1874, to £525,531, while for the first time in the 1870-1 exports rose to a four-figure number with wool £1644 and 'Taranaki wool' - fungus - £281 providing the main articles of export. Land receipts were £8,936, and although mortgage figures were lower than in 1874, releases were higher, showing that some profitable investment in land was taking place.

⁴⁶ T.H., 26 January 1875.

⁴⁷ T.H., 12 February 1876.

But Vogel's budget speech ⁴⁸ was not full of great promises and sanguine hopes as in the past. Restraint was now his note. The estimates of revenue had shown only a moderate increase over the 1875/6 revenue owing to the fall in the price of wool and to reduced immigration. Revenue then, was £2,346,705 against a total expenditure of £2,317,417, giving a surplus of only £29,287 - and this with economies of £203,983 in net expenditure less than the estimates. The land revenue would now be called upon to help the Consolidated Revenue and would pay certain portions of interest on public works as well as part of the education vote. 142

Much had been borrowed in the last few years. Now, he cautioned, there was need for some sacrifice to show those outside and within the Colony an irreproachable system of expenditure on a diminished scale. Immigration would be reduced as there was less demand for it, but trunk railways were to be continued, with the help of a £2 million loan of which only £1 million would be raised in the current year. He also had to admit that New Zealand's credit had suffered, not only from criticism and detraction of his scheme, but also from heavy borrowing or, more directly, as Sir David Monro wrote 'at the time, 'John Bull appears to be of opinion that we have borrowed about enough in this part of the world: and is opening his pockets with less freedom than formerly. There are some very ugly symptoms in our case and I don't think it will be very much longer before the result of the great policy will declare itself. - Sir J. Vogel can't get on without borrowing. When he has no

~~47 D Monro to J. Hall 24 July 1876, Hall papers.~~

48 See NZPD, Financial Statement, 4 July 1876.

longer loans to help him I am afraid he will be like Samson without his locks.' ^{48a}

Richardson, in his statement, merely reiterated the spirit of Vogel's budget when he said that railways would not be pushed on so rapidly as in previous years. £1,054,600 was to be spent on railways for 1876-7, and although some lines were not even repaying expenses, he believed that the railways should yield 3% on their capitalized cost in the following year. ^{48b}

The Taranaki Herald remarked that the budget was a contrast to that of 1870 but was still based on sound principles as it advocated a year's rest. ⁴⁹ Apparently the Herald had been prepared for a more cautious policy statement; for a month earlier it had realized that revenue was falling off and warned that although for many years there had been a bold policy of borrowing, '...it is now beginning to be manifested that a period of financial depression is being entered upon....' ⁵⁰ Richardson's statement drew only the comment that not enough was being spent upon the province.

In Canterbury, the Lyttelton Times was less keen on Vogel's proposals to borrow more, despite professions of caution, because it saw that unretrenched expenditure, when the Colonial Government had the burden of provincial expenses as well as its own, would mean that the land funds of the

rich provinces would be dipped into at more and more frequent

^{48a} D. Munro to J. Hall, Hall papers, 24 July 1876.

^{48b} See NZPD, Vol. 20, 25 July 1876. - Public Works Statement.

⁴⁹ See T.H., 8 July 1876.

⁵⁰ " " 10 June 1876.

intervals to bolster up the tottering consolidated revenue. In comparing Vogel's statement with Atkinson's in 1875 it said, 'That Budget gave a complete review of the past; the present discloses the Ministerial intentions of repeating the history of borrowing but is silent as to the ultimate extent,'⁵¹ a matter of great importance considering the crisis in colonial revenue. The need for statemanship in a time of financial chaos had^{not} been shown by the Ministry because, 'Borrowing, borrowing, borrowing is, in the eyes of Sir Julius, a panacea for all evil. He is a man made, not of money, but of loans....'⁵² Much better would be economy and the restoration of sound finance to prevent the breaking of the 1856 Compact; and once more the paper criticized the Ministry for its extravagance and 'political Macawberism' because now, it was plain, a continued 'bold' policy of borrowing and expenditure, combined with waste, would mean the increased use of Canterbury's land fund.

The Press, while not believing that the Government wished to pillage the Canterbury and Otago land funds, was critical of the proposals of subsidies from the consolidated fund to provinces without land funds, for road and education boards and counties. The budget had gained a surplus, it pointed out, not because of an increased revenue, which had failed to reach the estimates by £119,969, but because of the decreased expenditure by Atkinson of £203,983 in 1876-6.⁵³ It, too, called for reduced expenditure after abolition, and declared its worry about the future of the Colony. 'The policy of the

51 L.T., 6 July 1876.

52 " 11 July 1876.

53 See Press, 8,10,13,18,21,26 July 1876.

present Government has given us a long period of loans and consequently of inflated expenditure. It is certain, it warned, 'that both these are passing away, and they leave behind them a state of things of which it can only be hoped that inevitable reaction will not aggravate itself into collapse. We can no longer borrow.... Meanwhile there are no signs that the Government appreciates the gravity of the position. They exhibit no resolute determination to grapple with the crisis.'⁵⁴ However, although it believed that the Colony was moving into a harder period when the prodigality indulged in must be paid for, it supported the Government in preference to the 'incapable' Grey.

Just after his Financial Statement had been delivered Vogel received news that Featherston, the Agent-General, had died and in late August, murmuring a few words of sympathy and resigning the Premiership to Atkinson, he stepped with alacrity into these London shoes. Vogel was a shrewd and clever politician and his actions were timed perfectly. And his luck was good. In 1870, judging the opportunity when New Zealand was, after some years of economic stagnation, slowly picking up, he came forward with his 'bold' policy just at the time when it would be regarded favourably. From then until the crest was attained in 1874-5, he rode the wave of prosperity - solidly based on good prices for overseas goods - while his opponents were subordinated to the task of mere administration.

See

⁵⁴ Press, 8 August 1876.

Then, when after years of big borrowing, lavish expenditure, waste and extravagance, prices began to fall, and with them, imports and the customs revenue⁵⁵ which provided the bulk of the government's income, and when loans became harder to raise on the London market because of earlier large borrowing, Vogel realized the good times were over, and left the country before the cleaning up process began.

The news of Vogel's retirement met with a mixed reception throughout the Colony. On one side the Taranaki Herald, always a staunch supporter, regretted it as 'his clear-sighted views and able statesmanship are more than ever necessary to the Colony',⁵⁶ while the small acid-tongued Patea Mail in the isolated southern portion of an isolated province had nothing but criticism for Vogel's desertion. '... the knight of the latest creation,' it sneered, 'has betaken himself to his heels and hurls inglorious defiance at his enemies from the secure portals of the Agent-General's Office. Owing to this abandonment at a critical juncture, a new Ministry has been formed, a cabinet of shreds and patches ... to get through hitherto neglected work'⁵⁷ Now⁵⁸ was the reaction more favourable in Canterbury where the Lyttelton Times accused Vogel of an 'ignominious flight', which showed his lack of faith in his own administration, but from which, at least, New Zealand would derive some benefit.⁵⁸

55 Customs revenue had risen as imports rose, from £1,188,948 in 1874 to £1,234,967 in 1875, but fell again to £1,206,791 in 1876 despite not only a relative decline in imports and customs revenue per head but also, in 1876, an absolute fall.

56 T.H., 30 August 1876.

57 P.M., 6 September 1876.

58 L.T., 7 September 1876.

With this the Press agreed, commenting on the Parliamentary majority in favour of giving Vogel the London office, 'The division list is curious. The Ministerial majority comprises several members who have hitherto been their warmest opponents.... The fact is that the majority were assisted by the general desire for the absence of Sir J.V..... This feeling was candidly avowed by Mr. Donald Reid.'⁵⁹

The position of Atkinson as leader of the erstwhile 'bold' and 'progressive' party in the House is interesting as a political study. He had been admitted to the Ministry and had come to the fore during a time when constitutional changes formed the political question of the day. His powerful support of the abolition proposals in 1874 had probably been a strong reason why he should have been chosen as a minister to replace G.M. O'Rourke, but it must not be forgotten that the question of public works and its administration was not completely neglected at this time. As has been stated above, long before 1874 those 'cautious' men who opposed what they regarded as Vogel's wild and extravagant gallop towards financial destruction, had realised that, in the boom conditions of the mid-seventies, they had little chance of effectively checking him by direct opposition. Only by establishing themselves in positions of influence within his ministry would they have the slightest chance of exacting any restraint at all.

⁵⁹ Press, 7 September 1876.

During 1872 - the year of his election to Parliament - Atkinson had made his position regarding public works clear. At a public meeting on the proposal of a railway for Taranaki, he had acquiesced with the majority, but in such a way that the Herald had complained that, 'while we agree with the wording of his resolution we must express our surprise at the attitude which he takes on this question. The drift of his speech was undoubtedly hostile to the policy of the Government; the real meaning of it being that that policy is fraught with ruin to the Colony which has adopted it. But finding the Colony mad enough to go in for say five millions worth of ruin, he says let us secure half a million of this plunder for our Province rather than lessen the ruin to the Colony by exercising some patriotic self denial.'⁶⁰

What Atkinson had said was that a minority in the Colony opposed Vogel's views. '... I belong to that minority but I am not therefore going to argue and fight against that scheme now - bad and vicious as I believe it to be - the time for that, I regret to say, has passed;

but as a practical man I am going to make the best out of a very bad bargain....'⁶¹ He made reference, then, to the fact that the Assembly would never vote money out of the loan for harbours, roads and bridges - which, he implied, were more important for Taranaki.

He defeated Moorhouse, but probably only through his great personal influence, and announced during the election that he would have voted against Vogel at the recent vote of censure by Stafford. 'I say I should,' he explained, 'because they

⁶⁰ T.H., 22 June 1872

⁶¹ Speech to public meeting 17 June 1872, reported in T.H., 22 June 1872

did not carry out the public works or immigration as it should have been done.... The real reason why the Ministry had been turned out, was that they had been proved to be extravagant and reckless ... and the Assembly had ... turned them out, as they deserved.'⁶² In the News he was quoted as saying, 'There were reasons why he should have voted against the late Ministry [Vogel's]. Nearly half the four million was gone, and what ^{had} they to show for it. Of course the Ministry were not wholly responsible for this, but they were for the waste and extravagance...'⁶³

But in addition to his realization that open opposition in times of prosperity would be fruitless, and that more subtle ways of gaining influence would have to be reverted to, it also must be admitted that the continued apparent success of the scheme amid scenes of great prosperity could well have undermined much of the will of those 'cautious' men who still opposed Vogel and induced a feeling in all but the most determined - exemplified in Cracroft Wilson and Sir. D. Monro - that their opposition was unwarranted.

Whatever the real reason, Atkinson had accepted office in 1874 and was in power in 1876 to take over from Vogel when economic circumstances appeared less favourable. For thirteen months he held the stage and slowly, gradually, attempted to slow down the tempo of policy. By the end of 1876 the question of abolition was no longer the most important, and although it lingered for a while, the political

⁶² T.H., 28 September 1872.

⁶³ T.H., 28 September 1872.

groups once more realigned themselves according to their attitudes regarding 'the scheme'. This is seen by the changes in Atkinson's Ministry⁶³ and the shifting of members until at the end of 1877 the two groups stood fully ranged as they had in the first years of the 1870's, except that now a 'cautious' ministry faced a 'bold' opposition plus a breakaway 'cautious' Middle Party who opposed the Government, not because of their policy and administrative activity, but because of their lack of it.

In his Ministerial speech of 4 September 1876, Atkinson made the first modifications in the policy of his predecessor. Although he intended continuing the loan and expenditure as Vogel had laid down in his Financial Statement regarding railway line construction, he said, 'We believe that it will be absolutely necessary to carry those on at a slower rate than they have been carried on for some years past, and we shall ask the House to co-operate with us in not allowing these works to be forced on.' ⁶⁴

Feeling, at least in some places, seemed to be with him in his proposals for a more prudent future administration, as is evidenced by an editorial in the Lyttelton Times commenting on the economic condition of the Colony. Quoting figures, this showed that New Zealand was buying more than it could pay for. The rise in imports per head from 1872 to 1874 had been from £18 to £23, while in New South Wales the corresponding increase had been only from £11 to £14, and in

⁶³ See Chapter One, p. 7
⁶⁴ NZPD, Vol.22, pp.11-12,

Victoria £14 to £16. At the same time the Colony's exports per head had dropped from £17 to £15, and the total balance of trade from 1873-6 was against it to the extent of £6,424,190. Wool prices had fallen and heavy interest was being paid on loans. 'We think it would puzzle political economists to reconcile this state of affairs with the alleged prosperity, or even the sound financial position of the people of New Zealand. To our simple mind it only betokens commercial extravagance and wide-spread insolvency.... The State is itself to blame. Money has been wildly borrowed, and more wildly spent throughout the land.... Practically we are borrowing money to pay interest on our public debt, and to defray unproductive expenditure. We do not say, and we have never said, that it was unwise for us to borrow money for railways and immigration. On the contrary, we have advocated it as a wise and beneficent policy. But its success, its wisdom and beneficence, altogether depended on its administration. Caution, prudence, judgment and administrative ability were essential, and the settlement of the immigrants was, or should have been, a cardinal point of the policy.... The judicious settlement of immigrants on land, even if the Colony had bought the land... would alone have made the scheme a splendid pecuniary success.'⁶⁵

With this growing feeling of the need for greater caution in financial matters as his background, Atkinson brought down the second financial statement of the year in which he proposed,

⁶⁵ L.T., 9 September 1876.

while following Vogel's policy as a whole, to make a revision¹⁵² of the estimates with a view to retrenchment, although it would be impossible to make a big reduction immediately. The estimated revenue was cut to £2,146,902 and estimated expenditure to £2,087,948, leaving a surplus of £58,953. Railways would, and the land must, soon relieve the Consolidated Fund of some of the burden, and Vogel's proposed £2 million loan was reduced to £1 million. Although he reiterated the great value of the Public Works and Immigration scheme, Atkinson warned that, 'in order to reap the full benefit of that scheme, now within our reach, we must exercise a moderate self-restraint in our future operations.'⁶⁶ That Atkinson intended slowing down in order for the country to gain time to take stock of its progress was further shown by the correspondence of Pollen, the Colonial Secretary who wrote to Vogel 'As to Immigration, it is intended to contract largely the expenditure in this direction; and ... to limit the number of persons to an average not exceeding five thousand adults per annum....'⁶⁷

But apparently Atkinson's economies were not sufficient to satisfy contemporary opinion in Canterbury, for the Press, commenting on his reductions in estimates, said, 'He did well to strike off £20,000 from Sir J. Vogel's estimate, but...he would have done still better had the amount of reduction been at least doubled'.⁶⁸ The Lyttelton Times, too, apparently oblivious to the fact that changes had to be made gradually, thought that no serious attempt had been made at economy despite the usual promises, and criticized Atkinson's 'blind

⁶⁶ NZPD, Vol. 23, p. 124, 9 October 1876

⁶⁷ Vogel Papers (unsorted), 19 October 1876. This also shows that a labour surfeit was approaching, a position brought about, Cont'

trust in the future' as the philosophy of Micawber. Nevertheless, it found most satisfactory the Government's intention not to apply in the open market for the million wanted during this year, considering the low state of the country's credit. It commended the Ministry, also, for its proposals to continue the public works and immigration policy in a carefully planned manner; at least it thought the true principles that should govern the direction of progressive policies were dawning on the Government. But it doubted, in the face of lavish yet broken promises of 'this Ministry' whether the principles would be adhered to.⁶⁹ Mistakenly yet understandably, the Times, like its contemporaries, seemed to think that Atkinson's government was merely a continuation of Vogel's, whereas in fact it gradually assumed the role of successor to the 'cautious' ministry of Stafford. Although it was to last longer, it too was doomed - economic circumstances, while deteriorating, were not sufficiently depressed to support Atkinson's proposals for further retrenchment and a curbing of the policy of 1870.

Even the ever 'bold' Taranaki Herald called on Atkinson for moderation in public works expenditure and made the same mistake when it said, 'We have seen how the ten million loan which was to have been spent only at the rate of one million a year has been all used up, before half the time it was intended.... How then can we expect that future loans will be

67 (Cont'd) by the failure to settle people on the land and find them employment there.

68 Press, 30 October 1876.

69 L.T., 11 October 1876.

differently dealt with?'⁷⁰ The explanation for the Herald's desire for greater care in loan expenditure is possibly that given in a later editorial, which noted the growing depression in all kinds of business, declining employment and reduced wages owing to the 'almost suspension' of public works. However, it believed that Taranaki had no need to fear: it was still prosperous, as could be seen from the high imports, and if there were further local public works such as a harbour aided by a loan, 'the present stagnation in the place will be forgotten in the steady progress being made towards future prosperity.'⁷¹ Nevertheless, the slowing down of public works and the growing economic inertia were leaving their effects on the province. This is illustrated by a letter from Carrington, ex-Superintendent, now Government Agent, to the Minister for Lands and Immigration, in which he said that unless the Government were prepared to extend railway construction beyond Inglewood or to start other work, it would not be wise to send the hundred immigrants planned; already seventy families in Inglewood were depending on day work, as well as 'various working men asking for employment here'.⁷²

The new year of 1877 opened with further Ministerial changes, resulting in a trend to more 'caution' in the complexion of the Government. Pollen and D. McLean resigned in December 1876 and Richardson in January 1877, to be replaced by J.D. Ormond and Donald Reid; so that now, apart

70 T.H., 14 October 1876.

71 T.H., 28 October 1876.

72 T.P., 7/9 F.A. Carrington to Minister of Lands and Immigration, 16 November 1876.

from Atkinson and Bowen, who had joined in 1874 and 1873 respectively, and Ormond, who had been a member briefly in 1871-2, there was no one who had been a member of any of Vogel's ministries. Moreover, Atkinson's acceptance of office has been explained, and it seems fairly obvious that Ormond, who replaced Vogel's choice as Minister of Public Works, Richardson did not fit into Vogel's ministry particularly well. This was suggested by T.B. Gillies, writing to Stafford in 1872; 'I am very sorry (politically) that Ormond has joined them. His quiet business-like habits will be an immense assistance to them so far as works are concerned and he is neither rash nor speculative. I rather think he will not long pull with Vogel.'⁷³

Bowen, too, although in the Ministry for three or four years, had not been chosen especially for his support of the public works policy, but rather for his services in the legal and social spheres. Donald Reid, Stafford's Minister of Public Works in 1872, also added further strength to the 'cautious' element while differentiating the Ministry from that which preceded it. The description of the multitude of ministries from Fox's of 1869 to Vogel's in 1876 as 'continuous' may be valid, but Atkinson's was not merely a continuation of them. For the first time since 1872, the influence of Vogel was not present either behind the scenes or at the head - a new head and a new spirit made Atkinson's Government of 1876 a new one as much as if there had been an election, and the Ministerial changes of 1876-7 completed the change-over fully. Indirectly and unconsciously, the Taranaki Herald hit on the truth when it said that Reid had left the Opposition because he saw that

73 Gillies to Stafford, Stafford Papers, No.54, 17 July 1871.

Grey was not a suitable leader 'to guide the Colony through the difficult and trying period it appears probable she will have to pass....'⁷⁴ This was correct, as Reid afterwards admitted,⁷⁵ for once the abolition struggle was over most of the forces realigned on the 'bold'-'cautious' basis, and Reid naturally turned to Atkinson.

During the Parliamentary recess, the trend towards depression which had appeared in 1876 became more apparent. Complaints were heard about the lack of work, the cessation of public works, and unemployment. In Taranaki⁷⁶ requests were made to the Government by the Executive Officer in the first half of the year, to extend the public works in the province so as to employ immigrants, and provide work for 'several men' who would otherwise be unemployed.⁷⁷ The Taranaki News resigned itself to 'a time of hardness'; for now that the £20 million loan was expended, 'we must submit to the sequelae of depression if we would again enjoy normal health.' It spoke of declining trade and land revenue, and warned that caution, coupled with increased taxation, must be expected,⁷⁸ but was nevertheless pleased when Atkinson borrowed £1½ million from the Banks of New Zealand and New South Wales. It claimed to have opposed 'the Vogelian policy financial stimulation, believing that normal growth is best

⁷⁴ T.H., 10 January 1877

⁷⁵ See Chapter one above, p.

⁷⁶ Taranaki provides the best examples of change of allegiance in 1871, for it was most dependent of all the provinces on General Government expenditure, as it had few means of providing a livelihood for its increased population. Retrenchment while there was still hope of loans was therefore frowned upon.

⁷⁷ See F.A. Carrington to H.A. Atkinson and Minister of Public Works, 11 January, 31 May 1877. Superintendent's Outward Correspondence, pp.7,9

⁷⁸ T.N., 20 January 1877

and most enduring, but as the Colony has entered so deeply into that policy we believe it would be suicidal to abandon it abruptly.... The stimulus of the loan having ceased to operate, depression has been the natural consequence, and as the debauchee takes a hair of the dog that bit him to aid his recovery,... so has the Colony obtained a small loan to assist it in regaining financial health and in tiding over its present difficulty.'⁷⁹

The Herald was more vehement in its attitude; the whole depression, it believed, was very much consequent upon the slackening off of General Government expenditure. Taranaki's own local works, such as the construction of a harbour, were held up through lack of finance from land sales, which in turn derived from the Central Government's failure to open up the province by works and communication. At the same time, lack of public works led to unemployment among those who had been normally employed on them. In effect, what this all really meant was that the whole Taranaki economy had been artificially boosted to a limited prosperity, or at least kept out the trough of utter stagnation and depression by a system of unreproductive works. Although the province was the most extreme example of this artificially induced prosperity, it was, nevertheless, still an example of the provincial economies in general. They had had boom conditions in times

⁷⁹ *ibid.*, 24 February 1877.

of real prosperity but their 'bold' leader had left them as economic conditions worsened, and he had been replaced by one who performed the unpleasant task of bringing them face to face with the reality of growing recession, when they were in no condition to face it. There was one solution - to replace this pessimist comforter with someone who would give them back the good times. The man they chose was James Macandrew. Criticizing the Government for its 'systematically retarded' expenditure, the Herald complained, 'We can only account for the unfair manipulation of the appropriations of the House by the assumption that the only policy left now for any Government is the question of how it can easiest retain office and it is discovered that this can be done by so regulating the expenditure as to secure the greatest number of votes.... We may therefore expect that our members will now feel at liberty to act with any party in the House which will best promote the interests of this district by opening up the country for settlement.'⁸⁰ It concluded by suggesting a rapprochement with Auckland members in order to press for a connecting railway.

The criticism of the Government by its erstwhile supporters continued, when a public meeting supported by T. Kelly, M.H.R. for New Plymouth, was held to discuss the delay in the Waitara-Wanganui railway line,⁸¹ followed by another hostile editorial which complained again that the railway was not progressing

⁸⁰ T.H., 31 May 1877.

⁸¹ See T.H., 1 June 1877.

fast enough, and that parliamentary appropriations were simply not being spent because of Atkinson's policy of delay.⁸²

The spirit of inactivity, rest and delay in politics and policy seemed to pervade the whole year. It seemed as if Atkinson, not recognized as a good party leader, was hesitating, not sure of his next move, as to the policy he should adopt in the face of economic conditions. While not as bright as in the earlier years of the 1870's, these conditions showed signs of a possible return of good times, so that a stiff policy of retrenchment was not really justified; and yet it seemed that a purgative dose of economy would probably have a beneficial influence on the country. On the other hand, the opposition seemed to have little life in it and still appeared uncertain as to the policy it should adopt. Group leaders there were certainly, but without policies upon which the amorphous body of members could divide and take a stand, for each set of leaders appeared to be waiting for the other to make a definite move before finding its own place in relation to the other. In the final analysis, the responsibility for the stalemate probably devolved upon Atkinson; for no-one was quite certain whether he would continue the policy of Vogel or definitely take the fully 'cautious' line.

Even so well-informed an observer as Ebenezer Fox, secretary to Cabinet, would only make vague reports to Vogel in London on the political situation. Regarding the coming session he wrote, 'as there don't seem to be many Bills intended, work ought to be fairly forward for the Session....'⁸³ while in

⁸² See T.H., 4 June 1877.

⁸³ E.Fox to J. Vogel, Vogel Papers (unsorted), 5 May 1877.

reference to the Opposition his comments seem to bear out the contention that they could form no real policy until it became obvious what the Government was doing. 'As yet,' he wrote, 'nothing in the way of a coherent Opposition is visible. Sir G. Grey is said to mean to ride 'Separation'; Mr. Macandrew has a hack of the same name.... The real opponents of the Government will certainly not agree in backing the Opposition horse; and the sensible ones will see that they can really do nothing, while Mr. Macandrew talks about 'a turn of the political wheel(?)' by which 'Otago will regain what she lost last Session'. It is to be hoped that he is right: for what Otago then lost was its "head" or commonsense.'⁸⁴

Atkinson, too, must have been in a quandary. In a letter to Vogel suggesting that the latter allow Stafford to replace him in the Agent-Generalship, as the Government was not sufficiently strong to carry his expense vote, he pointed out that Customs revenue was expected to fall off from the estimates by £40,000, and yet, in addition to a rise in postal and stamp duties, 'on the railways there will be a wonderful increase. I estimated a profit of £85,000 the actual profits will be £116,000!!!' The South Island railways would return nearly 5% of the capital expended on them above working expenses, but the North Island only 1%. However, he did make his policy clear;

⁸⁴ E. Fox to J. Vogel, {Vogel Papers (unsorted), 25 June 1877.

for although it seemed that the public works policy was at last paying off, he said, 'I do not think we shall issue a new loan this year I mean pass a loan Act. I think we shall get all we want by the inscription bill and the feeling here is very strong against a loan bill this year.'⁸⁵ Yet, six days after the session had started, Ebenezer Fox, apart from noting that 'Mr. Gisborne is shaping as an Oppositionist' (a significant change as he had been a strong supporter of Vogel and the 'bold' policy) could only write, 'There is not yet any sign of a vigorous or even an organized Opposition; and things are going on in the House with a flabby limpness that contrasts strangely with the fiery opening in 1876.'⁸⁶

At the end of July, Atkinson delivered his Financial Statement, with the result that the Ministry's policy became known, and the Opposition had something definite which they could attack and against which to rally their forces. The theme running through the whole of the statement was 'rest to recuperate', so as to take stock of the progress that had been made and of the financial condition of the colony. The point had been reached, said Atkinson, where revenue was suffering from unproductive expenditure on railways, and although the Government had been blamed for not expending the full amount of each vote, it was pledged to reduce expenditure. Backing his policy up by statistics he showed that public works

85 H.A. Atkinson to J. Vogel, Vogel Papers (unsorted), 1 July 1877.

86 E. Fox to J. Vogel, *ibid.*, 25 July 1877.

expenditure from 1870 to 1877 had been £11,840,620; the total public debt had reached £20,895, 311, less some credit balances, whereas the revenue, excluding land, equalled £2,171,659; so that the net public debt was $8\frac{1}{2}$ times the revenue or six times if the land revenue was included. Of the total debt £8,300,000 had been spent on railways, £3,500,000 on immigration, £4,400,000 on harbours, roads, lighthouses, buildings, etc., £1,300,000 on the purchase of native lands, and £2 million on the suppression of the native outbreak. For the past year there had been a saving in expenditure of £194,084, while the actual revenue had fallen short of the estimates by £3,895.⁸⁷

Referring specifically to the public works section of the statement, Atkinson asked the House 'to consider the arrangements necessary for completing the scheme.'⁸⁸ A loan of £2,000,000 was also asked for, but now Atkinson admitted that, since 1870 the Colony's prosperity had been due not only to the effects of the public works policy but also to the high price for wool. The idea had grown up that the desire for a railway was sufficient reason for having one, and that 'our powers of borrowing were unlimited... many of us have seemed to think it was impossible we could go too far or too fast in raising money for works of a reproductive character.'⁸⁹ He believed that only by slowing down the application of the policy and by reducing expenditure was the Government facing reality.

87 See NZPD, Vol.24, pp. ,31 July 1877.

88 *ibid.*, p.126.

To sum up, he outlined his intentions. 'For the immediate future, the Government believe that the need of the country is political rest. Time is needed for the completion and development of our public works; quiet is needed for the consolidation of the social results without which a scheme of immigration ~~(?)~~ of railways in any new country would be a failure; time and rest will co-operate in enabling us to satisfy those outside the colony who are concerned as to its fate, that our confidence in 1870 was justified, and that, though its cost has been very great, its benefits have been commensurate.'⁹⁰

Atkinson, then, appealed for rest and quiet, and to his request was added that of Ormond, who, in his Public Works Statement a few days later, explained that progress was being made, although the votes were not fully expended. There were complaints that the Government was not pushing on fast enough, but its course was the only prudent one in the circumstances. In railway construction, the Government's policy was stated statistically and the result was the same as Atkinson's - that it was to be rounded off and completed.⁹¹ The railways had returned a profit of £86,386.10.2 (not £116,000 as by Atkinson's reviewed estimate) and only three lines had made losses, Kaipara £518.7.1, Wanganui £237.4.10, and New Plymouth £629.3.1.

⁹⁰ *ibid.*, p.127.

⁹¹ *ibid.*, p.362.

	Authorised		Open for traffic		To be opened during 1877-8		To be completed subsequent to 30 June 1878	
	Miles	Chains	M.	D.	M.	C.	Miles	Chains
North Island	412	13	212	47	131	75	67	51
South Island	815	32	647	55	142	31	25	26
TOTAL	1,227	45	860	22	274	26	92	77

A final point must be made regarding Atkinson's proposed loan of £2 million. It was not, as has been suggested, typical of the loan raised by Vogel or by Macandrew, but was obviously meant as the final loan until such a time as New Zealand had recovered from her over-indulgence, and could, without doing any harm, absorb more carefully-planned loans for expenditure on developmental works. The proposed loan of 1877 was, then, merely to provide the means of completing the public works scheme as far as authorized, to make it as reproductive of profit as possible.

But Atkinson's proposals did not on the whole satisfy a country which had lived high for a few years, and now saw that any toning down of public expenditure would result in further economic stagnation. The 'cautious' Taranaki News agreed with him when it said, 'Rest in order to recuperation (sic) is evidently the line of policy the Colonial Treasurer would have us adopt, and there is wisdom in this advice, for although we cannot afford to stand absolutely still as regards our extraordinary expenditure, great caution is necessary after our late indulgence in Vogelian dissipation.'⁹² But its contemporary, the Herald, while commending the statement for its proposal to borrow and complete the main railway so as to extend the area of settlement and bring in profits when the land revenue should drop away, was critical of the saving of £330,000 on railways from the original vote. The saving was an unwise one, it thought, for otherwise the Inglewood railway would have been opened, while reproductive works were delayed merely in order to obtain a balance at the end of the year.

92 T.N., 4 August 1877.

It criticized, too, the 'spoliation' of part of Otago's and Canterbury's land revenue.⁹³

It was this, the attack on the land fund, which drew the ire of the Canterbury press on Atkinson's head, for both papers⁹⁴ in Christchurch felt that the Government was being deceitful in grabbing part of the province's land fund, and that the government's action was merely preparation for the complete defeat of the principles of localization and the 1856 Compact. The Colonial Treasurer's financial policy was merely hand to mouth, thought the Lyttelton Times, while the Press criticized the attack on the fund as being made merely to help Atkinson out of an embarrassing deficit, and not for expenditure on public works and immigration. What the country needed was a financier who would place the Colony's finances in a sound condition by seeing the whole question in a large aspect instead of resorting to mere palliatives.⁹⁵

About public works the Press was non-committal, noting only that the railways would cost £7,000 per mile by the time they were completed.⁹⁶ The Lyttelton Times was more critical, condemning the 'casual and promiscuous administration' of public works as well as the growing cost of railways. In addition it estimated that the return over the costs of construction throughout the country would only be 2.26 per cent whereas in New South Wales it was 4.43, leaving only .39 to be paid out of ordinary revenue. This showed that there were

⁹³ T.H., 6 August 1877.

⁹⁴ See L.T., 2, 3, 7, 8 August 1877, and Press, 6, 7 August 1877.

⁹⁵ Press, 11, 14 August 1877.

⁹⁶ Press, 13 August 1877.

too many political railways in New Zealand and that there had been mismanagement.⁹⁷ The Government's lack of policy and action received strong criticism, the Press believing that if only the Opposition could combine on one distinct principle, to give sound finance to the Colony, they would gain office, but realized that they also were disunited and their 'whole political course is limited to a mere fight for place!'.⁹⁸

The Government were merely waiting and 'trimming their sails to meet the rising blast' - nevertheless, although the Press had no great opinion of Atkinson's financial ability, it placed this higher than Grey's.⁹⁹ What the Times wanted to see was more definite organization on party lines, and, mistaking the real basis of politics, it could not see how abolitionists and provincialists could combine to work in unison - there was nothing, it thought, holding the Government together any more than the Opposition.¹⁰⁰

The Taranaki Herald, too, continued its criticism when it complained that 'The resources of the Colony are certainly not to be doubted but comparatively little is being done to develop them, and consequently there are no counter-acting influences at work'. 'A review of the present condition of the Colony', it remarked 'is not encouraging'. Depression is more or less visible in all direction. We notice in the large centres they are almost in the throes of a commercial crisis. Industry is almost stagnant, while capital is unproductive.'¹⁰¹ The latter description was borne out by

97 L.T., 11, 13 August 1877.

98 Press, 17 August 1877.

99 Press, 20, 23 August 1877.

100 L.T., 10 August 1877.

101 T.H., 24 August 1877.

the Lyttelton Times, which spoke of the large muster of unemployed in Christchurch, due to the poor type of immigrant brought into the country, and to the removal of control of public works and the land fund from the hands of the Superintendent's.¹⁰² So it was not only in the poor, resourceless province of Taranaki that the diminution of public works and temporary stimulants led to stagnation and hardship; this happened also in the richer provinces which, in spite of their wealth, had not the means of supporting their greatly increased population.

While in the Colony economic progress was so obviously decelerating, inside the House of Representatives there was little political movement. Since the financial and public works statements there had not been much action except for the passing of Bowen's education act, a bill in which Atkinson took little part. But the political torpor of the Ministry was having a negative effect; for, in addition to giving the Opposition under Grey and Macandrew something to attack, it tended to alienate some of those members who, believing in the 'cautious' approach to borrowing and developmental expenditure, yet disliked inactivity. During September this group of men, some of whom also still thought in the 'provincialist v. abolitionist' vein, formed a third group between the Government and Opposition, and called it the 'Middle Party'. The aims and objectives of this party seem to have been to defeat the Ministry, then form a

¹⁰² L.T., 14 August 1877.

coalition composed of its own members and some of the Atkinson Ministry, including Atkinson himself, who, however, was not to be leader. The last thing that most of the group wanted was to see Grey take over as head of a new Government, so that when it became obvious where the real political strength lay after the defeat of Atkinson, many turned back to their own real party, now in opposition. Their power was limited right from the start because they had no original policy to promulgate. They were a party of protest but their reasons for dissatisfaction against the Government were not those which were likely to gain them sympathy with the majority, either of the House or of the country, both of which wanted the re-introduction of a 'bold' policy of public works in order that the resources of the Colony could be properly and fully developed - in other words, government expenditure to take up the slack of unemployment and to inject the oil of finance into a machine which was likely to creak to a halt without its help.¹⁰³ On the other hand, Grey and Macandrew found it to their advantage to work with, and use, the Middle Party, which distrusted them, to gain their votes until they had sufficient power to attract a majority to their side with promises of an attractive and progressive policy.

All this took time and a great deal of patience, however, and even in late September, Ebenezer Fox was informing Vogel that 'The talk today is that the Greyites and the 'Middle' party are hopelessly divergent - that at no time since the

¹⁰³ At the time, of course, there was an expansion of private credit and this, no doubt, gave rise to a more optimistic feeling about the colony's resources. See above p.2, Simkin pp.159-60.

session began, has there been less chance of an agreement for a real assault than now. If they would only agree not to hinder work what a blessing it would be....There is not one of the policy measures through.¹⁰⁴ Later he wrote, 'The Opposition have certainly been hard pressed for something to rally the Greyites pure (and simple) the Otago and Canterbury still sore Provincialists, and the 'Middle Party' made up in a way not easily statable.'¹⁰⁵ Larnach, a nonentity, it seemed, was the new leader of the Opposition, chosen, no doubt, by members of the 'bold' party so as not to scare off the Middle Party.

The first attack made upon the Government was in criticism of the Ministry on its control of a newspaper, the 'Waka Maori'. Atkinson chose to regard this as a want of confidence, although it was undoubtedly merely a test of strength motion, and by so doing, he retained the support of many of those who would have voted against him on a wider topic, but thought that Larnach's motion was too petty.

But although the Government won this trial of strength, the Lyttelton Times considered that it was losing supporters and noted that the last two to go were Ballance and Bryce. 'The position of political parties is becoming more distinct every day. The Ministerial party is waning. The Middle Party is increasing. The Grey party is stationary.'¹⁰⁶ The Middle Party it stated, was in its youth, was gaining strength by attracting

¹⁰⁴ E.Fox to J. Vogel, Vogel Papers (unsorted), 20 September 1877.

¹⁰⁵ *ibid.*, 2 October 1877.

¹⁰⁶ L.T., 6 October 1877.

particles falling from the Government and would absorb the extreme opposition, whereas Grey would not be likely to seek office if the opposition gained power. It hoped for agreement on main principles, so as to give 'prudent and honest finance, substantial local self-government and capable administration at headquarters'.¹⁰⁷

The Taranaki Herald had little comment to make on the political changes, but expressed its opinion indirectly when it hoped that there was to be the same amount of progress over the next five years as there had been in the previous five.¹⁰⁸ The Herald wanted the continuation of a 'bold' policy. In Auckland neither paper supported the Middle Party, the New Zealand Herald, always extremely parochial, believing it to be a phalanx of Middle Island members,¹⁰⁹ while the Evening Star, a Government supporter, indicated the centre group's policy as merely one of waiting for something to turn up and refusing to discuss the general policy of the Government.¹¹⁰ But both papers noted the defections of Ballance, Curtis, Sharp, Bryce and Johnston to the Middle Party,¹¹¹ and the Star believed that Whitaker, Ormond and G. McLean, the Ministry's unpopular members, would retire in order to gain votes for the Government.¹¹²

The Wellington papers were either in favour of the Ministry or non-committal. It had made some mistakes, thought the New Zealand Times, but it was composed of able and honest men

107 ibid.,

108 TH., 1 October 1877.

109 N.Z.H., 28, 29 September 1877.

110 E.S., 29 September, 1 October 1877.

111 N.Z.H., and E.S., 5 October 1877.

112 E.S., Correspondent, 6 October 1877.

and the Colony would not benefit from a change. It opposed the Opposition's 'insane' policy of insular separation and the removal of the capital from Wellington.¹¹³ The Evening Post could see little but confusion on the political scene when it described political affairs as uninteresting; for 'With the abolition of the provinces the old political parties were broken up, and there has not yet been time to form new ones!'¹¹⁴ That the Waka Maori motion was ^{an} ill-chosen topic and that much of the centre group were waiting for a broader field on which to challenge the Ministry, can be seen by a Post editorial which said that on the Waka Maori case 'The great Middle Party seemed to vanish into thin air, and Messrs. Fitzroy, Rowe, Stevens, and others who were said to have deserted the Ministry returned to their allegiance'. The only thing that was keeping the Government in was the lack of definite opposition policy and unity.¹¹⁵

In the smaller provinces there was little strong party feeling, but what there was tended away from what was considered the extremism of Grey and towards Atkinson's ministry. The Hawkes Bay Herald could not understand why Larnach, formerly a Government supporter, should be in the opposition, but thought a blunder had been made in choosing both him and the Waka Maori case to challenge the Government.^{116, 117} The Daily Telegraph

¹¹³ N.Z.T., 5 October 1877.

¹¹⁴ E.P., 24 September 1877.

¹¹⁵ Ibid., 2 October 1877.

¹¹⁶ H.B.H., 28 September, 1, 2, 5 October 1877.

¹¹⁷ In addition to Ballance, Bryce, Curtis, Sharp, Johnston and Baigent, it noted also that Reynolds, Stevens, Fitzroy and Woolcock lacked confidence in the Ministry.

sympathised with the Ministry after watching the defections of many members but thought that, although its intention were honest, it had made many blunders in political tactics.¹¹⁸ In Nelson, too, neither paper could see much but a struggle for power, and faction fighting.¹¹⁹ The Nelson Evening Mail reported that two Nelson representatives, Sharp and Curtis, had turned against the Government, but it was not carrying on the public business satisfactorily,¹²⁰ while the Colonist saw the Waka Maori dispute as the neutral ground from which the Opposition could fight the Government, and launch the only available medium between the Middle Party and the Greyites, but it thought a new premier would probably be Fitzherbert.¹²¹

On 8 October the end ^{came} for the enfeebled Ministry. The want of confidence speech by Larnach was weak and petty,¹²² but the scope of the motion itself was sufficiently broad to gain the support of many of those moderates who objected to the ineptitude and torpidity of the Government. In the majority of 45¹²³ (including three pairs) were included such men as Bryce, Ballance, Brandon, Curtis, Rolleston, Travers and Sharp, who had either then been 'cautious' men or had been members of the Atkinson Government - and were to be again before long, voting with him.

The period between 8 and 13 October was one of confusion during which rumours of coalitions and party formations flew about the entire Colony; for it was not known whether the centre and 'extreme' sections of the erstwhile opposition would coalesce, or whether the new Ministry would be purely a Middle party or a Greyite one. The Press thought that the Middle Party would not be satisfied with Grey, who was the only real leader of the

119 Colonist, 4, 6 October 1877. 121 T.C., 29 September 1877.
120 The N.E.M., 5 October 1877. 122 NZPD, Vol. 26, pp. 267-9 1877.
123 *ibid.*, p. 284. See Appendix also.

opposition, as the former were never separate or independent. 'Messrs. Rolleston, Montgomery and Gisborne might succeed in ejecting Major Atkinson, but they could only do so by the cordial help of Sir George Grey.... There is nothing whatever of any importance in which they differ from Major Atkinson's Government, or in which they are not at liberty to follow precisely the same line which he follows... the complaints against the Government were emphatically of the smallest character.'¹²⁴ This was written by a biased commentator, but does drive home one truth, that the Middle Party, a segment of the 'cautious' members, however strong in composition and debating power, was strong numerically only when it had the backing of the Grey party. The Otago Daily Times thought that a coalition might have been arranged with Atkinson and Bowen in the new Ministry, and declared that it was not prepared for the possibility that Grey might become leader of the new Ministry, as it understood that 'the late successful assault on the Government was the action of the Middle or Moderate party, and this decision has something of the appearance of snatching the prize out of their hands.'¹²⁵ If it had been known, the Times continued four days later, that the extremists 'were to snatch the fruits of victory, the moderate party would not have taken action and the Atkinson administration would still have been in power'.¹²⁶

The New Zealand Herald thought that Rolleston, supported by Grey, would head the new Ministry,^{and} as it believed that

¹²⁴ Press, 11, 13 October 1877. — see over page

¹²⁵ O.D.T., 8, 12 October 1877.

¹²⁶ ibid., 16 October 1877.

there were no burning questions in politics, just hoped that the new Ministry would be more favourable to the province. It reported later that Grey would probably be premier, but Curtis, Travers and Rolleston were backing out as they had wanted Fitzherbert.¹²⁷ Illustrating the fact that many contemporary observers over-estimated the power of the Middle Party is the Evening Star's estimated composition of the new Ministry which gave five portfolios to its members.¹²⁸ The Wellington papers, too, talked of coalitions and tied together such names as Montgomery, Rolleston, Sharp, Larnach, Macandrew, Sheehan and Whitmore, but both mentioned the growing estrangement between the Middle Party and Greyites or extremists. Rumour had it that many, including Johnston, Travers, Curtis, R. Wood, Rolleston, Sharp, Montgomery and Gisborne had withdrawn from Cabinet making, and that Grey, tossing the moderates aside, had turned to the extreme party of Ballance, Stout, Sheehan, Bunny and Dignan, retaining only Larnach.¹²⁹

The Hawkes Bay Herald was sure that the Middle Party merely wanted a reconstructed Cabinet and that, under Fitzherbert, men such as Rolleston, Curtis, Montgomery and Gisborne were equal to the best in the Colony, but it opposed Grey strongly.¹³⁰

The Daily Telegraph, too, thought that a Ministry under Fitzherbert or a coalition under Stafford would be the most desirable, but when Grey took over, it remarked that the Middle

¹²⁷ N.Z.H., 9, 10, 11, 12 October 1877.

¹²⁸ Grey (Premier and Native Minister) Travers (Attorney General), Larnach (Commissioner of Customs), Curtis, (P.M.-General), Rolleston (Public Works), Gisborne (Labour). See E.S., 9 October 1877.

¹²⁹ E.P., 9, 15, October 1877, and N.Z.T., 10, 15 October 1877.

¹³⁰ H.B.H., 9, 12, 15 October 1877

Party had turned away disgusted.¹³¹ Again in Nelson there were the same rumours that Fitzherbert would lead a Middle Party Ministry, or that Atkinson and the Middle Party would form a coalition, until finally it became clear that it was Grey and not the moderates who would be most powerful.¹³² The Colonist attributed the failure of the Middle party to gain office to the fact that it had no leader, and criticized Fitzherbert for not coming forward. 'The unreasonable caution of the man of the time - Sir William Fitzherbert - has extinguished his influence. He has missed the chance of serving his country, and he may depend that, whatever happens, this specimen of weakness will prevent anyone asking him again'.¹³³

But the failure and defeat of the moderate parties could not be so easily attributed merely to the lack of a leader; for, in the long run, even with a strong chief, the 'cautious' policy, with its proposals for retrenchment and economy, could not have been readily acceptable to those who feared the effects of another slump. The Colony had suffered under depression earlier; it had been intoxicated by the fruits of a boom and was in no mood to enter another depression as long as this could be prevented. There was, of course, the usual li^e-service paid to the need for economy, but as soon as that meant reduction in Government loan expenditure, the outcry against the failure to develop the country's great

131 D.T., 9, 10, 12 October 1877.

132 N.E.M., 10, 11, 12 October 1877.

133 T.C., 20 October 1877.

resources was heard throughout the land. In 1877 Atkinson had been foolish enough to start putting his promises of retrenchment and prudence into effect; the response of country and parliament was his dismissal and replacement with men who would give the people what they wanted - what Vogel in his heyday had given them - loans and public works.

CHAPTER FOURTHE RETURN TO A 'BOLD' POLICY 1877 - 9 .

The two years from October 1877 to the same month in 1879 show, in the economic sphere, a continuation of the trend towards depression noted in 1875-6.¹ Of the four large provinces only Otago experienced a rise in exports in the year 1877-8, and this by no means counteracted the sudden and decisive falls in Auckland, Wellington and Canterbury. In the smaller provinces Westland and Hawke's Bay both rose in the year, and Nelson fell slightly. Throughout the whole country the general effect was a fall in exports between 1877 and 1878. The following year 1878-9 was no better, for again exports dropped in three of the main provinces, although they rose in one - Wellington, this time. In Westland again there was another big increase, caused by the opening of the Kumara gold field, and Nelson too, experienced a rise, but Hawke's Bay's exports fell. Again the general effect was a further drop in New Zealand's exports.

On the other hand, during this period, imports continued to rise from the 1876-77 levels, where in the former year the adverse balance of trade had been about £1.3 million, but had dropped to approximately £600,000 in the latter year. In 1878 the import level leapt by almost £2

1. See S. of N.Z., 1877-9. Exports dropped from £6,327,472 in 1877 to £6,015,700 and then to £5,743,126 in 1879. At the same time imports increased from £6,973,418 to £8,755,663 in 1878, and fell slightly to £8,374,585 in 1879. The import figures are not evidence to soundly based prosperity obviously, but are an index, rather, of the great confidence felt by the people in their position, provided credit and loan money continued to be injected into an otherwise stagnating economy.

million to reach a new height and eclipse the previous peak reached in 1874, itself a great boom year. In 1879 imports fell off a little, but the figure was still higher than Vogel's record year 1874.

The whole economic picture of apparent and assumed prosperity - if this is to be judged by general optimism caused by the size of imports - seems to be one of artificial boom conditions brought about by forced inflationary measures, for there was in reality no solid foundation on which people's optimism could be based.

C.G.F. Simkin explains the great public optimism as occasioned by 'the excessive confidence engendered by the borrowing policy, by 'the lavish supply of credit, and by the startling immediate profits offered by mechanical wheat farming....

'The artificial, and indeed, partial, character of the boom of 1877-8', continued Simkin, 'is shown not only by the stationary level of exports and the falling prices for produce, but by the marked slowing down in the level of factory employment, by the rise in bankruptcies,² and by the difficulties of public finance.'³

There is no doubt that the colony was not only living on borrowed capital, but creating a boom out of it as well.

2. See also S. of N.Z. for the startling rise in bankruptcies; 1877, 994, 1878, 1009, and in 1879 a great increase to 1787 as the full effects of the depression struck the colony.

3. See C.G.F. Simkin, p.160.

Economically, the end came in 1879 when, in the private sphere, the failure of the City of Glasgow Bank, associated with other financial crises, brought about an abrupt contraction of credit throughout the year in early 1879. By the end of the year discounts and advances had been reduced by £2 millions.⁴ The resulting depression and collapse of many who had been living on credit, with its allied social distress, also had its effects in the spheres of politics and public finance.

Politics through the period again followed the pattern laid down by economic influences. In 1877 conditions were not sufficiently depressed for Atkinson to gain general support for his policy of economy and political rest, and there was the desire throughout most of the colony for a ministry which would return to a 'bold' progressive policy such as Vogel's. Grey came to power as a result of that desire, although he and his ministry had to struggle to retain power during its first few weeks, possibly because the country distrusted the new premier and his supposedly unrestrained radicalism. But as soon as the real policy of the Government as set out by Grey - influenced, no doubt, by his far more powerful colleague Macandrew - became known, this, allied with the Government's colonialization of the land fund, drew support from most sides of the House, and

4. *ibid.*, p.161.

over a large area the colony, just as Vogel's policy had drawn the flies to gather around the honey of borrowed capital. A mild ministerial statement by Grey was sufficient to retain the allegiance of the less radical members until the more attractive proposals for a return to, or rather a continuation of, the 'bold' policy of colonization and development could be initiated and laid before the House and country.

The party which, under Grey, formed the Government from October 1877 to October 1879, was not elected to put a liberal reform programme into effect, it did not do so, and although its nominal head declaimed about freedom, justice and the great need for social reform, the party had not failed in its real and actual policy when it was defeated in 1879. It had been called to office to break through an apparently cloying and retarding obstacle to the colony's progress - Atkinson's policy of 'political rest' - and this it certainly did with a vengeance. Atkinson's unwelcome proposals for the tailing off of the public and immigration scheme, the cessation of borrowing and thus of expenditure, were brushed aside, as reactionary and unbefitting to a progressive young colony which needed its resources - still undiscovered - developing. Money was borrowed, great schemes of communication proposed and immigrants brought in, on the same scale as they had been under Vogel. Once again, as in the early 1870's, the warnings of those few 'cautious' men who could see that the evil day was drawing nearer, were ridiculed and disregarded, and again the ranks of opposition

were thinned by the absence of all those representatives of the provinces who had left to support the policy of cash distribution, - and who came away with some of it for their own electorates. Politics were back fully now to the old alignment on a 'bold' versus 'cautious' basis, with the latter very weak in the existing conditions of great prosperity - artificially induced though it was.

All this leads to the final conclusion that the Grey ministry's policy was not primarily one of liberal reform, nor was Grey, with his cry of liberalism and democratic rights, its most important member. The real weight and power of the ministry gravitated to the side of James Macandrew, a big business man and ex-Superintendent of Otago, and Larnach, both, as Morrell and Hall describe them, politicians of the Vogel school and inveterate optimists.* If a government is to be judged on its successful policy and not the mere verbiage of abstract political theory which acts as a cover for its real raison d'etre, the ministry of 1877-9 was Macandrew's, and the political glue which held together such insoluble elements as seems apparent if the ministry is seen as a liberal one, was the re-appearance of a 'bold' scheme of public works.

The end came for the Grey Government in mid-1879, when economic conditions had become so depressed by the continued fall in overseas prices, now accompanied by a cessation of

* See W.P. Morrell and D.O.W. Hall, A History of New Zealand Life, p.125.

bank credit, that even the Government's proposals to intensify its borrowing and expenditure programme had little effect. The time had come for a reappraisal of Government economic policy, and the only men who could be entrusted with the job were those prudent, 'cautious', politicians who had continued to oppose extravagance and waste earlier.

Grey's task, in the first few days after Atkinson had been defeated, was not easy, for he had to convince the moderates of the middle party that his policy would not be extremist. Larnach, it soon became obvious, had not the backing to form a stable ministry and the middle party moderates began to move back to the more congenial company of Atkinson, Reid and McLean.

Various newspapers noted that Curtis, Rolleston, Travers, J.E. Brown, Ballance and Stout had declined office and that others such as Sharp and Montgomery would also probably do the same now that Grey had appeared as head of the party.⁶ The Otago Witness, still apparently not sure of Grey and his policy later in October, was sorry that the middle party had allowed power to be snatched from its hands, and thought that it could not be blamed for standing aloof from the new ministry, as it was more in sympathy with Atkinson than the extremists.⁷ The Press, too, was certain that no one of consequence would follow Grey, and that Macandrew was the only man of importance in the ministry, while Larnach and Fisher (of Canterbury) were merely respectable dummies.⁸

6. See L.T., 13 October, and Colonist 13 October 1877.

7 O.W., 20 October 1877.

8 Press, 17 October 1877.

Even Grey's policy statement on 15 October, in which he called for greater retrenchment, but continued public works, a simpler system of strong centralised government, and vaguely proposed some measures of political reform,⁹ did not stimulate a great deal of discussion. Ebenezer Fox, writing to Vogel some days later, described his own and others' reaction to it; 'Grey's speech last evening stating the ministerial policy was simply delightful as a piece of speaking. Policy? Ah! What? "Nothing" say some: "Crammed full of policy from the first word to the last" say others: but they mean to be sarcastic.'¹⁰

The Press condemned it as vague and 'inexplicit' on public works and immigration and made the point that, by concentrating all power in the hands of the general government; 'He comes out at last as a Centralist pure and simple'.¹¹ In Hawke's Bay the Daily Telegraph, never a strong supporter of Atkinson, commented favourably on the moderation shown by Grey, and thought the ministerial statement masterly, but also remarked that the ministry was heterogeneous, Grey having taken a stand on a democratic platform, whereas Whitmore, a landowner, was neither interested in popularity, nor in favour of an improved system of representation. In concluding its discussion of the political scene, its Parliamentary correspondent noted the rapprochement between the opposition and the middle party under the elected leadership of Atkinson.¹²

9 NZPD, Vol.26, pp.289-93, 15 October 1877.

10 E.Fox to J.Vogel, Vogel papers (unsorted), 20 October 1877.

11 Press, 17 October 1877.

12 Daily Telegraph, 16,17,22 October 1877.

As the month passed, however, it became increasingly evident that opinion in the country was swinging in favour of Grey. In addition to the praise given by the Lyttelton Times - always a strong supporter of Vogel's 'bold' policy - regarding the promise of an energetic policy of public works and immigration in contrast to the utterances of the late ministry for twelve months,¹³ a limited support came from the Colonist and the Otago Witness. The former, a middle party supporter, made two important points, firstly that Grey had adopted the retrenchment policy, although he intended continuing the public works policy and had also become a centralist; secondly it laid bare, in an informative and revealing editorial, its interpretation of the cause of the weakness of the late ministry. It thought that, since the flight of Vogel, who had built up a strong following, his successors had led a troubled life because Atkinson felt he owed no allegiance to his chief 'and indeed on some occasions [sic] betrayed an indecent readiness to abandon his interests. All this is now revealed, and will by no means soften the hostility which the ex-Premier did his best to excite.'¹⁴

The criticism of the Atkinson ministry, then, seemed to be in one important sphere, the failure of Atkinson to follow up his predecessor's scheme and continue the policy of 'bold' development. It was apparently clearly seen that Vogel's policy would not be continued and that the ministry of Atkinson

13 L.T., 16 October 1877.

14 Colonist, 20 October 1877. Compare this with the letter written by Vogel to E.Fox, 3 January 1878,¹⁰ which Vogel states almost same thing. See Appendix A.

was a 'cautious' one, or, as the Colonist puts it, 'these Ministers were now known to be the delegates of Mr. Stafford....' ¹⁵ who had led the obstructive forces against Vogel and his policy in 1872. But even more significant was the editorial by the Otago Witness late in October, for it illustrates what the ministry's provincialist supporters expected of it.

In opposing Atkinson's want of confidence motion, it stated that it had faith in the ministry which had Macandrew and Larnach in it, and whose policy was of a 'bold and comprehensive kind', including branch railway extension, opening up of districts, and the start, as Macandrew said, of a new epoch in the construction of railways to develop the colony's resources. So that this new policy might not be balked by Atkinson, the Witness hoped that the ministry would survive the vote of want of confidence. 'Insofar as railway extension is concerned', it insisted, 'the defeat of this ministry will be a falling back into that state of stagnancy in the prospect of which the late Premier ejaculated ¹⁶ 'Give us rest'. The moving spirit, the life, the energy of that old ministry departed with Sir Julius Vogel, and its highest aspirations became 'rest', stagnation and political death. In this ministry we see the movings of a new life, and sinking old and hateful antagonisms, there is not a man who wishes well to the colony but should desire to see this new ministry afforded the opportunity of unfolding its new gospel of progress, and should shrink from the thought of the

¹⁵ ibid.,

¹⁶ O.W., 27 October 1877.

Colony being thrown back under the administration of an effete party, whose heartiest aspiration is "Give us rest".¹⁶ There is no mention of great liberal principles in this paean of support for the Grey ministry; for the Otago papers, as with the Lyttelton Times¹⁷ which denounced the radicalism of the Government, saw its policy as the reintroduction of the scheme of Vogel in its most 'progressive' form, and so the brushing aside of the debilitating economic effects of the suspension of borrowing and loan expenditure.

But still, within the House of Representatives, the ministry was not yet secure, as was shown on 6 November, when it just managed to scramble home, with the aid of the Speaker's casting vote, against Atkinson's motion of want of confidence. The division list¹⁸ shows the party alignment fairly clearly, for now many members of the middle party, including Brandon, Curtis, Rolleston, Sharp and Stevens, had joined the 'cautious' opposition, while counterbalancing changes included the crossing over to the Government of Reynolds of Otago, and the two Taranaki men, Kelly and Carrington.¹⁹

The one event, however, which strengthened the ministry was Larnach's financial statement on the same day as the want of confidence division. The two most important sections of this were that firstly, instead of operating the still-born land fund proposal of 1876, the Government proposed to make all land revenue colonial. Twenty percent or more, however, would be left for public works and settlement in the

¹⁶ O.W., 27 October 1877.

¹⁷ L.T., 17 October 1877.

¹⁸ See appendix B.

¹⁹ See T.H., 26 October, 1 November, 1877, which insisted that Grey and his colleagues be given a fair trial.

locality from which it was raised. Secondly, the Government intended to ask for a new loan of £4 million. These two proposals were designed to catch the imagination of both the House and the Colony and, although there was, as in 1870-71 opposition from the 'cautious' group in the House, the future strength of the Government was assured.²⁰

Stevens, second only to Atkinson in the Opposition for his financial ability, attacked the colonisation of the land fund, and even more, the proposed loan. Bitterly, he hit at the past irresponsibility of the House as he drove home the criticism that, 'It knew perfectly well that we should have to borrow or stop expenditure; everybody knew it; and yet the House persisted in involving itself in responsibilities without providing the means to meet them'. He pointed out that the Colony's credit had continually fallen as the borrowing policy was pressed on, and thought that this trend would also continue with the new loan. 'But, Sir, it is of no use for any honorable gentleman to protest against this. I believe that when, in 1870, we began to spend money on public works, the country first tasted blood, and as its thirst is not satiated yet, I believe that our finances will be in a very much worse state than they have ever before been, unless we resolutely determine to cease borrowing to the extent we have been doing hitherto.'²¹ Ormond and Atkinson²² also pointed out that the previous government had intended reducing borrowing and completing the public works,

20 NZPD, Vol.27, 6 November 1877.

21 NZPD, Vol.27, p.334, 22 November 1877.

22 See NZPD, Vol.27, Atkinson, ff 268, 20 November 1877.
Ormond, ff 357, 22 November 1877.

and the latter showed that since he had taken office three years earlier, he had only increased the indebtedness of the colony by £1,350,000 of which £1 million was still in the Treasury on 30 June 1877.

That the House, however, logical and effective the criticism of the 'cautious' group in opposition, supported the Government policy for returning to 'boldness', was shown a month later when an amendment by Atkinson reducing the proposed loan from £4 million to £2 million was defeated by 28 (39 with pairs) to 25 (36)²³. The combination of a colonialisied land revenue and the prospects of future lavish expenditure proved too formidable for prudent counsels to overcome, and not only in the House, but also throughout the country, opinion began to veer in favour of Government. The Taranaki News, a supporter of Atkinson, in commenting on the budget, remarked that there was to be no change in the loan and expenditure but that they were to be better administered; the colonialisiation of the land fund was praised as the colony was now in strengthened circumstances with a deficit of £750,000, and this called for a remedy; but 'The proposed new loan of four millions', it considered, 'shows us how far we are from escaping from the labyrinth into which we have been so pleasantly led by Sir Julius Vogel'.²⁴ But although the News was not completely convinced of the benefits to be derived from renewed borrowing, it seemed that it was prepared to accept the new loan as a necessity. The Taranaki

²³ NZPD, Vol. 27, pp. 747-8, 6 December 1877. See Appendix B.

²⁴ T.N., 24 November 1877.

Herald, perhaps contemplating the effects of complete support for Grey, kept silent.

In Canterbury the Lyttelton Times discussed the unfavourable financial conditions of the Colony and supported the proposed loan for the payment of debts and further public works. It defended the proposal of the Government to colonialise the land fund by declaring, firstly, that the finances had to be placed in a sound position, and then that the ministry had merely carried out to its logical conclusion the policy resulting from abolition. It commended Larnach for his honesty and candour, no doubt in comparison with what it regarded as the piecemeal undermining policy of the late government.²⁵ The Press was still intractable, however, and condemned Larnach's failure to prove any financial blundering or defalcation against Atkinson, whose diligence and accuracy was confirmed. The only difference it could see between the two policies was that Atkinson was content with a loan of two millions, whereas Larnach intended borrowing four. What did arouse ire was the intention of the Government regarding the land fund, an action it believed designed as a bold bid to gain a majority at Canterbury's expense.²⁶ Otago would not lose as it was well represented in the ministry and like Auckland had great works planned for itself. But later the Press, considering the future, thought that, after all, colonialization would not be a bad thing as 'the land

²⁵ L.T., 21 November 1877.

²⁶ See also E. Fox to Julius Vogel, Vogel papers (unsorted), 14 December 1877, where Fox says the same.

purchasing mania has worn itself out, and is not likely to be followed by a corresponding reaction.' The possibility that it would not reach £100,000 occurred to the Press, and for this reason a comprehensive scheme of land revenue would suit Canterbury.²⁷ With falling land sales in the province, Canterbury would contribute less to the general exchequer while there might be a corresponding increase in another province from which it could benefit. Provincialism was not yet dead.

Nor was it dead in central politics. Many members who supported Grey in 1877-9 had also supported him in the fight against abolition in the years 1874-6, and so it might have seemed logical that they would have tried to reimpose some sort of provincial system in the colony when they gained office. Instead, exactly the opposite happened, for Grey and Macandrew outstripped Atkinson in their strengthening of a powerful and centralised system of government, both in the ministerial and financial statements. The only possible reason for this would seem to be that, after their heavy defeat in 1876, after two years of battle against the abolitionist provinces, they had gradually realised that, in actual fact, the abolition of the provinces was very much a piece of superficial legalism and could have little real effect. No government, however earnest and determined, could completely legislate geographic and economic differences out of existence; even after 1876, although boundary lines had been conscientiously erased from maps of New Zealand, this had been merely a political or legal

27 Press, 21, 23, 26, 27 November, 1877.

measure, virtually worthless in its effect. Provinces, as 191
economic entities, and therefore provincialist feeling, still
existed in possibly as strong condition as ever before.
Macandrew realised this and so did those who supported Grey in
Auckland. What they now realised, in 1877, was what the
weaker provinces had known much earlier, that the central
government could be used, and most effectively, to further
provincial interests under different economic circumstances.
Everybody had now become what the majority were in 1876 -
'centralist provincialists' - and for a few uncontrolled months
the House of Representatives became a great market, with
Macandrew as stock-broker, where loans and public works were
bid for and sold, while the few prudent members, as earlier,
could only occasionally voice their protests, and wait for
their chance when the crash should eventually come.

The end of the 1877 session came late in the year, and
it appeared that the government had strengthened its position
in the country, judging by the opinions of Taranaki papers.
The News, while restrained in its opinion of the work done by
the Government, thought that at least the province had been
'fortunate in the melee, and has got more than she expected',²⁸
and the Herald praised Grey's activity and noted that Taranaki
had benefited from the Harbour Board bill and vote of £17,000
for the Mountain road.

During the recess everything seemed to be in favour of
the Government. Grey made his 'stump' of the colony amid
scenes of enthusiasm, and economically the country appeared
still to be prosperous and growing even more so. The land

28 T.N., 15 December 1877.

boom continued, in fact increased²⁹ and imports were moving 192 to a peak - all was ready, the stage set to continue the 'bold' policy of development and expansion.

The financial statement³⁰ of Ballance, the new colonial Treasurer, was certainly in keeping with the spirit of the times. It was a budget which even Vogel would have been proud to claim as his own. The gross revenue for 1877-8, Ballance set at £4,445,560, including £650,172 from land revenue (for the half year to 30th June, 1878). Customs had increased, but although the railways paid a profit of £145,151, this total was deficient by £53,001 on the estimates. Land revenue was the largest ever collected in one year, and had increased by £580,707 over the previous year. The increase of all revenue over the previous year had been £1,080,411, and the surplus of revenue over expenditure amounted to £476,319. In his estimates for the year 1878-9, he managed to restrain himself in revenue and expenditure to just over £4 million, with a favourable balance of £88,996. New taxes on land, joint stock companies, beer and wines were to bring in £141,000 while remissions of tariff and others would amount of £117,000, the latter aimed at freeing commerce and encouraging local trade.

Reaction to Ballance's effort was very favourable and in Taranaki the Herald thought that the Treasurer had been fortunate in having so pleasant a statement to make. Much of

²⁹ In most provinces mortgages and releases both increased over the whole Colony, the former being 7,754 for £5,174,499 in 1877 and 9,255 for £7,872,821 in 1878, while releases for the same years were 3,681 for £2,054,054, and 4,734 for £2,729,927.

the previous expenditure had been wasted in the past, but now,¹⁹³
it said, the position was healthier. The only complaint the
Herald had to make was about the unfair method of supplementing
the consolidated revenue.³¹

The Canterbury the Lyttelton Times of course, was
strongly in favour of what it termed Ballance's policy of
moderation, while easing the burdens of the working class by
a change in the incidence of taxation. The Colony, judging
by revenue and increasing exports, was in a sound financial
position.³² Even the Press thought the budget most
satisfactory, the large increase in revenue 'rivalling the
figures of our most favourable budgets' because of the excess
in territorial revenue over the estimates. But it criticized
the proposals for dealing with the surplus, and also the new
taxation, as not only did the greatest amount of land revenue
come from Canterbury, but the new land tax would also hit the
province hardest.³³ A good example of the attitude of some
of the press towards the different facets of the government
was to be found in the Evening Post, which praised the
precision, clarity and comprehensiveness of Ballance's
statement on all points, from increased revenue to the
proposed land tax, but criticized the beer tax, then within
a day or so also criticized a ministerial follower, Dr. Wallis,
for advocating universal women's suffrage.³⁴ Here was a pro-

31 T.H., 9 August 1878.

32 L.T., 8 August 1878.

33 Press, 14 August 1878.

34 E.P., 7, 8, 9 August, 1878.

Government paper which supported any financial propositions if they did not hurt the province, and at the same time made provision for increased loans for development, but on the other hand condemned radical measures in the House. This was typical of most of the support throughout the country, and within the House. Lip service was paid to Grey's radicalism by his 'liberal' supporters, so that the ministry could remain in to carry out Macandrew's proposed 'bold' reintroduction of the public works policy.

Macandrew's public works statement, the real policy-making speech of the Government during the 1878 session, was delivered later in the same month. After an introduction dealing with the public works policy in the past, Macandrew quickly moved on to deal with the future. The intended policy of the Government, he said, was to connect and finish all main railway lines, and to establish a network covering the whole country. The totals to be spent were, in the North Island £2,775,000, the bulk of which would be spent on the Auckland-Wellington connection of 476 miles, and in the middle island £3,525,000. With the addition of some extras, the total cost would be £8,345,000, to be expended over a period of 5 years. The immediate loan proposed was for £3 million, to be raised on security of land in the middle island, and confiscated land on the North Island's West coast.

He concluded with a warning against impatience for public works, but believed that the future of the public works and immigration policy would be greater even than in the past,

for experience had aided economy in railway building.

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Moreover, his proposals would increase the productive power of the colony, and develop its industries.³⁵

Throughout the country the response to Macandrew's statement was almost unanimous in its agreement with the main principles propounded by the Minister. The entire press, both 'bold' and 'cautious', saw in it the possibilities of further using the apparently infinite borrowing power of the central government to satisfy local needs and perhaps stave off the depression for a while longer. So blunted had the minds of the majority become that they saw in high imports, booming land prices and free and easy private bank credit, obvious evidence of a soundly based prosperity. They failed, however, to consider firstly the adverse balance of trade, and secondly, the effects of lowered colonial credit on the London market. The colony wanted to believe that there was great prosperity, and although it criticized Vogel's extravagance and waste in the administration of his policy, did not bother to consider that he, at least, had executed most of it in years of rising prices, and therefore in normally prosperous times; whereas Macandrew was, whether consciously or not, merely covering over great weaknesses in the New Zealand economic structure, with the result that the boom of 1878 was even more artificially induced than that of 1873-5.

In Taranaki, now logically enough supporting the government's 'bold' policy, the Herald described the

³⁵ See NZPD, Vol.28, 27 August 1878.

Minister's speech as masterly, as it was sure that the 196
completed railways would add to the receipts, but felt that
Macandrew would have to be aware of provincialist pressure
in establishing communications and opening up waste lands for
settlement.³⁶ Even the News, still opposed to Grey and his
government, thought that a big step had been made by naming the
Te Awamutu-Inglewood route as the future North Island link, and the
only complaint it had to make was that Waitara had not been made
the terminus. Significantly, while it implicitly supported the
public works policy of the ministry, it was jeering at Grey's
failure to strike out on any new principles or line of action
in the political sphere, so that in regard, for example, to
proposals for electoral changes, the government's policy was
becoming more conservative.

The statement justified Macandrew's reputation 'as one
of the ablest men of the Colony', declared the Lyttelton Times
'It is the best that any Public Works Minister has ever
delivered.... The time has now come for the extension of
(the policy of 1870)... and it has furnished the opportunity
for the Public Works Minister..... It has long been evident
that the progress made by the country under the original
Public Works scheme has established the proposition that to
stand still in the matter of public works, is to go backwards.'
It stressed the point that the new policy was based on a mixture
of land and loans, and hoped that the North Island land revenue
would be in evidence.³⁸ The Press was in no way reluctant to

36 T.H., 30 August 1878.

37 T.N., 31 August, 7 September 1878.

38 T.N., 31 August, 7 September 1878.
L.T., 29 August 1878.

agree with its contemporary as to the benefits to be gained from the scheme, as Canterbury would gain an East-West line and branches, but thought the railways would prove too much for the land revenue and again be financed solely from loans.³⁹

In other centres the reception for Macandrew's policy bordered almost upon the adulatory, except where provincialist interests and feeling was adversely affected, instead of benefitted. This, however, did not detract from the support given to the essential principles of the policy of development. The only criticism of the latter came from Dunedin's Morning Herald which expected that little opposition would be aroused against the statement as the country had enjoyed the benefits of generous expenditure too long to relinquish it. The danger was that it would not be sufficiently criticized; nevertheless, the financial implications should be considered for loan changes were almost consuming customs receipts. The railways were returning but 2.6 percent on the cost of construction in the South Island and the small sum of .75 percent in the North. Other criticisms were that there was no provision for immigration in the scheme, the proposals were too vague and too many sops had been handed out to the provinces. The whole scheme, it concluded, needed critical examination and 'It is a misfortune that it will not have to run the gauntlet of an organized Parliamentary Opposition.'⁴⁰

The Otago Daily Times, like the two Auckland papers, however, supported Macandrew strongly, although the Evening Star criticized the inequality between the islands in expenditure.⁴¹

³⁹ Press, 31 August 1878.

⁴⁰ Morning Herald, 29 August 1879.

⁴¹ See O.D.T., N.Z.H., E.S., 28 August 1878.

In Wellington the Evening Post summarised its attitude in the sentence 'What has been done in the early years of the public works policy may surely be done again', for it thought, like the New Zealand Times, that Macandrew showed an ability to deal with colonial affairs ably, and on a broad basis.⁴² The remaining examples conform to the same pattern although three of the four opposed the way the government intended carrying out the policy. In Nelson the Colonist praised Macandrew and the government who, it thought, had made it clear that it intended carrying out works on a scale that proved that the prosperity of the country was not diminished, that works in the colony would soon defray the interest on their cost, and that the confidence of the English capitalists was not shaken. But owing to lack of agreement among Nelson members, the province had been little considered. Like the Evening Mail, although more mildly than the latter which indignantly complained of 'gross injustice', the Colonist thought that the Nelson members should combine to persuade the Minister to help break through Nelson's isolation so that it could share in the general prosperity of the country.⁴³ The Hawkes Bay Press⁴⁴ agreed on the need for continuing public works, the Herald enthusiastically, the Daily Telegraph much less so for it felt that the broad liberal policy of Vogel was being departed from if public works were to be restricted to railway construction. The new settlements of the East Coast, it thought,

⁴² E.P., N.Z.T., 28 August 1878.

⁴³ Colonist, 29 August 1878, N.Z.M. 28 August 1878.

⁴⁴ H.B.H., 28 August 1878. D.T., 29 August 1878.

would be neglected although they would have to hand over their land for public works in the South Island.

In the House of Representatives, as in the country, the majority was in favour of the government's policy of renewed expenditure and development. In June E. Fox had written to Vogel saying that in the House the Opposition had been melting away. Reid had left Parliament, Lumsden 'to whom Reid was the only light in a murky work, had sunk out of sight', and Fox had resigned. 'Undoubtedly' he commented, 'the country is with the Ministry at present, but of course there be many prophets of even imminent political surprise. Indeed we have canards by the sinkful just at present.....'⁴⁵ The effect of the financial and public works' statements, however, had scotched any rumours or possibility of the Opposition combining to overthrow the government. The Press, in an analytical study of the government two weeks after Macandrew's statement, criticized its administration; for, although there was no organized Opposition, neither was the Government unanimous on its own policy. The promises of great financial reforms had only resulted in lifting £28,000 off tea duty, £68,000 off sugar and £19,000 off others, while the electoral bill had been a failure and there had been division of opinion on the land tax. The Government 'have gained a majority in the House, but it is a majority who do not believe in their measures. Their supporters have but too good grounds for thinking that Ministers are not sincere in themselves; that their Bills have only been introduced because it was necessary to make a show of reform... As long as every shade of Opposition is

⁴⁵ E. Fox to J. Vogel, (Vogel unsorted papers), 21 June 1878.

represented in the Ministerial ranks, those who are opposed to the Government can afford to stand aside. Their work is being done for them; they have but to await the inevitable result.⁴⁶ This is, no doubt, the criticism of a biased commentator, and yet Ebenezer Fox also wrote in the third week of the session that there seemed to be 'no idea of anything but political rest or indifference'⁴⁷ and at its conclusion added 'I have failed to decide, even for myself, where the fault was, or what were the political obstacles, but part of it is that almost unbrokenly there was an air of no work and of little heart for work'.⁴⁸ And yet, at the same time as the Government was struggling in vain to pass any of its political reforms, Macandrew's public works policy was receiving enthusiastic support in the House, as was shown in a division on a motion by E. Richardson that the Government should enter into no contracts, in view of large expenditure on railways and other public works until the money had been appropriated by Parliament. But this motion was defeated by a majority of fourteen, a tremendous increase considering that, towards the end of the 1877 session, Grey had only retained office by favour of the Speaker's casting vote.⁴⁹ The only explanation for this increase in popularity is, as has been stated above, the policy of 'boldness', not in radical socio-political reform, but in material development aided by borrowed money. This attraction formed the source of popularity around

⁴⁶ Press, 11 September 1878.

⁴⁷ E. Fox to J. Vogel, ~~in~~ Vogel papers (unsorted), 14 August 1878.

⁴⁸ *ibid.*, 8 November 1878.

⁴⁹ See NZPD, Vol. 29, p. 316, 24 September 1878, and Appendix B. The division was 44 (46 with pairs) to 30 (32).

which provincialist representatives gathered. So long, therefore, as Macandrew kept the money flowing into their local areas, and so long as he was supported by apparently favourable economic conditions, the representatives were not particularly interested whether or not the House was consulted on the means of appropriating the cash. The final effect of Macandrew's 'bold' reintroduction of the public works policy in 1878 was seen in a sphere not obviously connected with his scheme - land and native policy. Both were necessary conditions to the successful administration of a policy of development, for, as has been seen above⁵⁰ if Vogel's policy were to be successfully executed in the early 1870's Sir Donald McLean had not only to pacify the Maoris and gain peace throughout the North, he had also to open the lands for development. The first had been virtually accomplished within twelve months of the government gaining office, so that the 1870 policy could be carried out without detraction from war, but the opening of the land had not been so successful, especially in Taranaki where most of the fertile land, suitable for subsistence farming, was still in the hands of the Maoris though legally it had been confiscated. This situation continued until the advent of the Grey ministry and the authorisation of the scheme of public works, which brought about the enforcement of attempts, firstly, to come to some agreement with the Maoris on the confiscated areas, then the stern policy of eviction which led to the Parihaka troubles in 1878. Although there were many factors involved in causing

⁵⁰ See above, Chapters 2 and 3.

the trouble it is logically possible to trace the root cause back to the reintroduction of Macandrew's public works policy - in which he stressed as an important part of his scheme that, unlike Vogel's execution of public works, he would base the financing of development upon loans, but also make the land bear a certain portion of the burden.

Vogel had been faced by a two-way problem when he had proposed taking the land as security for works construction; he had to face not only provincialist feeling, especially in the south where his proposal was regarded as the thin end of the wedge which would break up the 1856 compact, but had also to deal with the Maoris in the North whom he and McLean had allowed to infiltrate back into their old pre-war reserves, now in confiscated territory. It may well have been with a sigh of relief that he readily gave up a safety precaution in the face of such odds and prepared to finance his scheme wholly from borrowed capital, and let the obstacles remain.

The situation had changed, however, by the time Macandrew came to deliver his equivalent of the 1870 policy. What might have been regarded as the more formidable half of the obstacle had been broken down with the colonialization of land revenue in 1877, and all that remained would be to push a few isolated Maoris aside so as to open up a large section of land in the Waimate Plains - and, incidentally, gain the goodwill of the Taranaki province, which had often complained about McLean's lack of drive in arranging some compromise.

The First Native Affairs statement of John Sheehan, Grey's Native Minister, had discussed the need for opening up the land and had criticized the previous failures to carry out a satisfactory land purchase system. It had stressed even more, however, the need to continue the policy of peace as laid down by McLean since 1869, if the public works policy were to be completed. 'I hold that on entering upon the Immigration and Public Works policy it would have been an act of suicide to have provoked or sought for a native disturbance. The essence of our being able to borrow money in the English market was the fact that the colony was at peace;⁵¹ yet a year later, Sheehan's statement was centred around the need for firmness in dealing with natives and a vigorous administration in the purchase of lands. In criticizing the late government's lack of nerve he said, '... on the West Coast all those large areas of fertile country which had been taken in payment for rebellion, were allowed to lie untouched so long that in point of fact, the original Maori owners began to think we had given up the lands, and they were actively engaged in leasing them to the Europeans,⁵² He defended the meetings with Rewi and the agreements arrived at, for through his support the survey of the Waimate Plains had been undertaken, although there had previously been trouble there. Finally, he showed how land purchase was being carried out in the North Island and said that the Government was bound to make extensive land purchases for railways in Auckland, the West Coast and Wellington.

⁵¹ NZPD, Vol.27, p.233, 15 November 1877.

⁵² ..

The explanation for the change in emphasis can be arrived at only after a study of the change in the policy of development. While it was being financed out of loans the only internal condition for its successful expenditure - apart from the need of good administrators - was that there should be peace. But once the land was called upon to act as one supporting leg of the scheme, the opening up and sale of that valuable asset became all-important; hence the change in native and land policy. This was apparently realized and not only by the government. In Taranaki, the News, still opposed to the Ministry, nevertheless agreed that the opening up of the Waimate Plains would add to the wealth of the colony. 'Having obtained the settlement of these plains and extended the railway to Hawera, New Plymouth will receive such an impetus as will astonish many'.⁵³ The Herald praised the government wholeheartedly for their negotiations with Rewi and the latter's offer to allow the extension of communications through his territory between Auckland and New Plymouth because this would lead to Taranaki's advancement. Later it congratulated Sheehan on his negotiations and undertaking the survey of the Waimate Plains - a thing that the late government dared not attempt.⁵⁴

Eventually, however, the native administration of the government was to bring them unpopularity, for instead of encouraging renewed vigour in opening up and settling the country, it seemed as if the ministry would bring about another disastrous war, which would not only cost the country much but would have a braking effect on public works while

⁵³ T.N., 15 June 1878.
⁵⁴ F.F., 29 July, 16 August 1878.

money was diverted to military action.

But the hornet's nest that the government had stirred up over native affairs was not the only problem that was to trouble them. Disunity in the party, Grey's autocratic attitude, the failure of the government to put into effect its promises of political reform, were all pin pricks which had led to a feeling of lack of confidence but which would probably not have been sufficient to have led to defeat the boom conditions lasted.

However, the crises in the banking world, occasioned by the failure of the City of Glasgow Bank, began the movement which led to the stripping of the colony's prosperous facade to reveal exactly how weak it was economically and how far its apparent prosperity was an artificially induced one. The effects of the bank failure in 1878 did not really hit New Zealand until the first quarter of 1879; before then little had happened either politically or economically. Towards the end of the 1878 session of Parliament Ebenezer Fox, a competent commentator, considered that the ministry was in no danger of losing office,⁵⁵ and at the start of the new year he saw nothing stirring politically except for one or two by-elections.⁵⁶ By February, March and April, however, comments began to appear in newspapers and in private correspondence regarding the increasingly chronic financial state of the colony. In

⁵⁵ See E. Fox to J. Vogel, (Vogel unsorted papers) 11 October 1878

⁵⁶ Incidentally, his comments on the Nelson by-election are interesting for he wrote, 'Just now any man to succeed in Nelson must swear enmity to the existing Government; the Public Works policy as applied to Nelson and Marlborough necessitates that Beyond this, I don't know what either of the men believes or will say.' *ibid.*, 3 January 1879.

Taranaki the Herald as early as mid-February was commenting on the need for increased public works but noted there were gloomy predictions being uttered with regard to the financial prospects of the colony. But it disregarded them and thought that prosperity lay ahead as land investment was still high.⁵⁷

Prosperity, however, was not just around the corner, and again in April the Herald spoke of a 'mild form of monetary panic' and the uneasiness of business. New Zealand was suffering, it thought, from momentary depression following the prosperity caused by the Franco-German war, and was also affected by the appalling catastrophe of the City of Glasgow and West of England Banks. It described falling shares, the tightness of money and diminished land demand owing to banks putting on the screw and, hopefully, it suggested that all that was required was forbearance towards one another and the need for all to put their houses in order.⁵⁸

In Canterbury, too, the Press spoke of the scarcity of money and saw this as partly resulting from the withdrawal of bank capital for the Australian colonies. This must have been only a recent development, it believed, one during only the last month or six weeks, for bank advances had been very liberal up to the end of 1879.⁵⁹

It considered in April that much of the scarcity was due to money being locked up in improvements and speculation and hoped that, if new loan companies were formed in London, they, as with private investors, would send their money to New Zealand as a cure for the present difficulties.⁶⁰

⁵⁷ T.H., 14 February 1879.

⁵⁸ T.H., 19 April 1879.

⁶⁰ T.H., 1 April 1879.

Then the political implications of the tightening of credit, the scarcity of money and the falling off in land sales, were seen by both papers. That restricted credit and land difficulties were closely associated was readily admitted. A correspondent writing to John Hall said that the Bank of New Zealand had enormous sums locked up in squatting advances and that the reason for the scarcity of money 'is the large amount of interest which has to be paid by the many who purchased land or borrowed money, and the land is producing nothing. There must be thousands of such cases in Canterbury alone'.⁶¹ To worsen conditions, both wool and grain had dropped in price. The Taranaki Herald, too, believed that the falling off of land revenue was caused by the banks not lending to the same extent; consequently receipts from the land had only totalled £45,000 in the last quarter, and revenue was £400,000 below the estimates; nothing therefore would be left over for new public works except from a new loan as former loans had been spent.⁶² The Press came to the same conclusion, and took the opportunity to criticize thoroughly the policy of the Government; it saw that the result of the great deficit in the ways and means estimates would be that Macandrew must either have to curtail public works or increase his liabilities. Macandrew's calculations on the land fund, it jeered, had not been supported, and his great scheme of public works had broken down, so that it was as great a failure as the native and financial policy of the Government.⁶³

61 J.R.Hill to John Hall, (Hall papers), 8 April 1879.

62 T.H., 9 May 1879.

63 Press, 8 May 1879.

The restriction of bank and private credit then had an adverse two-way influence on the colony's economy in 1879. Firstly it directly hit, not only at those who had indulged in the land boom and had been caught with heavily over-capitalized holdings bowed down with mortgages, but also at investors in the towns. Ebenezer Fox described to Vogel how Wellington had been hard hit. 'Wellington is not alone in present suffering, but she has borne more than any other town in the Colony, on account of what is called the 'tightness of the money market'. Shopkeepers and others, he said, were inveighing against the banks which were claiming that they had been trying to stop speculation and could not. The banks had been forced to advance freely because of competition, while 'loud-tongued' land agents had been advertising land for small deposits of borrowed money which 'brought about a notion as to the value of land, especially in Wellington City, which was inconsistent with sanity....' Bona fide buyers had thus made heavy losses, and the public had also lost because of the high rents for business sites, but the Wellington public had brought the commercial crash about themselves.⁶⁴

But the commercial crisis did not merely stop at private ruin; for through this the credit restrictions knocked one of the supports from beneath Macandrew's highly popular policy of development by public expenditure. With this gone the appeal of the Grey government was as nothing unless it could find some way of replacing the land revenue, such as Vogel had earlier done, by loan. But not only the public works policy was affected, for the whole financial policy had been let down by

⁶⁴ E. Fox to J. Vogel, Vogel papers (unsorted), 24 May 1879.
~~S.M. Waterhouse to J. Hall, Hall papers, June 1879~~

the failure of revenue to meet its estimates. Moreover, in the field of native affairs, all the trouble entered into to get hold of the Waimate Plains may well have seemed wasted, if land was not to be worth anything like the value expected.

With such troubles it was little wonder that the Grey government began to lose popularity, and dissension should develop within its ranks. Waterhouse commented to J. Hall in June that 'it is certain that the Taranaki members are contemplating a fresh change of front. Public opinion in their locality will force them to this whether they like it or not'. He thought that there would be further government objections, especially by Hobbs, Shrimski, Bunny and Murray. Stout, the strongest protagonist of a 'liberal' policy in the Ministry, had left early in the year, while Ballance, with whom Grey's relations had been deteriorating, left after a petty quarrel with the premier in July. Later in the year William Fox, a political opponent certainly, but one who had nothing to gain from private comment to John Hall, wrote to the latter stating that he believed the election centred around two main issues, finance and the native trouble. If Grey had shown the full state of the colony's financial affairs his government would have been damaged at the elections, and he believed that the quarrel between Ballance and Grey was the reason for the lack of a financial statement. Significantly, he came to the conclusion that Ballance had been hustled out of office so as to prevent the financial statement being made.⁶⁵ The letter

64a G.M. Waterhouse to J. Hall, Hall papers, June 1879.

65 W. Fox to J. Hall, Hall papers, 24 September 1879.

Fox wrote^w as a private one, not addressed to people he could hope to influence, and it can therefore be taken as an expression of what he honestly believed, and he was a shrewd and intelligent observer. Had a statement of finances been made by Ballance, Fox's charge of maladministration would have stuck. Grey, realizing this, possibly turned Ballance out so that nothing should be known of the colony's financial position, took over the treasurership himself and commented vaguely on a few figures, while promising a fuller statement in the future. Then, ignoring the charges of maladministration, waste, and extravagance, he quite irrelevantly, but cleverly, altered the issue^x and fought the election on a 'liberal'-'conservative' basis.⁶⁶ His trick failed, but only just, and it is likely that, had there been less economic depression, the Grey government would have come back with Macandrew laying down the policy of 'boldness' once more.

Towards the end of June however, politics were still in the melting pot and, although the government seemed to have lost much of its previous popularity, the opposition was not yet a powerful enough group to combine against it. Ebenezer Fox wrote to Vogel at this time saying that politics were stagnant, there ~~had been~~^{ing} no opposition even showing a rudimentary lead. If there had been it could have found many things with which to pelt the government - native policy, public service appointments or railway jobbing.⁶⁷ But even the opposition leaders were not sure of their political strategy for the future, as is shown in a letter from George McLean to Hall in June; 'What

⁶⁶ A manoeuvre which deceived many of his contemporaries and most historians of later times.

⁶⁷ E. Fox to J. Vogel, Vogel unsorted papers, 21 June 1879.

I argue 'he said, 'is that if we turn out the Govt. on their administration they have no right to a dissolution we may say we quite agree with their policy but we show sufficient corruption in their administration that we have no Confidence in them.'⁶⁸

Political groups were at this uncertain stage when parliament met and the government's policy was announced in mid-July. The Taranaki Herald in an editorial on the statement showed just how far the support for the ministry went and what aspects of the policy is endorsed, for it opposed the proposals for electoral reforms and direct taxation, while in commenting on the proposed £5 million loan it thought that this 'will meet universal approval.... [as the] public works policy of Sir Julius Vogel has proved a great success'.⁶⁹

Loan expenditure, not promises of political reform was what a province, dependent for prosperity on government generosity wanted. In Canterbury both the opposition and government papers considered that the future struggle would centre around the public works policy and the state of the colony's finances. The Press saw in the policy speech a suggestion that the government was by no means at ease and had therefore made lavish promises for the future; at the same time the government press was worried about the growth of an opposition. Last session there had been no opposition as there had been none needed because the government 'was hard at work in the duty of turning out itself.... [and] there was nothing left for the opposition to do'. But in the

68 G. McLean to J.Hall, Hall papers, 18 June 1879.

69 T.H., 16 July 1879.

coming session there was an opposition with a policy and it was hoped that the government, which had broken its promises, indulged in extravagance and failed in its Native policy, would be turned out. 'Who forgets the Railway Construction Bill which was to make the Ministry spend six millions of public money without the consent and control of Parliament? And who but sees that even in this very session they are bent, unless frustrated, in acquiring a similar spending power over another five millions?'⁷¹

The proposal for a loan of five millions, occasioned no doubt by the failure of the land revenue to meet its obligations was, the Press believed, unavoidable, but 'if we wish to borrow on anything like reasonable terms we must satisfy the home market that the finances of the country are no longer in the hands of men who, when called upon for an explanation of the wants of the Treasury, can only confess their ignorance, and appeal to the indulgence of the House.'⁷² On the other side of the political fence, the Lyttelton Times supported the government, not for its proposals for political reform or radical democratic legislation, but because a 'factious' opposition of Fox, Wakefield, Atkinson and McLean had prevented the Loan Bill from being passed immediately, thus seriously injuring the Colony. It answered its own question on the policy of the opposition by stating 'It is either a policy of stagnation - the 'political rest' again - or of factious obstructiveness.' The 'prophets of evil', it seemed, wished to stop loans and so public works, if their policy was

the former alternative; if they really believed in a policy of borrowing for reproductive public works, the Times found it hard to see why they had delayed the Loans Bill. The opposition's policy was 'either blindly, suicidally, insanely retrograde, or it is factious, obstructive and greedy of power.'⁷³

It can be seen at this stage - before Grey had switched the issues on which the election was to be fought - that both the government and opposition press believed that any future struggle between the parties would be fought on the grounds of financial and public works administration - for these were the issues they regarded as important. William Fox, who had replaced the apparently less effective Atkinson as leader of the opposition chose the administration especially of native affairs to attach to his want of confidence motion during July, but this was probably because he was especially knowledgeable on the subject, and because more was known about it than the state of the public finances, a topic upon which Grey had wisely kept very silent - but as has been shown, native affairs was, to a large extent, the offshoot of the financial and public works policies.

The result of the division on Fox's motion on 29th July, that the Ministry had 'neglected and mismanaged the administrative business of the government of the colony' was that Grey and his followers were decisively beaten by 47-33 an identical majority to that with which Grey had beaten off a motion of censure on this government's public works policy a year earlier when economic conditions had seemed far more favourable.

Grey was fortunate enough to have persuaded the Governor to grant a dissolution, for in this way he and his party still stood a chance of keeping the state of the country's finances from the public, should he find some way of reversing the decision of the House by a popular appeal to the country. Meanwhile, throughout the colony the news of the government's defeat met with mixed reactions, but all commentaries had one thing in common - they concentrated on the question of future borrowing and the financial means of continuing development in their own localities. The politics of public works and provincialism were by no means extinct, despite both abolition and Grey's insistence that 'liberalism' was the real political issue.

In Taranaki the Herald, always a strong supporter of the bold policy of development, thought that the defeat of the government, not really surprising, was due to its poor administration and its radicalism, but that a change of government would not be important. 'It is a change in the personnel of the government that the opposition require, and not the policy'. Taranaki had no reason to complain at the way the Government had treated it in public works, although the native policy was less energetically carried out.⁷⁴ What the Herald wanted was a continuation of Macandrew's policy regardless of ministry and, as it said, it hoped that there would be no dissolution; if there was, public works would be stopped and would be followed by a period of depression worse than that of the past few months.⁷⁵ Obviously such sentiments could not

⁷⁴ T.H., 30 July 1879.

⁷⁵ " ", 1 August 1879.

mean that Taranaki was really interested in any abstract political theories - all it wanted was loan expenditure to stave off depression.

Even in the more prosperous Canterbury province, the Lyttelton Times, which had nothing to say of the Government's defeat, was concentrating its attention on the distress among the working class and the high rate of commercial bankruptcies. Employment was slack and trade dull, it thought because public works loans were exhausted and so there was less need for labour. Obviously, it too would be in favour of a continuation of public works, as it made clear in a commentary on Macandrew's Public Works Statement, but thought that more stress should be laid on provision of special settlement of immigrants on the land.⁷⁶

It was not until later in the month that the Times took up the new attitude and, following Grey's example, tried to convert the election into a class struggle on a 'liberal' versus 'conservative' basis. To refute those who wanted a 'liberal' government without Grey, it claimed that it was his policy which aimed at getting the land from the big landowners and the natives. 'In doing so he has created the Liberal Party, and he only is entitled to the position of its leader. To advocate Liberalism without Grey is like dissevering body and soul'.⁷⁷

The claims of the ministry to call itself 'liberal' were treated coldly by the Press, however, when it, in turn, had claimed in July that it could see no differences between the

⁷⁶ L.T., 11 August 1879.

⁷⁷ ibid., 27 August 1879.

policies of the two sides and stated, 'No doubt almost ever since the occasion of Sir George Grey's Government we have heard a great deal about the word 'liberal'. It has been said that names are things, and in the pains taken by the Ministerial following to appropriate this useful designation, it is easy to perceive a very distinct appreciation of the truth of this aphorism. But it is only necessary to refer back to the actual course taken by the Government in respect of this liberal policy for its hollowness to become at once apparent.... What isolated measures they did bring forward they dropped as soon as they could conveniently do so.' Reforms such as triennial Parliaments, equal representation, and the electoral bill had been thrown up in disgust, there had been no financial improvements and Grey himself had tried to veto the system of deferred payments to help people settle the land. In fact, 'the government have nothing to entitle themselves to be called a 'liberal' Government beyond the bare assumption of the name.' The opposition policy was then stated as being that which 'jealously insisted upon the public control being made effectual over future expenditure.... and confined Sir George Grey and Mr. Macandrew, who had hoped... to become the uncontrolled dispensers of six millions of the public money to the strict appropriations for the year. By this attitude of judicious watchfulness... they have enabled the country to understand the real character of the Ministry with whom they had to deal.' ⁷⁸

This editorial, biased as it obviously is, nevertheless demonstrates what contemporaries thought the real political issues were. For all Grey's insistence upon a horizontal

78 Press, 25 July 1879.

division between rich and poor, the main party difference was that between Macandrew and Atkinson over the method of conducting the public works policy and arranging its financing.

For the rest of July and August the Press continued to concentrate its criticism on Grey's incompetence and his failure to bring forward a proper financial statement instead of the tables of figures which left the impression that 'he could not have explained them if he would'. His ministry's untrustworthiness, jobbing and extravagance in administration, especially in regard to public works and immigration, - the latter being carried out although there had been opposition to it and Atkinson had tried to draw a halt to it in 1877-⁷⁹ were also objects of criticism.

Neither of the two main dailies in Dunedin had much to say in favour of the government. The Otago Daily Times, noting the crushing defeat of the ministry, spoke very plainly in stressing that it had not been the members but the country which had ratted because it had no confidence in the government. Liberals, it said, had voted on both sides of the House, and neither Canterbury nor Otago would be fooled by Grey's attempts to convert the election into one turning on the issue of the people versus monopolists. Not only had the ministry divided over the progressive land tax - Ballance and Stout in favour and Macandrew and Thomson against - but it had never actually been part of the ministry's programme. The real issue, thought the Times, was whether Grey should rule the colony or not. Otago's real interests were financial, for if there were to be a delay in floating a loan, public works must be suspended.

Dunedin, as a commercial community, it stressed, must not lose sight of the financial question, regardless of talk of 'liberalism', and in view of a £400,000 deficit at least, a loan and new works were needed to employ immigrants, so that finance rather than reform should be considered in the selection of candidates.⁸⁰ Both the Otago Witness and Evening Star agreed, on the whole, with the criticism of the ministry's so-called liberalism and its failure to justify its claims.

As usual, localism played a very strong part in the sentiments of the Auckland papers, especially the New Zealand Herald which, after comments on the ministry's defeat, continued to draw attention to the unfair way in which Auckland had been treated by the South Islanders under Macandrew, regarding public works expenditure. Two and a half times as much railway had been constructed in the South Island and at a higher cost - £7,116 per mile as compared with the North's £7,023. The Minister of Public Works was to blame for the great discrepancy, as he 'the power behind the Government, more powerful in some ways than the government itself', had fought the battle of the South Island. Auckland's greatest need now, it emphasised, was for its members to be united so that the majority of the present loans should go the North Island. 'Our members should be pledged to this', it demanded, 'and no feeling for Mr. Macandrew or any other politician should be allowed to interfere with this.'⁸¹ There was no reference to the need for political reform here and it seems certain that much of Grey's support in Auckland had not come from the desire to enact

⁸⁰ Otago Daily Times, 30 July, 4, 6 August 1879.

⁸¹ See New Zealand Herald, 30 July, 9, 11 August 1879.

radical change. Rather, Auckland's hope was that, under a strong leader, the province would gain from the expenditure of loan money locally. Grey, it seemed, had not been as strong or successful as Macandrew in getting loans for his local area, so now the local feeling was directed against the South. Above all, the hope was that, regardless of party, the Auckland members would form a solid provincialist phalanx to press for public works. Abolition had not killed provincialism. The Auckland Evening Star, was, however, rather more interested in Grey's land reform proposals and believed that he had done a great service by showing up the activities of the 'squatter kings' in the South Island who were crowding out small settlers in Canterbury so that they were coming north to Auckland. But it too was interested in public works and the hope that Auckland members would go to Wellington united.

In the capital the newspapers took their usual stands, the New Zealand Times briefly criticising the ministry's profligacy and dissension,⁸³ whereas, the Evening Post, a government supporter, stressed the need for two actions, the first being that a loan should be raised before the dissolution of parliament, so that provision might be made for the vigorous prosecution of public works, which was a non-party question. 'No party, no individual member who would oppose the immediate authorisation of a sufficient loan to carry on public works would have any chance of success....' it insisted. It hoped,

82 See Auckland Evening Star, 31 July, 7, 14, 15 August 1879.

83 2" N.Z. Times, 22, 30 July, 1879.

secondly, that the 'Liberals', but not Grey, would accede to power, for it believed that Greyism and 'liberalism' were not synonymous; that true 'liberalism' as opposed to 'red republicanism' had 'as its sold² object, the progress and prosperity of the country at large', with no differences between benefitting both capital and labour. But throughout the Post's editorials the main tenor was concern over the need for a 'liberal' government to maintain the country's progress and prosperity by means of public works; to this political reform was only secondary, an addendum to the main policy.

Both Hawke's Bay papers were opposed to Grey. The Daily Telegraph described him as the ruin of his party which had, anyway, with the resignations of Ballance and Stout, lost the only two men whose names were associated with liberal ideas.⁸⁴ The Hawke's Bay Herald also thought Grey the weakening factor in the ministry and asserted that he should leave the fight to his lieutenants, but it still favoured his party against Fox and Waterhouse who, it appeared, were about to oppose the £5 million loan. Before the election it decided that the opposition's policy should be studied and once more finance was the most important issue of the day. The Herald asked 'Would it be to put a stop once and for all to the public works policy which has done so much for New Zealand during the last seven years? We can hardly believe that any man, even a conservative of the Conservatives such as Mr. Waterhouse, could coolly recommend such a suicidal and selfish policy'....⁸⁶ It praised

84 E.P., 28, 30, 31 July, 1, 4, 5 August, 1879.

85 D.T., 30 July, August 1879.

86 H.B.H., 3 August 1879.

Macandrew's statement and agreed that lines must be connected in the North Island, but dissented from the belief that they should immediately pay as they were meant primarily to open up the land and increase landowners' wealth. It concluded its praise of the government by remarking that Macandrew had done more for the North Island than Ormond, ⁱⁿ ~~than~~ the 'continuous ministry' had.⁸⁷

The main reaction throughout the country at the time of Grey's defeat then was centred around finance and the public works policy. Those who opposed Grey seemed determined to keep the class issue that Grey wished to raise, subordinated, and concentrate upon what to them was the real - and less provocative - issue, the administration of the government and the colony's financial position. On the other hand, even those who supported the ministry were not in unanimity over the definition of the terms 'liberalism'; to some it meant the government without Grey as leader, and to others it meant exactly the opposite.⁸⁸ The policy associated with 'liberalism' was seen occasionally as the means of effecting political reform, but far more often as the continuation of the system of public work^s so as to maintain the country's prosperity through the medium of borrowed money. In some of the latter cases the term 'liberalism' was not even used as claims were made for local favours and elections on a purely provincialist basis were advocated.

The results of the election showed that the country and the House were not by any means at one regarding their attitudes to the ministry. As the electioneering proceeded, it became clear that the wide majority gained by the opposition

⁸⁷ H.B.H. 2, 7, 8, 9, 11 August 1879.

⁸⁸ Colonist, 5 August 1879.

in July would not be repeated in October and that the groups would be much closer numerically. This may have been due, as Ebenezer Fox thought, to Grey's insistence on the class fight as he said in writing to Vogel; 'It is really harder than normal to guess the composition of the House any [sic, and?] possible party combinations. And for this reason. The issue on which there was a dissolution was maladministration; but it has pleased the G.L.P. (Great Liberal Party) on stump and in newspapers to profess the belief that the struggle was between the only Liberals (G.L.P.) and the plutocracy, more easily named the Conservatives.'⁸⁹ However, it is quite possible that the country, having even less knowledge of the financial situation of the colony than the House of Representatives - who had themselves gained only an inkling of the position from Grey's few statistics - had come to the conclusion that the issue lay between public works as advocated by Macandrew, to aid the colony's rapid development, and stagnation through a policy of 'political rest', such as it imagined it had experienced in 1877. That the opposition managed to scrape in and hold office long enough for Atkinson to prove charges of profligacy, extravagance and waste during a time of increasing depression can only be attributed to the squabbles among the erstwhile government leaders and supporters. It was their provincialism and struggles for power so as to channel the loan monies into their own provincial pockets as far as possible which kept their party divided. And it was, finally, that very provincialism which had been encouraged and fed by Macandrew's

enticing borrowing proposals, that led to the complete split of Macandrew's opposition and established the Hall government on a secure footing. But, however close the decision of the colony, the election and the effect of economic circumstances which followed meant one thing, that the great days of the 'bold' policy of progress through borrowed capital were, for the time, ended. Now followed a period of remorseful reconsideration and repayment in years of hardship and depression.

Chapter Five.'Caution' and Repentance. 1879-80.

The time for thoughtful reconsideration of the past decade had come in 1879. Now, after years of prosperity both normal and artificially-induced, two years of heavy depression, without the alleviating influence of public or private injections of capital into the economy, and heightened by increased taxation, followed. They were years of sacrifice, retrenchment, social distress and economic want. But while conditions were bad, there seemed to be no other solution to the problem than severe purging of an over-fed body which had lived too long on a rich diet, although it seemed not a wholesome one.

Throughout the colony the onset of depression was marked by falling imports and, overall, an increase in exports in 1880 to the highest figure of the previous ten years.¹ While the former indicated a realisation that taxation was probably eating into consuming power, the rise in exports which gave a favourable balance of trade for the first time since 1872, meant that production was being increased, for the prices of both wool and cereals continued to remain low.² Only in two provinces - Otago

1. Imports dropped from their still high 1879 figures (which have been dealt with in Chapter 4.) by over £2.2 million to reach their lowest figure since 1872 - £6,162,011, while at the same time exports jumped by just over £600,000 to a new apex of £6,352,692.

2. See C.G.E. Simkin, p.161, for figures.

and Westland - did imports not reach their lowest point, in 1880; (in fact Westland's figures rose somewhat from 1879.) The two provinces most seriously hit were Canterbury and Wellington, the former's figures dropping by over £750,000 in the two years from the peak of the boom in 1878, and the latter's by about £600,000, in one year from its 1879 apex.^{2a} One province, small as it was, which did not apparently feel the depression so heavily was Taranaki.

Owing to the opening up of the rich Waimate Plains for development and settlement by small self-sufficient farmers, the population continued to rise gradually - though quite dramatically in 1881 - and imports only received a slight check in 1880. As the immigration section of the policy of development had been pared right down, it is logical to assume that the continued rise in population in the north came from immigration from the south. This was a new development which was to be increasingly obvious later in the eighties, although the trend had been noted in 1879 by an Auckland paper which spoke of Canterbury settlers moving north.³ Finally, bankruptcies, which had hit a tremendously high point of 1,787 throughout the colony in 1879, fell somewhat in the following year to 1,444, still a very high figure, but one which showed perhaps that, while the weakest had gone to the wall, many were still holding on. Mortgages taken out increased in number by 773 over the 1879 figure, and the amounts involved increased by £3.7 million, whereas,

2a. See Appendix E for figures and graph.

3. See Auckland Evening Star, 1 August 1879.

although the number of releases were higher by 1,472, the increase in amounts was only £1.5 million.^{3a}

In the political sphere trends followed their usual course. Following the election there were some weeks of confusion and uncertainty as members sorted themselves out. The parties were very evenly balanced and it was only after defections from Macandrew's opposition that Hall and Atkinson were able to continue. Conditions however, suited the policy of Atkinson and after he had shown the frightful condition of the country's finances and outlined his proposals of 'caution', retrenchment of expenditure and extra taxation in order to bring the colony back on to a safe course, the majority of the public and the House, supported him. To preserve New Zealand's credit by preventing either failure to pay its debts, or worse, repudiation of them, and to provide some employment for the many out of work, especially in the bigger centres, he took over the £5 million loan proposed by the Grey Government. It was made absolutely clear though, that this would be the last for at least three years, and until the financial mess, which he insinuated had been worsened by the previous government, had been cleared up and finances placed on an even keel.

In the sphere of public works the same task of

3a. Mortgages in 1879 numbered 9,770 at £7,820,785 and releases 4170 at £2,459,463, while in 1880 the figures were, respectively 10,543 at £11,550,382 and 5,642 at £3,999,389. See S. of N.Z.

retrenchment was being undertaken. Here the stress was laid on efficiency and economy and for this purpose commissions were set up in order to study and improve methods and techniques. At the same time the policy initiated in 1870 was looked at as a whole, and while its general principles were agreed with, it was felt that, had it been effected as had been originally intended, the colony would have been far better off in the period of depression.

In September, Hall, the new opposition leader, moved an amendment stating that, although prepared to give effect to liberal measures, the House had no confidence in the government as at present constituted.⁴ He condemned the government, firstly for failing to carry out its promises of economy, and, in fact, for increasing extravagantly the costs of government; and secondly for its native administration, which had aroused a hornet's nest of trouble. The financial deficit, mistaken estimates of the land revenue, the failure of Grey to give a satisfactory statement of the colony's finances, press and public service corruption, were other charges pressed by Hall in his condemnation of the ministry; there was no mention at all of difference over liberal measures of reform. Then, following what he called the 'celestial' speech of Sir George Grey, Alfred Saunders, one of the real liberals of the House, stood to second Hall in criticism of the government not on the liberal question, but as he said,

4. NZPD., Vol.32, p.32, 30 September, 1879.

because of its record of poor administration. Referring to the recent election, he pointed out that, "measures about which there was no difference of opinion in this House, were dangled before the country to hide the real question at issue. What we complain of is, that the question whether these gentlemen were qualified, whether they were competent, whether they were capable, whether they were honest enough to hold those seats and administer the government of the country, was the proper question to go the country; but they chose to say "We are the advocates of liberal measures, and those other fellows are the advocates of anything but liberal measures - they are tyrants and conservatives"; when the real fact was that the House had carried those measures - either carried them or pressed them upon the Government. It was the Premier who resisted them and prevented them becoming the law of the country, although he had the audacity to go to the country and say not one word about the incapacity or mismanagement he had shown in his conduct of the business of the country - which was the real ground on which his government was condemned - but simply boast about liberal measures, which the House was far more anxious to pass than he was.⁵ These were hard words from Saunders who had once supported Grey, but because of their frankness and because of the independent position he had in the House, they are extremely significant, showing as they do the attitude of a true radical to the so-called 'liberal'

5. N.Z.P.D., Vol.32, p.49, 30 September 1879.

administration of 1877-9. To Saunders, Grey and his ministry had not only failed to effect an honest and efficient administration, they had failed to live up to their promises for the inauguration of a new liberal era and now, in 1879, the only difference he could see between the two sets of men sitting on the ministerial and opposition benches, was of liberalism, coupled with further extravagance and waste, or liberal reform plus prudent financial administration.⁶

In the vote on Hall's amendment three days - and many pages of Hansard - later, the Government was beaten in a close vote by 43-41. The country's representatives had still to be convinced in large numbers, however, that Hall's charges of maladministration were soundly based, before a stable and secure ministry could be formed. For the remainder of the month Hall and his associates were mainly in a minority owing to the defections and movements of members who claimed freedom of independent change. Only by refusing precedence to a return motion of want of confidence by Macandrew, could the Ministry remain in to carry out its work of detection and investigation into the

6. The independent position taken by Saunders in politics can be shown, not only from his speeches in Parliament - see Vol 29, 2 October 1878 for his speech on borrowing - but also, for example, in a letter he wrote to Hall in 1880, in which he reiterated that he wished to be treated as an independent member, although he was thankful to the government for the energy and self-denial with which it had, at least, delayed the ruin of the country. This was in contrast to the way it had been administered under the leadership of Grey and Macandrew. But his support for Hall as distinguished from the earlier support for Grey was not based on 'liberalism' as he made clear, but because of 'caution' and prudence in the administration of the colony's finances. (See Hall papers (Ministerial) 11 August 1880.)

colony's finances.

Throughout the colony the election had been watched and commented upon by the press, and the happenings in Parliament were being studied with the same close scrutiny during October, for no one knew for certain whether the Hall government would retain its position, and if it did, what exactly its policy was to be. It was generally believed that the change had been one rather of men than policy and that both public works and reform legislation would be carried through; for, as yet, the country did not know what state the colony's finances were in. The Taranaki Herald, which had turned against Grey because of the bungling native policy, believed that Grey's personality had been responsible for his ministry's defeat,^{6a} but otherwise the paper did not commit itself on possible future events until the middle of the month after Atkinson had made an interim statement on the general position of the colony's finances.⁷ In this he pointed out that, owing to the failure of the land revenue to meet expectations, there had been a deficit of £131,824, and that the deficit was due to the previous government not trying to economise so that the deficit had been increased to £248,668. Inexorably and grimly Atkinson continued to hammer home the resultant findings of his careful examinations. The result was that the previous government began to appear in the light of wastrels or irresponsible incompetents, who had not only over-spent to the extent of a £2911,958 deficit, but

6a. Taranaki Herald, 6 October 1879.

7. NZPD.. Vol. 32. p. 226. 14 October 1879.

had also anticipated the proposed loan of £5 millions placed in London, so that by June, 1880 £2,169,103 would have been spent. In concluding, he appealed for an end to party activity in the House so that all could turn to the business of remedying the great difficulty. This, plus the weak defence of his policy, that Grey made in reply, had a strong effect on public opinion throughout the colony. At last the real condition of the economy was seen, and the sobering realization that the ending of a loan-inspired prosperity was, in fact an absolute necessity, was driven home by Atkinson's revealing statement.

The Taranaki Herald, shedding its earlier non-committal attitude, dwelt upon the gloomy picture of the colony's finances painted by Atkinson, emphasizing the probability of New Zealand's bankruptcy should the loan not be raised. Even it, the long-faithful supporter of borrowing, admitted that '...there is little doubt that the end of the borrowing policy has been arrived at, and for the future the most rigid economy must be the order of the day ...so as to tide over the period of depression, which a lavish and reckless expenditure, and a hand-to-mouth finance has brought the colony to.'⁸ It⁹, as with the other erstwhile Taranaki supporter of the 'bold' policy, the Patea Mail,¹⁰ now condemned the Grey government for its extravagance and stressed the need for the unpopular policy of retrenchment and an end to borrowing.

8. Taranaki Herald, 16 October 1879.

9. " " 17 October 1879.

10. see Patea Mail, 18 " 1879.

In this it was as one with the Press, which applauded Atkinson's statement as rendering an essential service by showing the state of the colony's finances and disclosing Grey's and Ballance's financial incompetence.¹¹ Even the Lyttelton Times, contemptuous of the Hall government's chances early in the month and of its professions of liberalism being as it was a party of 'rest'¹² had nothing in reply to Atkinson's accusations except to bluster that the Treasurer had shown nothing not already known; that, in fact, the deficit was not the enormous figure of £911,000 but £712,000, and Grey's ministry had done nothing unusual in anticipating the loan. Turning its defence into attack it criticised Atkinson, but only for his lack of a remedy and constructive policy - regardless of the fact that the Treasurer had not made a financial statement - but because he had done irreparable harm to the colony's credit in London where it was trying to negotiate a loan.¹³ What it was saying, in effect, was, eject these men before they completely disclose the truth about the colony's finances to English investors.

The same sharp reaction occurred in Otago. Here, after almost academic discussions by both the dailies regarding future possible coalitions and policies by what the Daily Times called the parties of 'progress' and 'caution', the same paper professed itself alarmed at Atkinson's revelations, especially as the previous

11. Press, 16 October 1879.

12. Lyttelton Times, 3, 8, 9 October 1879.

13. " " 17, 18 October 1879.

government, with Grey at its head, ignorant of finance, had given no warning. The only remedy now was to put on the screw to prevent a catastrophe: it was the government's duty to prevent the train speeding down the incline. This must be done speedily so there would be no time for fresh votes for public works.¹⁴ These opinions were echoed by the Witness which thought that the struggle between the parties was not so much as to which side would have the honour of passing liberal measures, but rather the opposition trying "to burke any further revelations of an unpleasant character..."¹⁵ Even stronger support for Atkinson came from the Evening Star which, like the Daily Times, had earlier suggested a coalition without Grey and Sheehan, but now asserted that neither Grey nor Macandrew should ever get office again after their recklessness.¹⁶

The serious concern of the Otago newspapers was reiterated in Wellington where again there was no attempt to gloss over the facts by either paper, though the New Zealand Times tried to put a more hopeful face on the matter.¹⁷ Although supporting Atkinson's statement that the country's medicine would be nauseous, the Evening Post leapt to take its opportunity of criticising the Grey government. It drove home the fact that when that ministry had come into office in 1877 it found a handsome surplus left by Atkinson, who in three years had borrowed only £1.3 million and of that had left £1 million for

14. O.D.T., 16 October 1879.

15. Otago Witness, 18 October 1879.

16. Evening Star, 15 October 1879.

17. N.Z. Times, 16 October 1879.

his successors. And yet Grey and Macandrew had borrowed another £2.5 million, wasted it, and in addition, left a deficit of nearly a million. This great indictment alone should have sealed their condemnation, thought the Post, but now it was found that they had also anticipated part of the proposed loan.¹⁸ This great revulsion of feeling among the press of the three main centres, which was only now realizing why the election had been fought on the basis of political reform, and why Grey had remained silent about his government's finances, was shared by the main papers in Auckland also. Both the New Zealand Herald and Auckland Evening Star, which had been non-committal early in the month¹⁹ while noting that Atkinson would want to make out the worst case possible regarding the financial position, stated frankly that his revelations would enforce the necessity for a thorough revision of the colony's finances. The Herald was far stronger in its condemnation of what it termed the incredible incapacity of a ministry which had abused the confidence of the constituencies, and it called for far greater retrenchment.²⁰ But the Star more calmly and objectively made a pertinent comment on calls for retrenchment, saying that "As a cry to the electorates retrenchment in the abstract is exceedingly popular; as a reality it is uncongenial to the people and parliament, every attempt to cut down being greeted by howls from

18. Evening Post, 15 October 1879.

19. N.Z.Herald, 6, 8, 9 October 1879; Auckland Evening Star, 4 October 1879.

20. N.Z.Herald, 10 October 1879.

persons and districts affected, while the clamour for increased expenditure in all directions never abates!²¹ Since the inauguration of the public works policy, it continued, politics had degenerated into a wild scramble and in this Auckland, which had been reticent in its claims, had been sent to the wall. This last was a favourite cry of the Auckland press, especially of the Herald. Throughout the month it had been calling on the Auckland members to form a solid phalanx in order to defy Macandrew and his Otago hangers-on, who had now forced Grey from the leadership of the opposition. This insistence by the Auckland press on provincial solidity among its members provided the background to the action of the four Auckland members later in the month; an action which has received wide attention from numerous historians. At its basis was the provincial split between Otago and Auckland, the two districts which had formed the original core of the Grey - Macandrew ministry. After the defeat of the government by Hall, there had been intra-party manoeuvring and adjustments which had resulted in Grey being deposed as leader and Macandrew taking his place as nominal as well as actual leader of the opposition. Macandrew, who had controlled public works, had always been the most powerful man in the party simply because the administration of public works was the most important facet of the ministry's policy. Under him, the Southern provinces, especially Otago, had benefited from lavish local expenditure. While Auckland had complained

21. A.E.S., 15 October 1879.

during this time that its interests were being neglected, it still felt that with Grey as leader of the government it had some chance of being granted what it called justice. However, with the deposition of Grey the Auckland press made it clear, by implication, that their support for him was primarily based on what he could get for them in the way of loan expenditure, by stating that now, Auckland members need feel no qualms of conscience about leaving Macandrew who had done nothing for the province.²²

T.G.Wilson has given a reasonably detailed background of the four actors in the October drama and describes them all as, "representative of that section of the Auckland community whose principal concern was provincial development rather than progressive reform."²³ The four were conservative-minded regarding reform and far more concerned with gaining material aid for their own electorates.

The compact between Reader Wood, Hurst, Swanson and Colbeck certainly aroused the ire of the opposition for it now meant that there was no chance of Macandrew's want of confidence motion, which he had anticipated would be successful, being passed. But the indignant outbursts against foul treachery, ratting and corruption, heard within the House, were not echoed by any means to the same extent throughout the country. A study of some editorials gives rise to the thought that perhaps it was

22. N.Z.H., 9, 22 October 1879.

23. T.G.Wilson, The Grey Government, 1877-9, p.53.

not entirely either self-interest as some historians assert, or the desire to promulgate liberal reforms as others believe, that actuated the four members. It was also very much the desire felt by four responsible men to help establish some stable form of party politics so that a strong government could work its proposals of 'caution' and sound finance, independent of the whims and chameleon-like changes of a small minority of irresponsibles who tripped carelessly from one side of the House to the other. Reader Wood himself stated in the House that, although he would be accepted on one side as a great patriot and abused on the other as a traitor, he was indifferent to this. But he stated his position clearly when he said, "I see in this House what are called two parties but there are really not two parties. There is no difference in principle between the two sides in this House. The other side have accepted all the liberal measures. Both sides agree in admitting that the financial affairs of the country are in a sad condition, and that these financial affairs require the immediate and earnest consideration of this House. And yet, through personal feeling and nothing else, we cannot go to work. A deadlock has occurred; and if I should be the means of unlocking that deadlock, I care nothing for all the noise that is made and for all the abuse that I may receive. I shall have done, at any rate, some good to the country'.²⁴ The belief that Wood wished to cut a

24. N.Z.P.D., Vol.32, p.544, 24 October 1879.

clear path through the political confusion and stalemate is given greater credence by a letter from Ebenezer Fox to Vogel at about this time. Earlier in the month²⁵ he had hoped that a strong government could set to work in administration, and this he had followed up with his explanation of the actions of the Aucklanders as he saw it; 'It really seems' he wrote, 'as if the four had a desire to break the deadlock; that they didn't trust Mr. M, that they doubted former's promises to the North, and were in no doubt as to his Otago leanings; and that they believed they could at least make as good a bargain of getting 'justice for Auckland' from the present Government as from any other'.²⁶ Although, he admitted, they were being thoroughly abused, the solid fact remained that the government now had a majority; Macandrew had been found not to be a proper leader and the Auckland phalanx had been broken, but, most important, business was being done.

This side of the Aucklanders' action was also stressed by the Press, which in a number of editorials, attempted to show that, despite the opposition's frenzy of indignation, Wood and his associates had considered the position of the colony and would help the ministry to bring about a sound financial policy.²⁷ Later it

25. E. Fox to J. Vogel, Vogel papers, unsorted, 11 October 1879.

26. " " " " " " 31 October 1879.

See also O.D.T., 1 January 1880 on Swanson's explanation of his actions.

27. Press, 27 October 1879.

believed that with Macandrew's want of confidence set aside through Wood's action, New Zealand 'may now really expect the fulfilment of the liberal programme which the late government were forever promising but never fulfilling'.²⁸ Moreover, the adhesion of the Aucklanders had also saved the colony from the further recklessness of the Grey-Sheehan ministry. It denied that the four had been dishonest, a charge preferred by R. Turnbull, because the present government would not only give effect to liberal legislation, but their action had prevented the colony "from driving headlong into national bankruptcy [and] had resulted in the total disruption of the pseudo-liberal party...."²⁹

In both Otago and Auckland there was support for the actions of the members. This is not so strange when it is realised that this provincial approval was for quite different reasons. In Otago the Daily Times³⁰ and the Evening Star³¹ both agreed that the defection was caused by Grey's fall from power and neither believed that they would make any unfair gains from Hall or Rolleston. The South therefore would not lose by the compact; in addition, the way had now been cleared for implementing reforms, while at the same time, Wood had broken up the Auckland party. Otago's position had already been stated clearly by the Otago Witness³² which had criticized Grey's

28. Press, 30 October 1879.

29.. " 31 " 1879..

30. O.D.T., 27 " "

31. E.S., 30 " "

32. O.W. 25 " "

factiousness in parliament and called for a meeting to support any political combination outside Grey and Sheehan which would guarantee sound finance and management of the native question. The liberal programme, it said, was no longer in question, but only the need to remedy the financial situation must be agreed upon. Only in early November did the Witness consider the possibility that Hall might have sacrificed Otago's interests to geest Wood, but this was not borne out.³³ Provincialism, the means whereby a combination had been patched up between Auckland and Otago three or four years earlier, thus caused the crumbling of their relationship in coalition.

In Auckland, the support for the so-called apostates was warm, and their action was justified on the grounds that their obligations were annulled once Grey had been deposed. With the liberal policy safe, their duty to their constituencies was to obtain guarantees for Auckland, insisted the Herald;³⁴ in fact, the other members from the province should have crossed the floor instead of remaining with the opposition which had ignored all Auckland's claims. The Star agreed that Auckland had been fooled too long by the South, whereas Hall's party was committed to the recognition of justice for Auckland, which now had some chance 'of saving something from the wreck'.³⁵

33. O.W., 1 November 1879.

34. N.Z.H., 27 October 1879.

35. A.E.S., 25 October 1879.

Elsewhere, press reaction was generally in favour of the Aucklanders. In Wellington the New Zealand Times considered that they were neither patriots nor traitors but that they were mistaken if they thought Auckland had been unfairly treated. It upheld Hall for it thought that some sacrifice had to be made to break the deadlock and "preserve the colony from another reign of financial terror under Messrs. Sheehan and Macandrew..."³⁶ The same essential points - that liberal measures would now be passed and the deadlock broken, so that the government could look after the financial affairs of the colony - were made by the Daily Telegraph³⁷ of Hawkes Bay and both Nelson papers.³⁸

Only two main papers, the Lyttelton Times³⁹ and the Hawkes Bay Herald,⁴⁰ had any severe criticism to make of Wood, and their indignation was based on the belief that Hall had acceded to the demands of Auckland and so encouraged further log-rolling. They sneered at the promises of the Hall government to institute liberal reforms, claiming that it would merely further the greed of provincialism. Strangely enough, the Times quoted Rolleston and Wood, both provincialists in 1876, as most likely to overthrow the hopes of the abolitionists of that time in their desire to check log-rolling. That both papers had assumed too much in believing that Hall had given way to the proposals of

36. N.Z.T., 25 October 1879.

37. D.T., 25 October 1879.

38. Colonist, 25 October 1879.

39. L.T., 25, 27 October 1879.

40. H.B.H., 25, 27 October 1879.

the Aucklanders was later proved correct, but it illustrated how much provincialist feeling still dominated politics even after abolition.

But whatever the reactions of parliament, press or public to the fait accompli, the immediate effect of it was to give stability to politics, to allow Atkinson to continue his financial investigations and to attempt to provide some solution to the difficulties the colony was undergoing. In worsening conditions, with unemployment increasing⁴¹ and commercial activity slack, Atkinson delivered his financial statement⁴² a paper of almost unrelieved gloom. In it he made it clear that finances were in a dangerous state and would require, not only the remodelling of financial administration, but also thrift and self denial by all in the colony - for large additional taxation would have to be imposed. The deficit for 1878-9 was £131,824 and it was hoped, by careful administration, to reduce this in the Civil Service. But the government was not able to increase its estimates of revenue to meet the estimated deficit of £951,002 for the year to come, as this had been largely caused by a fall in land revenue from the peak of £1,586,562 in 1877-8 to an estimated £38,000 for 1879-80. The public debt, after the £5 million had been raised would be £28,822,311 gross and the annual interest the enormous total of £1,516,176 per annum.

41 See Papers relating to immigration, Im. 4/1/1, October-December, National Archives.
42. N.Z.P.D., Vol 33, p.294, 17 November 1879.

Regardless of the 1878 statement that the public works scheme was to take five years to complete at £900,000 a year, the late government had anticipated it to the extent of £2,220,104 so now public works expenditure would have to be limited by the present government. The future government policy in the realms of finance he outlined as, firstly, removing the land fund from the general revenue of the consolidated fund; it would now be retained solely for its legitimate purposes of financing local and general public works and immigration. He proposed to draw a line between general and local finances and bring the system of subsidies to an end, while on the positive side, a property tax - including the land tax - would be imposed to bring in an extra £470,000. Duties would be reimposed, not only to bring in higher customs revenue, but also to help local industries, and finally, stamp duties would be slightly increased. It was estimated that the gross total of all these additions minus certain remissions would be £618,700 and would result in an estimated surplus of £74,651. He had stated earlier in his budget that he could not hope to meet the tremendous deficit from ordinary revenue so that it would have to be created part of the permanent debt.

Atkinson concluded by emphasizing that the time for temporary measures had passed. If there were to be a sound system of finance, the need for much heavier taxation must be accepted, for it was better to undergo self-denial at the time than to sacrifice the permanent

interests of the country.

So clearly had he shown up the complete financial irresponsibility and ignorance of Grey and his associates that Macandrew, in self-defence and contrary to the usual custom of the House, leapt to his feet in an attempt to explain away the criticisms and justify the late ministry's actions. It was unfair, he claimed, to blame only the late government when, " - they were now called upon to meet the consequences of his misgovernment and recklessness and extravagance of past years... had he [Atkinson] come down and said that the results of the financial intoxication...initiated by the 'continuous ministry', aggravated by the commercial depression which has prevailed throughout the colony for the past two years... he would have been nearer the truth...."⁴³

To a certain extent Macandrew was right in criticizing earlier extravagance but he forgot that the ministry, of which he was a member, had returned to that very extravagance in reversing Atkinson's unpopular policy of 'caution' in 1877; and not only that, he had also indulged in proposals for borrowing and loan expenditure which made Vogel's efforts appear timid in comparison.

In turn he was followed by Grey, not the colony's most accomplished financier, who denied that finances had drifted into a bad state, and assured the House that the real difficulty was the stoppage of the

43. Ibid., p.303.

land fund; otherwise revenue had increased and, anyway, it was well known that land did not decrease in value. After wild accusations that the government had been put into office by the Bank of New Zealand to end the land tax, he insisted that New Zealand was about to enter upon an era of prosperity in which the government should help by continuing the railway scheme to open the land for small farmers.

Reader Wood followed his ex-leader with an extensive condemnation of the whole scheme initiated in 1870, in which he gave as his opinion that there had only been a temporary prosperity caused by borrowed money while, underneath, a real budgetary deficit, covered only by Treasury bills, had always existed. Vogel, he continued, had been criticized for his recklessness but it was nothing when compared with that of the late ministry and even now, Grey could show no means of covering the deficit without additional taxation. 'I feel sure,' he concluded, 'that this House will insist, no matter what Government occupies those benches, that there shall be some financial scheme brought forward during this session which will be sound and satisfactory in itself, and which will have the effect in the Home-country of letting the people there see that we are alive to our position, and that we do not want to pay interest out of and live on borrowed money, but that we desire to raise the necessary amount of taxation to carry on the government of the country and to pay the interest on the money we owe'.⁴⁴

44. *ibid.*, p.311.

Notwithstanding the indignant tirade of the Greyite, Moss, that the budget was cold-blooded in its taxation proposals, and that the country was on the brink of revolution - members had heard Grey claim the same things some years earlier - Wood was right; there followed a widespread awakening throughout the whole country in late 1879, consequent on the fright given them by Atkinson's revelations of what virtually amounted to financial lunacy, and also by the worsening economic and social conditions.

Atkinson received the congratulations of his old leader Fox, who wrote concerning the statement, 'It is straight forward and intelligible and will in my opinion if persisted with, get us again on to a firm foundation. The position in which your predecessors left the colony is awful to think of...I trust the eyes of the colony are at last opened to the true character of their liberalism & will be satisfied to get back to commonsense & common honesty'.⁴⁵ The Governor also wrote to him commending his clear statement and proposals for retrenchment⁴⁶ while in the colony the press, already primed by Atkinson's earlier comments on the financial situation, received the gloomy news soberly.

The Taranaki Herald had to congratulate Atkinson for his honesty in the presentation of such a gloomy budget. But it was obviously hoping that all the drastic proposals would not be put into effect, when it complained

45. W. Fox to H.A. Atkinson, Atkinson papers,
19 November, 1879.

46. H. Robinson to "A. Atkinson, Atkinson papers,
27 November, 1879.

that the tax rise would strain the economy far too severely in order to get a surplus the following year. The deficit, it argued, had nothing to do with the colony's prosperity, but was merely caused by a fall in land revenue. It also thought the Treasurer should have reduced the estimates by severe retrenchment especially within the civil service.⁴⁷

Even the pro-Grey Lyttelton Times had no real criticism of Atkinson and certainly no defence of the late ministry when it admitted that 'the financial statement of Major Atkinson is an honest attempt to grapple with the difficulties of the situation. It is to some extent marred by the reflections on his predecessors in office...'⁴⁸ It considered that the best feature was, prudently, to put the colony's finances on a sound footing by the rigorous exclusion of the land revenue from use as revenue when it was actually the colony's capital. Naturally, the Press fully supported the proposals to establish a sound system of finance, especially with regard to the land fund, as the insistence on the equalisation of income and expenditure 'helps us off the edge of national bankruptcy.'⁴⁹

The criticism of one other paper, the Evening Post, of Wellington, was, however, much harsher when it spoke of gross blundering and maladministration by the previous government while leavening its editorial

47. T.H., 21 November, 1 December 1879.

48. L.T., 19 November 1879.

49. Press, 20 November 1879.

with praise for its successor which, in making a clean breast of the colony's condition after incompetence and profligacy, was preparing fair and just proposals for its solution.⁵⁰ Everywhere the tide had turned and was running ever more strongly in favour of a 'cautious' policy. People realized, not only that the ministry were searching for and trying out realistic solutions to cure the colony's past indulgence, but that there was little to choose between the two administrations in their professions of liberalism - except that Hall and his colleagues were carrying theirs out. In parliament the majority ensured by the movement of the four Aucklanders had increased to such an extent that Ebenezer Fox, writing to Vogel in December, could say that, although the session was dragging wearily on, most of the liberal measures had been passed and the government now appeared to have a trustworthy majority of ten or twelve, whereas the opposition under the dual leadership of Macandrew and Grey had divided again with a block of twenty members under De Lautour, known as the 'Young New Zealand Party'.⁵¹

In early December Oliver, the new Minister of Public Works, presented his statement. In tenor it re-emphasized the need for great prudence and slowing down of the enormous works expenditure which had characterised the previous years. He gave figures and statistics to illustrate how much had

50. Evening Post, 10 November 1879.

51. E. Fox to J. Vogel, Vogel papers (unsorted), 6 December 1879.

been spent in the past; at the end of the last financial year £8,690,417 had been expended upon opened railways, while the balance of revenue returns over expenditure with which to pay interest had been £479,057. The last year's surplus of £512,617 had only been a return of 2.54% to be met from other sources; and was unfair to districts without railways where a burdensome tax would have to be paid. Not only had there been extensive replacements because of too light rails and sleepers, but owing to rushed construction and impatience most railways were far more expensive than had been originally anticipated. Again, he hammered the oft-mentioned fact that the usefulness of a railway depended upon the use it received; if it had been little used it should not have been constructed. The criticism of the policy distorted by impatience and greed, continued as he even quoted Macandrew who, in 1878 had said 'the difficulty commenced from the moment when the Legislature repealed that cardinal condition of the public works policy that, in the event of the proceeds of any railway failing to meet interest and sinking fund on the cost of its construction, property in the district should be rated to make up the deficiency'.⁵²

But whereas Macandrew had spoken and not acted on his warning, Oliver demonstrated that he intended scrutinising all railways administration by means of a Royal Commission. Besides this he intended asking

52. NZPD., Vol 134, p.818, 9 December 1879.

for no new appropriations. 'To me', he said, 'has fallen the unwelcome task of showing that our resources are inadequate to bear the continued strain of so rapidly constructing these works'.⁵³ Government activity therefore would be slack as the ministry had come to the understanding that there would be no further borrowing for three years and there were just sufficient funds for miscellaneous works as well as some previously authorised.

But a significant section of the statement was the announced intention of stressing the importance of road construction, especially to solve the native difficulty in the North Island as well as to open up land and bring wider prosperity. Another significant change in policy emphasis and a corollary to increased road construction was the importance laid upon land settlement and immigration. Prosperity, Oliver said, 'will only be attained by enlarging the area of our cultivation, and affording every facility for the occupation of our lands by a far larger population than is now settled upon them. To the revival of immigration, and the encouragement of an influx of small capitalists, coupled with the active administration of our land laws, we must look, under existing circumstances, for a re-establishment of confidence and a healthy pursuit of our industries, more, perhaps than to the extension of works of a costly character for which the funds may not be immediately available.'⁵⁴ Although, under existing

53. NZPD., Vol. 134, p. 818, 9 December 1879.

54. *ibid.*, p. 820, " " "

conditions, no government could do more than settle subsistence farmers, operating on a small scale, on the wide tracts of land, especially in the North Island, Oliver's proposals were at least an honest attempt to take those who had been employed on often-unreproductive public works and were now out of work, and settle them on the land. This was a small start to the policy of land settlement which developed during the 1880's and achieved its greatest success when carried out on a really large scale by the Liberals in the 1890's. But it must be remembered that the Liberals, who gained so much of their popularity from their land activities, had not only the past mistakes of their opponents to guide them; far more important, technological innovations - especially refrigeration, which made small scale dairying a prosperous export industry - made their task so much easier and more rewarding.

In Taranaki, the press accepted Oliver's statement but not without criticism for the Herald was sure that he was wrong in condemning the public works policy which had done so much for New Zealand. It was a pity that both Ministers had been so gloomy because now the colony was so much more prosperous than ten years ago and could afford to pay the taxes and interest much more easily.⁵⁵ But, representative of a poor and dependent province, it had, as it admitted, little need to complain, for much of the work to be

55. T.H., 12 December 1879.

completed was withⁱⁿ Taranaki.⁵⁶ The News had little to say except that the connection with Auckland was to be forgotten now that Grey was out of power, although it believed that it would pay.⁵⁷ In the south of the province the acid-tongued Patea Mail, after a long and bitter criticism of previous waste, rather aptly described the situation when it complained that 'New Zealand has carried her loans in a sieve which every Maori and contractor, and land-shark and shipping company, money brokers and starved out diggings has been allowed to shake at will.'⁵⁸ But it could not contain its joy at learning that the government intended finishing the Waitara-Wanganui line.⁵⁹ Elsewhere in New Zealand the general press attitude towards the ministry's proposals was characterised very much by virtuous insistence upon moderation in future financial administration. After a long period in which a majority of papers had criticized various governments for timidity or retrograde views many editorials were written complaining that Atkinson and Oliver had not been sufficiently harsh in their economising. Editors forgot that the ministry had to work its changes as moderately as possible so as not to unduly upset the smooth working of the economy. In Canterbury the Lyttelton Times congratulated Oliver on his statement being as prudent as Atkinson's, but more hopeful, while

56. T.H., 12 December 1879.

57. T.N., 13 December 1879.

58. P.M., 17 December 1879.

59. ibid., 20 December 1879.

it admitted that railway returns were meagre and they must be increased. It concluded by agreeing that small capitalists to settle the land were wanted far more now than costly public works.⁶⁰

In Dunedin, the Otago Daily Times was especially fervent in expressing its disappointment at the government's lack of prudence especially after the years of extravagance. 'The brakes have not yet been applied', it warned its readers, 'and the question is whether the power to use them has now gone from those who ought to have exercised the full control'.⁶¹

Carrying its indignation further, it insisted that an independent public works commission should be set up to check extravagance and halt the construction of political railways,⁶² - unaware as it apparently was of a central Otago line. Its contemporary, the Evening Star, was more moderate in its editorial, content merely to condemn the previous government's recklessness and praise Atkinson's efforts.

The importance of public works in politics was well described by the New Zealand Herald, which said, 'perhaps not even the financial statement is looked forward to with as much anxiety as the statement of the Minister of Public Works, who each year has to tell the country how the funds which can be devoted to the construction of railways and in other public works, is to be expended. This is the all-important subject

60. L.T., 11 December 1879.

61. O.D.T., 11 December 1879.

62. O.D.T., 13 December 1879.

to each section of the colony....⁶³ But even this, among the most provincialist of newspapers, had only slight criticism to make of Oliver for his neglect of Auckland's interests⁶⁴ and was pleased to announce later that the £5 million loan had been successfully floated.⁶⁵

Elsewhere in both North and South Islands, the attitude of the press was the same.⁶⁶ It might vary slightly either in favour of greater leniency or further economy but generally most opinions would have tended to agree with the Auckland Evening Star when it said, 'New Zealand has reached that stage in its career of borrowing when its loans are no longer heralded with congratulations or even received without question. Their own good judgment tells the colonists that it is time to think of stopping....'⁶⁷

'Their own good judgment' had come rather late in the day, too late in fact to have stopped many unnecessary excesses, but now, having arrived, it was in the country with a vengeance. Excessive and exaggerated praise for the efforts of the Hall ministry were counter-balanced by abusive criticism, not only of those whose sins had been effectively portrayed in the statistics of Atkinson - Grey and Macandrew - but also of the author of the original policy of 1870, Sir Julius Vogel. He who had been the hero of the

63. E.S., 9 December 1879.

64. N.Z.H., 10 December 1879

65. N.Z.H., 13 December 1879

66. See for example H.B.H., 11 december and Colonist, 6 December 1879.

67. A.E.S., 12 December 1879.

public and the saviour of his country, now had all the criticisms of the country's perilous state, as well as condemnation of his own treachery in fleeing the colony when times were becoming depressed, laid at his door.

Even the Taranaki Herald, once a faithful supporter of Grey and Macandrew, felt obliged to note that the affairs of the colony were now on a sounder footing than during the Grey ministry's tenure of office. The public works scheme of Vogel had placed New Zealand in a position which demanded 'a wise and economical conduct of its finances', but Grey had thrown economy to the winds and allowed lavish expenditure. His deficit had now been cleared by Atkinson and Hall, and the Herald was pleased that all Taranaki members were now on the Government's side.⁶⁸ But the wheel had turned the full circle not only in Taranaki if a letter from Reader Wood to Hall can be accepted as true. In it he made it clear that Grey had not been asked to address public meetings in Auckland, that his popularity among the lower classes and Roman Catholics was gone, and that both he (Wood) and Swanson had been supported in their action by Auckland - a statement verified by the attitude of the press.

News of his own unpopularity had apparently also reached Vogel by the end of the year. In commenting upon it he felt obliged to excuse himself by insisting, 'It is no fault of mine that the colony

68. T.H., 27 December 1879.

is temporarily embarrassed in money matters, if indeed such embarrassment is worthy of the fuss that has been made about it. That the policy of which I was mainly the author has succeeded is to be easily proved by the immense wealth which private individuals and public companies have already amassed from it - The scare which the temporary depression has occasioned is most unreasonable.' He continued in the same vein for many pages, excusing himself and criticising the Hall government for their policy of economy and retrenchment, and he said, 'Nothing can be more absurd than to suppose the colony was in any real difficulty excepting that created by the way in which the government had dropped it in the dust....'⁷⁰ Vogel's ebullient optimism, heightened by the distance he was from the depressed colony, was only matched by that of Grey and Macandrew who had not the excuse of viewing the position from a distance. Hall described their attitude in a letter to Vogel in the New Year; 'If its [New Zealand's] finances had remained for another six months under their old management,' he wrote, 'I do not believe that all our and your exertions could have averted a smash. Macandrew still refuses to believe in the liabilities we found; and Grey told Fitzgerald that, with an additional £80,000 a year, he would be satisfied....'⁷¹ His concluding comment on finance - 'I need not say that everybody appreciates the skill

70. J. Vogel to W. Reynolds, Vogel papers (unsorted), 27 December 1879. For a full account of the letter see Appendix A.

71. J. Hall to J. Vogel, Vogel papers (unsorted), 1 January 1880.

& care with which the floating of the Loan has been managed.⁷² - was only temporarily congratulatory for when the news of Vogel's actual transaction became known a month or so later, his mud-bedraggled name became even more besmirched, for Hall had to admit, 'You will gather from the Papers that the feeling of dissatisfaction at the terms on which the Loan was Sold (?) & is to be converted, is growing very much; & it will, I have no doubt, find expression when the House meets.' But, illustrating that 'cautious' ministries tended to remain strong in depressed times, he had to say of the political situation that, 'Our own prospects for the Session are very good. There seems no appearance of cohesion among the opposition. All our friends are staunch, and we have one or two converts'.⁷³ Ebenezer Fox reiterated Hall's statement regarding the unpopularity of the loan negotiations. 'In and out of Parliament,' he said, 'people are screaming and scrawling [sic] that the Civil Service is eating the vitals of the country, that immigration is a curse, and the Agent General's Department the worse of the vile vitals-eaters....In truth things are awfully bad. The Service must be cut down very, very greatly....Taxation is fearful, and must be (I fear) increased....Things are perhaps a shade less bad than they were, but on all sides one hears wailing. Benevolent Societies are overtaxed and overworked; there is a Bill for managing Hospitals and Charitable

72. J.Hall to J.Vogel, Vogel papers (unsorted),
1 January 1880.

73. *ibid.*, 21 April 1880.

Institutions...which means simply the beginning of a Poor Law Road Boards and Counties...are declaring that all work will have to be stopped...The summary is not a pleasant one.⁷⁴

Everywhere Vogel received the same news of depressed prices, unemployment, bankruptcy and social distress in the early months of 1880.⁷⁵ Meanwhile the ministry was busy trying to solve its financial problems by the only method it knew - drastic economising. Commissions were set up to investigate the working of the public service and the railways, both severely criticised for their consumption of revenue. Another was established to study, and attempt to provide a solution for the problem of native land tenure on the West Coast of the North Island, a further difficulty which, as has been described earlier, probably had its roots in the public works scheme. And yet, with all this extra-parliamentary activity, Atkinson brought down his financial statement for the year within a fortnight of parliament's opening. It was not a spectacular document, merely stressing even more heavily the increasing need for economy and further retrenchment. Expenditure over the past year had been retrenched as far as possible and the net saving was £94,490. But revenue had not reached its estimates owing to a fall off in customs, stamp, land and railway revenue, caused by the depression. Deficiency bills,

74.E.Fox to J. Vogel, Vogel papers (unsorted), 19 June 1880.

75.See correspondence W.Reynolds to Vogel, Vogel papers (unsorted), 27 February 1880; also E.Fox to Vogel, Vogel papers (unsorted), 3 January 1880.

Atkinson explained, had been issued to meet the great deficit of £990,081. With the £5 million loan, the net public debt had grown to £27,409,113, and would be subject to an annual charge of about £1,535,000. For the succeeding financial year the colonial Treasurer proposed to reduce estimates of expenditure to total of £3,198,709 by retrenchment within the public service. To meet this the estimated revenue for 1880-1 would be £3,190,000, plus £350,000 from the land. His policy regarding future loans he outlined very bluntly by saying, 'I would also emphatically point out that we ought to connect, far more closely than we have ever yet done, the idea of additional taxation, with further borrowing, for when it was realised that each loan must be paid for in taxation, fresh loans would be less often called for and more carefully spent.'⁷⁶ But to show that he did not oppose the principle of loans to finance development, he said, 'that some further borrowing will be necessary is to me evident, but I trust that it will be only in very moderate sums and for specific objects'; and emphasized his attitude clearly in hoping that when again there was real economy in the colony's finances, an effort would be made to repay part of the public debt.⁷⁷ Atkinson's budget was not then only a statement of proposals for the future; it was the financial 'credo' of the 'cautious' party. Moderate borrowing for developmental expenditure it agreed with but only, firstly, if local finances

76. NZPD., Vol.33, p. 126, 8 June 1880.

77. *ibid.*

were soundly based on a favourably balanced budget and, secondly, if the expenditure was carefully defined and its administration prudently carried out. The immediate reactions of the opposition to the speech were not very important. Macandrew merely took the opportunity again to impress upon the House that he was not disposed to take such a gloomy view of the colony's affairs as Atkinson, and his right hand man Grey insisted that the great land-owners had not felt the imposition of the property tax, and that the heavy duties had cut into the customs revenue.

Throughout the country, however, press reaction to the statement was quietly despondent; it was what had been expected and there was not much criticism of the proposals for meeting further troubles. The little criticism voiced was caused by Atkinson's failure to retrench as far as his critics would have wanted. The Taranaki press had little to add, the Herald merely commenting that the picture drawn of the colony was a gloomy one, and it was now, in true provincial fashion, looking forward to the public works statement to see who would be getting the portions of the balance of the loan.⁷⁸ The News stressed the need to reduce the cost of the civil service, especially the wage bill of over £1 million per annum, but thought that, although it would bear heavily upon certain classes, the statement would meet with general acceptance.⁷⁹ The Press also

78. T.H., 9, 10, 11 June 1880.

79. T.N., 9 June 1880

praised the ministry for its efforts. To tax the country so heavily was terrible, it thought, 'But there is no alternative. Our engagements must be met and the public service carried on....from the beginning of April we have resolved to live within our means'.⁸⁰ Grey, it continued, later, had no right to criticise Atkinson's proposals as the results of his mismanagement had not yet been restored to order and the only defence he had to his policy was that 'on the ground that it was necessary to go on recklessly spending so as to tide over the commercial crisis into which the colony has been plunged.'⁸¹ Party loyalty was the only reason for continued criticism from the Lyttelton Times which significantly, was careful to condemn on the respectable and safe ground of economy. From here it declaimed against Atkinson's 'Micawberism' which allowed a permanent deficit of £1 million to be added to the public debt and pushed over from year to year. Although it swore that this was not the worst financial statement ever delivered⁸² it did not, however, provide any alternative constructive solution to the Treasurer's difficulties.

Elsewhere the support for Atkinson's work was to be found in editorials of government and opposition press alike. Both Otago papers were at one in admitting

80. Press, 10 June 1880.

81. Press, 11, 12 June 1880.

82. Lyttelton Times, 10 June, 1880.

that Atkinson had done very well in economising at a time when this was very necessary. The Evening Star was especially pleased to note that land and ordinary revenue had been separated, so that now there would be less revenue instability caused by a fluctuating land market.⁸³ Practically all of Atkinson's measures - funding the deficit to prevent a crushing burden of taxation, duties and the stoppage of subsidies to local bodies - met with the Otago Daily Times' approval.⁸⁴ It criticized Grey's proposed land tax to solve the financial troubles on the ground that there was little chance of a large land fund to meet the debt; the only resort was retrenchment. There was no question of the ministry's determination to retrench except that it wished that the education vote had been reduced 'but Mr Rolleston holds strong opinions as to the necessity of maintaining at almost any cost an efficient system of education,⁸⁵ - a strange attitude for the member of a 'conservative' ministry.

In Auckland the press reaction was identical. The New Zealand Herald was especially terse and frank in its outburst when it described the budget as clear and explicit, but disgusting; 'Disgusting because it shows how inconceivable has been the mismanagement of the finances for some years, the sacrifices that have to be made, and those that are still necessary.'⁸⁶ That

83. E.S., 9, 11 June 1880.

84. O.D.T., 9, 10 June 1880.

85. " " " 14 June 1880.

86. N.Z.H., 9 June 1880.

the 'cautious' approach to finance was in vogue, was clearly illustrated by another comment by the Herald; 'the financial scheme of the Treasurer, which shows marked ability and a thorough mastery of the subject... will effect that balance of revenue and expenditure which it is the unanimous opinion of the country it is requisite should be accomplished.'⁸⁷ But with the Auckland Evening Star the Herald thought the future was reassuring and that the colonial Treasurer had created a feeling of confidence by his grasp of the subject.⁸⁸

Both Wellington newspapers,⁸⁹ the Hawkes Bay Daily Telegraph⁹⁰ and Nelson's Colonist⁹¹ agreed in principle with most of the arguments expressed by the above editorials and interspersed their support of the ministry's proposals with general condemnation of the waste and extravagance of Grey and Macandrew. The spirit of economy and self-sacrifice was over the land and advocates of 'boldness' found themselves in the same unenviable position that 'cautious' men had been in early in the seventies and during the early part of Grey's ministry when economic circumstances had been vastly different. Even the one important newspaper in the North Island which did criticise, the Hawkes Bay Herald, found it politic to do so on the same lines as the Lyttelton Times - that Atkinson had failed to

87. NZH., 9 June 1880.

88. A.E.S., 9 June 1880.

89. N.Z.T., 10, 11, 12, 16 June 1880., E.P., 9, 12, 14, 17 June, 1880.

90. D.T., 11, 16 June 1880.

91. Colonist, 12 June 1880.

find a real remedy for financial troubles and was merely temporarising by debting the deficit. 92

Politically, Hall's 'cautious' ministry, then, was free to press on with its policy of economy. That it had House and country behind it was well illustrated in a letter which Vogel received from Hall who, in describing the colony's financial situation, took time to speak very frankly to the Agent General; 'You are fortunate in having nothing to do with the New Zealand Finances just now. It is very different from the old days of sufficient revenue and easy borrowing. The outlook is very grave. We are reducing public works to the utmost so as to do as much as possible for eventualities. The Property Tax is, of course, very unpopular, but in other respects the political position of the Ministry is satisfactory. The Opposition cannot do anything without Grey & they can do nothing with him.'⁹³ Again the Assembly's abhorrence of anything to do with lavish expenditure or any one connected with it in those days of penury was well illustrated in a letter from Reynolds of Otago to Vogel in which he said, 'I was not a little astonished and amazed to find how very unpopular you had become among members of both Houses. The mere mention of your name was like holding up a red rag to a mad Bull. Even those who owed their position to you had turned round & have not a good word to say of you. You are blamed for the

92. H.B.H., 10 June 1880.

93. J. Hall to J. Vogel, Vogel papers (unsorted), 20 June 1880.

present unsatisfactory position of the finances of the Colony, also for the sale of the last loan....⁹⁴ He concluded by describing the general dislike of extravagance, the falling off of business and land sales and emphasized that he could do nothing about getting Vogel a higher salary.

Meanwhile, in Wellington the Assembly was discussing a want of confidence motion moved by Grey, the Opposition's alternative leader, on the grounds that New Zealand's welfare would suffer from the government's financial proposals.⁹⁵ Most of the opposition condemnation - apart from Grey who concentrated his attack on his bête noir, the wealthy landowners - was centred round Atkinson's failure to economise and retrench as far as possible. Reader Wood, too, added his voice to the request for even greater economy, saying that the colony had only two choices in financial administration: to carry on as it had for the previous ten years, or to realise that the policy of ten years' standing had not been reproductive and so to cease borrowing. Although he thought Atkinson had not gone far enough, the ministry would receive his vote as their administration of finance was superior to that of the late government.⁹⁶ Apparently a large majority of the House thought the same, for on 1 July the division was in favour of the ministry by 45 (50 including pairs)

94. W.H.Reynolds to J. Vogel, Vogel papers (unsorted), 28 June 1880.

95. NZPD., Vol. 35, p.331, 17 June 1880.

96. *ibid.*, pp. 382-6. 18 June 1880.

In early August Oliver delivered his public works statement, a document which followed that of Atkinson in calling for further retrenchment, and explained why he intended paring away much of the expenditure. Owing to the high level of unemployment, 1,674 men were being employed in relief work on railways, but there would be no haste in pressing on with new works. Some tenders had also been deferred because of the falling revenue and increased deficit of completed railways. The effect of the work of the Royal Commission on Railways had led to increased economy and efficiency among the staff. Even so, returns for nine months, up to 31 March 1880, showed that the interest over the cost of construction was only $2\frac{1}{2}$ per cent, while interest payments on loans were 5 per cent, so that the loss of £237,730 per annum had to be made up from taxation. In comparison with England where there was one mile of railway to about 2,000 people, in New Zealand the ratio was 1.406 or, in the South Island alone, 1.330. Whereas in England the receipts were £3,485 per mile, in New Zealand they were only £648. The obvious reason for the financial troubles and unproductive expenditure was that the colony had gone too far in trying to open up the country and develop its resources, and the only answer to the trouble was to modify railway construction to the extent of merely continuing authorised lines to make them pay to some extent, while also extending

97. NZFD., Vol. 35, p. 678, 1 July 1880.

With much of the loan already used and the agreement of the ministry not to borrow for three years, Oliver had little choice but to pare down the votes for road and railway construction. But the colony by this time did not expect any more; in fact much of the press throughout the country was in favour of even more pruning. The Taranaki News which had usually supported the prudent politicians, believed that the Governor's and Ministers' salaries could have been reduced, although it questioned cutting of wages among the lower paid in the Civil Service.⁹⁹ Its contemporary, the Taranaki Herald, was, however, not so convinced of the need for heavy cutting and thought that the zeal of parliament should be tempered rather than sharpened.¹⁰⁰ But in the South the Press agreed with economising and its main criticism was that the statement failed to give the public detailed information regarding railway administration. It was convinced that the statement was effective in one sphere; 'It is useful', it claimed, 'as furnishing an official record that the great policy of 1870 is an utter failure. It has overwhelmed the colony with a burden of debt - our railways are unfinished ... [and] it would be the height of madness to complete them for many years to come, even if the money with which to do so could be borrowed on anything like favourable terms. Those already constructed are a heavy annual charge upon the

98. NZPD., Vol. 37, 6 August 1880.99. T.N., 21 August 1880.100. T.H., 16 August 1880.

resources of the colony.¹⁰¹ Although it criticised Oliver for his weakness in administration, it admitted that he had 'endeavoured to put a brake upon the headlong speed to destruction of his predecessor in office. Had Mr. Macandrew and his colleagues still been in power we tremble to think what the consequences might have been'.¹⁰² The Press made itself clear, though, that it was criticising the Grey ministry on grounds of its extravagance and lavish expenditure and there was no mention of Grey's radicalism or his government's sole claim to be the initiator of liberal measures. The Press of course did not want to stir up controversy on this point, but at the same time did not feel called upon to reiterate its belief that Hall's ministry was as liberal, to convince its readers.

Its Christchurch contemporary, the Lyttelton Times again took the minority view in criticising the statement for its lack of policy-making and for forcing economy down the people's throats, while it considered that the railway management had been a failure and lacked definite policy. However, the Times found it advisable not to condemn the government's economy and prudence too much and restricted itself to finding fault with Oliver's lack of policy.¹⁰³

In other centres the attitude of the press was remarkably uniform, in that while it had much to say about Oliver's feeble administration and some local

101. Press, 9 August 1880.

102. Press, 13 August 1880.

103. L.T., 9 August 1880.

feeling induced criticism of his failure to continue public works in certain areas, most agreed that the Minister had done the only possible thing in the circumstances. No one but Macandrew, thought the Otago Daily Times, had expected anything but a sharp 'pull-up', and even he had not explained the way of finding means to carry out public works.¹⁰⁴ The New Zealand Herald too, after mentioning that Auckland had received a fair share of the £574,000 appropriated, also took the opportunity to criticise Macandrew. The latter had stated that, had he remained in office, public works would have 'been going along at the old harum-scarum pace, a remark such as this is just fit to be whistled down the wind. Fortunately Mr Macandrew is not in office....'¹⁰⁵ Even the two Wellington papers,¹⁰⁶ after complaining that the province's interests had been neglected by the government's refusal to continue its line to the Manawatu, admitted that, in principle, Oliver's retrenchment was quite correct. Only in Hawkes Bay¹⁰⁷ and Nelson¹⁰⁸ did the grievances of the provinces at the lack of expenditure proposed for their areas overcome their belief in the need for economy and retrenchment.

New Zealand was plumbing the depths of economic depression and social distress in 1880, after its decade of high living and boom-prosperity. In a number of letters

104. Q.D.T., 9 August 1880.

105. N.Z.H., 7 August 1880.

106. N.Z.T., 7, 16 August 1880. E.P. 7, 9 August 1880.

107. D.T., 13 August 1880. H.B.H., 7 August 1880.

108. Colonist, 16 August 1880.

to Vogel, the premier, John Hall, described the situation, the action of the government and the reaction of the public. Halfway through the session he wrote a little harshly, 'I wish you had the job of financing for the Colony just now & getting the people to put [up] with administrative expenditure, enormously reduced Public Works expenditure and increased taxation - you would appreciate the difference between the palmy days from 1870-79, when money was abundant and the public appetite for expenditure reasonable, & these latter days when that appetite has become a disease & there is nothing to satisfy it with....We must send home £1,500,000 for interest every year. Whether the colony will be able to do it God only knows - our Public Works expenditure so far has been mainly a discharge of liabilities left by Macandrew.'¹⁰⁹ The tone of this letter, with two additional commentaries on the economic and political situation suggests a tremendous struggle to keep the colony's head above water, and at the same time an infinite weariness in continuing the fight. After the public works statement he wrote, telling Vogel there would only be £170,000 left for appropriation from June, 1881, to December 1882, and concluded 'those eighteen months will not be pleasant ones for whoever is in office.'¹¹⁰ Then, apparently feeling that he had not made himself sufficiently clear, and insisting that costs be cut in the Agent General's office, he wrote, 'With the

109. J. Hall to J. Vogel, Vogel papers (unsorted),
17 July 1880.

110. *ibid.*, 14 August 1880.

stoppage of expenditure on public works already commencing & the end of our loans close at hand, with a general economy in all administrative expenditure & decrease of public accommodation, with a general reduction of salaries producing hardship in all cases and distress in many, with taxation largely increased & still farther increase inevitable, & an ugly gap between income & expenditure still growing before us, one cannot wonder at people feeling savage, & grudging the outlay of very sixpence which they think can be avoided...'

In concluding his gloomy picture, impatience with what he believed were quack remedies overcame his restraint and he said bluntly, 'Of course there are plenty of men who would gladly rush in to undertake them [i.e. remedies for the colony's troubles] but they would only attempt to cure one complaint with a hair of the dog that has bitten us. For myself, if I were not in office, no earthly consideration would induce me to accept it.'¹¹¹

The fall had been drastic from the great heights of the Grey ministry's boom to the depth of depression in less than two years. Conditions were to improve temporarily for a period of two or three years after this, by a combination of improved prices, extremely careful government finance and a moderate re-introduction of private investment, followed by another 'cautious' public loan. But the year between the fall of Grey's 'bold' ministry in October 1879, and the delivery of Atkinson's

¹¹¹ J. Hall to J. Vogel, ^{ibid.} 27 September 1880.

and Oliver's statements, marked both the end of one era, and the start of a new one. It was the end of a decade of lavish expenditure, buoyant finance, and insuperable confidence in the colony's future, and it was the inauguration of an unhappier, though slightly wiser and more realistic decade; one of realisation that the confidence of the earlier period had been far from justified. Politically it was important as heralding a period when the 'cautious' politicians in parliament were generally in the saddle, as compared with the 'seventies' when the 'bold' men had dominated the scene until their fall from power in 1879.

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CHAPTER SIX.THE EIGHTIES - DECADE OF REORIENTATION.

The eighteen-seventies generally had seen the preponderance of the policy of 'bold' expansion in operation. With a continuation of prosperity brought about by good prices for New Zealand produce and then extended for another few hard-won years by tremendous public and private injection of investment capital into the economy, the 'bold' politicians had sailed aloft, little troubled by those 'cautious' men who predicted dire results if the great extravagance were not cut down to reasonable proportions. The latter were ignored. When the crash came in 1879 the public reaction was tremendous; demand was made for greater retrenchment from the 'cautious' ministry which had grudgingly been elected to office by a public unwilling at first to believe what it feared was true. For a while the once lauded 'bold' policy of Vogel and Macandrew was rejected and despised as government and public sought the narrow and thorny path out of the financial mire. It was on such a note of despondency that New Zealand struggled into the eighties, a decade which was to see the end of one order and the growth of another which had its roots in many earlier developments of the period.

The eighties were not, as most historians have tended to treat them, the vacuum or no-man's land between two great decades of progress and development. Rather they performed a two-fold function of bringing to an end an anachronistic political and economic development and, more important, acted as the matrix of a new growth that came to flower in the nineties. The eighties were not empty and barren; they were a period of hardship, distress and want, but they were also productive of great changes and developments which were to come to fruition in succeeding years.

The eighties divide into two periods, the end and beginning of both of which are practically indefinable for, as the new development has roots in the earlier period, so the old continues into the new, although in decreasing importance. The first period is fairly easily analysed and accounted for, as it is the extension or working out of trends which had developed in the eighteen seventies, and had dominated that decade. Now, in the succeeding years, economic circumstances militated more and more against the successful carrying out of the 'bold' expansionist policy of economic development. To meet the colony's economic and social needs, it was proved that the old well-worn scheme of borrowing and lavish expenditure was outdated and useless to cure depression - in fact, it merely worsened the position by encouraging profitless expenditure and increasing the burden of interest to be repaid annually. The problem that confronted the ministry and ministers was what was to replace the bankrupt policy of expansion, whether 'bold' or 'cautious'? Although it is unrealistic to draw an arbitrary line between the two policies, for the purpose of clarity, it can be said that the new approach to economic development as prime consideration in government policy came in 1887-8 when it had become obvious that Vogelism, even operated by the master himself, had nothing left for New Zealand under its existent economic circumstances. The problems of under-productivity, under-employment, general economic stagnation and social distress had, somehow, to be met by a new type of state action.

The three years between the fall of Stout-Vogel and the success of Ballance have especially been designated as fruitless, wasted years, and Atkinson has been criticised for his 'negative conservatism' and failure to do anything to provide a remedy for the colony's socio-economic ills. It is

true that much of his economic policy was overconcerned with the restoration and maintenance of a balanced budget - for that was the sign, according to contemporary theory and public opinion, of a stable economy - but in looking at this, historians have failed to detect the other, more basic, positive side to his policy. For, while bringing to an end the one scheme which, with its different applications and variations, people had come to accept as normal state economic activity, he also gradually began to turn government intervention into new fields. Here, although less capital was expended by the government, its activity was more direct and had, perhaps, more influence on the colonial economy.

The seventies as a decade were years of plenty, full employment, buoyant commerce, large imports and excited optimism; the decade which followed was one of hardship, distress and, for a while, stagnation. The causes of the depression which fluctuated through the eighties were twofold: first, falling prices for New Zealand produce on overseas markets brought about slump conditions, the effects of which were worsened by the added fact that the rate of economic expansion was decreasing as, in turn, gold, wool and grain failed to produce enough to meet the demands made upon them. The effect of a drop in overseas prices may have been offset by a rise in productivity to preserve a stable or increasing export return, but the effect of both operating in the same direction was, for some years, disastrous¹. Even the alleviation of the export situation towards the end of the decade, when in the one year, from 1888 to 1889, exports leapt an unprecedented £2.6 million, was the result much more of a tremendous upsurge in production than an increase in prices,

1. In fact, export returns were dropping absolutely as well as proportionately by the mid-eighties, from a peak of £7.1 million in 1883-4 to below £6.7 million in 1886 and 1888.

although there was a small temporary rise in the latter also.

The term 'long depression' gives an impression of a slump of unvaried and unmitigated intensity without alleviation. But if it is to be counted as beginning in 1879, two periods of reasonably obvious easing made themselves seen, even if one is very temporary. The decade in which the depression was supposedly at its most intense also had its periods of alleviation, and can be roughly divided into three between the start of 1880 and the end of 1890. The first section between approximately 1880 and 1883 was one of improving conditions of rising and fairly high imports and exports², and total trade per head. This mild prosperity was boosted somewhat by public and private investment which itself continued to increase, encouraged by improving conditions.³

The second period lasted from 1884 to about 1888 and marks years in which the 'moderate upswing'⁴ of the early years was followed by heavy depression. Investment could do nothing to stem the effect of falling prices⁵ or stagnating primary productivity, nor could it help secondary manufacturing wrecked by foreign competition. During these five years both economic and social conditions were at their worst; men were unemployed, manufacturers unprotected, and lands unsettled. But for the last two or three years of the decade it seemed as if, perhaps, better days were coming. Increased productivity⁶ brought

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2. See graphs and figures - Appendix E. Judging by these figures, 1882 was the most prosperous year with a total trade per head of £29.19s.6d., but this does not compare with years in the mid-seventies when trade per head was over £40.
 3. The inability of capital injections alone, to create prosperity without increased production and/or good overseas prices is well illustrated by the fact that investment continued in both cases, after the terms of trade had become disadvantageous but they could not stave off depression. See Appendix E for figures on loan expenditure and bank advances and discounts per head.
 4. Simkin's term.
 5. *ibid.*, p. 163. He gives the fall in wool prices between 1882 and 1883 as from 11½d. to 9d., and wheat from 4s.4d. to 3s. While wool just maintained a constant value, grain fell from £1.3 million to £.4 million.
 6. See I.W.Horsfield, chapter 6.

about a spectacular leap in exports, which were also improved by better prices. A new primary staple moreover was starting to make itself felt: by 1890 the export of frozen meat had displaced wheat and gold to take second place behind wool among the colony's exports. Although much less important at this stage, another product, butter, was also becoming a minor feature of export schedules. Internally, the tiny manufacturing units which had grown up through the eighties, helped by low labour costs, and which had been seriously undermined by falling import prices for foreign articles, received a new lease of life with the 1888 protective tariff. The new middle class which had grown up as a national, integrated economy was developing - an economy which was blurring the old geographical divisions by provinces - had become, by 1890, fairly satisfied.⁷ By the end of the decade labour was the force which regarded itself as badly treated, for although both in the country and the towns absorption policies were in operation, they had yet taken up the slack of unemployment by 1890.

These were the economic conditions, then, with which the governments of the eighties were faced, and around which they had to mould their policies. The economic conditions were given; the policies of the different ministries had, in good times, to work in accord, and in bad, to find some solution for them. Because they were tied to economic trends the politics of the period tend to fall into the same three divisions, though not exactly, because of such factors as time lags and changes in public opinion. From 1879 to 1884, in a period generally of steadily increasing prosperity

7. Perhaps a fairly useful indication of improving conditions over these years is provided by bankruptcy figures which grew to a peak in 1886, then much more rapidly dwindled.

1884	807	1887	992	1890	627
1885	942	1888	844	1891	673
1886	1046	1889	689	- From S. of N.Z.	

following a heavy slump, a ministry representing 'cautious' expansion policy held the treasury benches. It was intent firstly on solving the depression and its problems, and secondly, when conditions had improved a little, concerned more with putting into operation a policy of 'cautious' yet steady borrowing. By such a prudent policy it was hoped to continue the scheme of the previous decade which had seemed to bring such prosperity - but on what was believed would be a better planned and more carefully administered plane as well as on a smaller scale. Then for about three years the party of 'bold' expansion came back to its last tenure of office for many years. Vogel promised something to awaken the colony from five years' sleep, and this was what the people wanted. They had tasted prosperity in 1874, a great boom in 1878, mild prosperity again in 1881-2 and now it seemed, in 1884, that these good times were slipping from their grasp. They hailed Vogel as the man who, with borrowed millions and railway lines, renewed business for the middle class and public works employment for labour, would once again give them the success of the early seventies. But all had reckoned without economics. The position worsened, prices fell, production remained stagnant and local manufacturers were undercut by foreign imports; and Vogel could do nothing to help the situation with his policy. Gradually the breeze of public opinion veered around, until swinging to the side of retrenchment it blew strongly against any further borrowing, which would merely increase the financial burden on the taxpayer. Vogel without borrowing was an empty vessel and when his policy in 1887 proved to be bankrupt, the ministry fell. It had been Vogel and the prospect of material prosperity, not Stout and his vague theorising, who had been the centre-pole of the government.

The time had come for a change. Atkinson could not return to his earlier policy for even 'cautious' public works borrowing, and careful and prudent administration was anathema to the colony. In the 'roar for retrenchment' during 1887 anyone who proposed such a scheme could expect little support from parliament or public. The primary aim of the new government was that of cleaning up the financial mess left to them, of meeting the deficit and of retrenching expenditure as much as possible to relieve taxation. This was demanded of Atkinson's ministry; it was done and in doing it the ministry gained itself the unenviable titles of "skinflints" and "cheeseparers". But what contemporary and later observers failed to note was that the policy of financial equilibrium was but half the ministry's activity and, in the long run, the less important half. The other section of policy was that which was to influence development schemes for many years and so lay the foundation for later ministries to build on. In essence its aims and methods were almost diametrically opposite to those envisaged and effected under the policy of expansion. Government economic policy from these years onwards can generally be defined as aiming at intensified welfare. Rather than attempt to expand economic and geographical frontiers, ministries endeavoured to work their policies within existing boundaries, to give more security and employment to those within the country rather than bring in new population by immigration, to settle men and their families on small holdings rather than develop highly capitalised communications systems and public works to open up great new areas, to help local industries keep their heads above water and provide a solution to underemployment by a strong form of protection, rather than spend money on endeavouring to develop a multitude of industries. What, in effect, it really turned out to be, in addition to the initiating of wel-

fare policies, was a period of stocktaking and consolidation. It was the cleaning up and gathering of loose ends after years of prosperity, over-capitalisation and -population, and it was also the building up, the preparation of a solid substructure for the next burst of expansion that should accompany prosperity. It was all these, and, because of this, was actually more than just intensification; these years also saw the working up of new economic developments brought about by technological inventions, and although government had little to do with the growth of frozen meat as an export staple, it did, however, play its part in the encouragement of the far more slowly developing dairying industry.⁸ Naturally, it did not do as much before 1890 for the industry as it did in later years when there was more to work on. In addition to direct action, however, the very fact that small men were being settled on subsistence holdings meant that a class of small farmers was being established who could later take advantage of refrigeration to develop their holdings for profitable export farming. As with other developments the last few years of the eighties provided the germinating period for the later spectacular growth of the nineties, but it too was dependent upon earlier legislation and government activity, such as Rolleston's perpetual leases which facilitated small-holding farming. The significant fact about the eighties and nineties is not their dissimilarity so much as their continuity. Ministries came and went, but, regardless of politics, economic policy was very similar, differing only in its stress and intensity. These are the important developments that historians, too easily attracted by the obvious and kaleidoscopic aspect of the political surface layer and too

8. See I.W.Horsfield, chapter 4, who concentrates mainly on the welfare policies of the ministries in the late eighties and during the nineties.

easily misled by party propaganda and verbiage, have failed to see.

Atkinson's financial statements from 1881-4 give the main clue to the course government economic policy took, and the effect it had upon the House and the public were always related to these or to the public works statements which retained still for some years to come, the importance which had accrued to them in the previous decade. For three years Atkinson had the pleasant job of being able to inform the legislature that his budgeting had resulted in surpluses⁹, so much so that in the best year, 1882, he found himself in the position of allowing a tax reduction. In that same year, too, he once again returned to the policy of capitalised expansion, but insisted that any borrowing that was to be done must be moderate in size and prudent in its expenditure. In 1881 he had made a 'cautious' policy statement regarding expansionist economic schemes, when he remarked in his budget that the public works policy would have been an eminent success had the amount been limited as originally intended and economy had prevailed from first to last. The Legislature, he thought, could, if resolute, "make the future operations more thoroughly matters of business. With that resolve it will define and fix with exactness the objects of future loans and determine their amounts not by the flush of the revenues of the most prosperous years but by the reliable averages of a considerable period."¹⁰ The public works statement delivered by John Hall in 1881 re-emphasised this spirit of prudence, when he stated his belief in the benefits to be derived from development of the country's resources. But he insisted that, in continuing the public works,

9. See N.Z.P.D., Vol. 38, 6 July, 1881, Vol. 41, 16 June, 1882 and Vol. 44, 27 June, 1883.

10. N.Z.P.D., Vol. 38, p.337, 6 July, 1881.

the legislature would be asked to define future undertakings with all precision, while future borrowing was to be limited by the calculable prospects of the colony and be employed only on works of remunerative character.¹¹ The essence of 'caution' was stated again by Atkinson in the following year when, amid apparently improving conditions, he proposed a new loan. The principle of overseas loans being consequent only upon internal stability was clearly stated when he said "They [the government] think that, our ordinary finance being restored to a satisfactory condition, and our main trunk lines of railway being still incomplete, it is now prudent to raise a fresh loan"¹²

1883 was a year of more limited prosperity; the surplus had dropped and Atkinson openly spoke of the existence of commercial depression. Property tax rates which had been cut in 1882 were again raised another $\frac{1}{4}$ d. in the £. to meet the possible deficit. But the most important section of Atkinson's statement was that dealing with the state of trade throughout the country in the past, present and future. The significance of this lies in the fact that for the first time a colonial financier, in making an economic survey of the country, considered the national economy as a whole and made his divisions, not according to provinces and their differences, but in terms of the various sectors of the economy - commercial, industrial and pastoral. New Zealand trade, New Zealand export produce, New Zealand assets and debits, New Zealand hopes and prospects, not those of Auckland or Otago or Canterbury, were the subjects he stressed. Vogel had spoken of national development but had also considered the provinces. Atkinson, in dealing with the colony's trade problems, did not even mention them. His main object was to show that New

11. N.Z.P.D., Vol. 39, 9 August, 1881.

12. Ibid., Vol. 41, p. 536, 16 June, 1882.

Zealand must not put all her eggs into the main baskets of wool and gold, but must expand her export industries to meet imports as well as encourage local industries and increased production to take their place. The problem was that of a country which wishes to live well but could not pay its living expenses. This, which became so much more acute within the next few years, meant that the colonists, as Atkinson said, must either borrow more merely to continue to pay for imports at the past rate, or increase local production to supply colonial consumption to the extent imports fell, if commercial depression were to be prevented.¹³ The previous year's imports had been at least £1 million too high, he said, but there was hope for the future with increased production although the colony would have to live within its means. Later he spoke of the capital which was to be spent on opening up lands for settlement. Although perhaps not apparent, the first significant step had been taken in the gradual switch in policy; it was a step away from the belief in borrowing as a cure-all, and towards land settlement on a greater scale as well as the protection and encouragement of local industry. The government's realisation of the need for greater haste in land settlement was plainly set out by W. Johnston in his public works statement of the same year. He outlined his intended policy of helping to increase land cultivation by reduction of freights on agricultural produce, by the inauguration of the system of perpetual leases, and by the proposed abolition of all restrictions on the alienation of land. Land settlement and subdivision, he added significantly, had nothing to do with

13. Ibid., Vol. 44, p.219, 27 June 1883.

the cries of liberalism but were caused by financial exigencies and the need for greater productivity.¹⁴

But the colony in 1884 was not interested in national trade balances; it wanted immediate and obvious prosperity such as it had had under Vogel and Macandrew, and it turned to these men in the hope that they would be able to brush aside the clouds of depression that were moving over the colony. 'Bold' newspapers such as the Taranaki Herald which believed that "the most successful politicians are those who conceive great policies, and have the ability as well as courage to carry them out. Such a one was Sir Julius Vogel ...",¹⁵ combined with those which had supported the 'cautious' policy to decry Atkinson's policy of 'political rest'. An excellent example of a change-over of political allegiance for provincialist or pork-barrel reasons - the dominant feature in the 1884 elections - was that of the Taranaki News, previously a strong Atkinson supporter. Grey, it cried, was the man needed by the country; he would suit Taranaki's interests best, it added almost as an afterthought. Atkinson was a broken financier and Vogel had not sufficient patriotism, but if Grey was returned to office Taranaki would get the main trunk railway. "If the people of Taranaki wish the railway to take the western route, we hope they will remember the hint we now throw out at the elections, and that, whatever may be their private opinions regarding his political virtues or vices, they will remember that in this, as in many other public works, Sir George Grey is the friend of Taranaki."¹⁶ Obviously, as with the attitudes of the Taranaki Herald and Lyttelton Times, support for Vogel also was

14. *ibid.*, Vol. 44, 3 July 1879.

15. 15 July 1881.

16. 21 July 1884.

centred on the belief that he could bring back prosperity, and, especially in Canterbury, but also in Taranaki, that he would support provincial desires for railway construction; liberal principles and theories were disregarded.

Vogel's ministry was a failure. Not only did his 'bold' policy break down, but the aura of financial wizardry which had surrounded him was whipped away, leaving him obviously as helpless as any other treasurer in depressed conditions. But it did not take three years to prove that neither Vogel nor the 'bold' expansionist policy had little for the colony. After his grand election promises to wake the country out of its five years of sleep, followed by the appealing assurance of 'leaps and bounds' of progress¹⁷, he was never really allowed to put into effect his great schemes for prosperity by borrowing. T.G. Wilson says that 'leaps and bounds' was not a policy but merely an expression of hope. Of course it was a policy - it was the policy which, in the colonist's eyes, had brought such tremendous prosperity under Vogel and Macandrew in the seventies. It must, they thought, inevitably do the same in the mid-eighties, as well as provide the extra capital for increased public works in the various provincial districts. Optimism was rife to such an extent that even the most obvious and specious trick of meeting the deficit by robbing the sinking fund was greeted with credulous enthusiasm. Even the strongest of opposition papers, the Press, had little criticism to make of either the financial or public works statements, except to say that if the government intended borrowing it should first lay down a line of policy,¹⁸ while, of course, the Lyttleton Times-spokesman for a 'United Canterbury', whose intentions of gaining its beloved East-West railway were reflected in its sending

17. N.Z.P.D., Vol. 48, 16 September 1884.

18. Press 17, 22 September, 27 October 1884.

at least fourteen Vogelists out of eighteen members up to Wellington - had nothing but praise for the policy of "Progress and Prosperity".

1884 was Vogel's brightest year; for the next three years there was little but defeat for him, and disillusion for the country. The borrowing policy continued at a rather higher rate than Atkinson's but still the depression hung over the colony, worsening month by month. Vogel still budgeted a surplus in 1885 although Atkinson claimed that he did so only by borrowing £247,000 to help turn the previous year's £150,000 deficit into £20,000 surplus, which swelled the total to a £225,000 deficiency.¹⁹ But revenue was not increasing fast enough to meet new expenditure and Vogel began to talk of tariffs which would also help local industry. In 1886 he again borrowed for further public works development, but only on what he called a short term small loan policy, to carry on railways. Of a long term policy there was now no sign, except that the land must be opened and settled by means of public works. Direct help to small men, apart from Ballance's very limited village settlement scheme, there was none, for Vogel thought that the colony's credit would suffer if the government were to enter the business of making loans to farmers on mortgage, but he hoped private enterprise would give relief to small farmers and so obviate the need for government interference.²⁰ For the Stout-Vogel government the real means of curing depression and its resultant social evils was by expenditure on public works. It failed to get at the root of the problem as later governments did and earlier ones tried to, by concentrating on direct help to settle and aid people on the land rather than

19. NZPD, Vol. 51, 26 June 1885.

20. NZPD, Vol. 54, 25 May 1886.

trying to help them indirectly through expenditure of money on public works. Vogel's policy was more an orthodox one, based on overseas, especially American and Australian, examples, whereas that which followed was empiric, far more closely related to New Zealand conditions and, therefore, more realistic and effective. Vogel's idea of borrowed capital for public works was only a temporary remedy; it absorbed labour for a short while, but, because so much of it was unproductive and premature, it often did not open new opportunities for development and employment. Besides, it was actively disadvantageous, as it increased financial burdens without giving reasonable returns from expenditure.

The end came in 1887 when Stout, tired of the continual humiliation of constant defeat of his ministry's policy, resigned after another defeat on Vogel's tariff proposals. In his financial statement of May 1887, Vogel had finally to admit to a heavy deficit due to falls in customs, stamp and railway revenue. The 'bold' policy had failed and now he had nothing to offer but a rehash of the policy of 'caution' which insisted upon financial equilibrium by means of great economies and retrenchment. This was generally what he offered when he presented his final budget.²¹ Future expenditure was to be reduced and economies effected, while retaining efficiency, the 1887-8 expenditure would be less than that for 1886-7, and wide retrenchment would be carried out. The revenue proposals were marked by his insistence on the 'cautious' principle that equalisation of expenditure and revenue would not be postponed. Customs duties and the property tax would, therefore, have to be raised so as to tax both the thrifty and the spenders. The end of the period of expansion seemed to have come, for even the £1.3 million loan raised had

21. NZPD, Vol. 57, 10 May 1887.

been only at the unsatisfactory figure of £97 compared with Atkinson's 1882 loan of 98.6 which rose to a quotation of £102.5 in 1883.²² Now even Vogel turned his attention to the important subject of labour absorption by means of land settlement rather than by public works employment. The people who should be settled on the land, he emphasised, significantly, if a little belatedly, were not immigrants so much as young New Zealanders, so some system of leasing was needed, involving no great principle, to open up the land. The blow had fallen, despite Vogel's concluding assurances that the colony was inherently strong and that it was better off than before 1870 when there had been no public works. New Zealand, he asserted, like other countries, had only been becalmed for a while and there were signs at last of a favouring breeze. But his last-minute, almost desperate, defence of his policy, coupled with vague hopes for the future, were in vain; if retrenchment and economising were to be carried out, Atkinson and his prudent followers were the men to do it. The final proof, not only of the failure of public works scheme to provide jobs for the unemployed, but to develop the country and give a reproductive return for capital invested, was Richardson's public works resumé in June 1887, in which he showed that although economies had been effected throughout the railways during the year the net revenue return on opened railways had been £2. 6. 0 per cent on the total cost. This compared very unfavourably with previous years in the decade. Regardless of increased expenditure by the Stout-Vogel ministry upon railways, the return from the railways had decreased annually so that the financial burden on other revenue increased proportionately.²³

22. See NZFF, Vol. 44, 27 June 1883.

23. See public works statements; 1881, £3. 8. 3, 1882, £3. 9. 0 approximately, 1883, £5. 8.10, 1885 £3. 0. 3, 1886, £2.18. 6.

The press, representing public opinion,²⁴ had in the main swung against Vogel. Even as early as 1885, the Taranaki Herald, so fervent a supporter a year previously, had commented gloomily on Vogel's budget that "to many it will be a sad realisation of the vanity of human wishes and expectations. The Treasurer has frankly told the House that his magic conjurations have not been potent"²⁴ Early criticism of Vogel's protective policies began gradually to be replaced by condemnation of the borrowing schemes, especially in Taranaki where the press had complained in 1886 that, of £1.5 million to be borrowed, none was to be spent in their province.²⁵ 1886, however, had seen the Ministry gain a little in public sympathy, for even the Press commented favourably on Vogel's financial statement as progressive but prudent, and it believed that at last the moderate newspapers had finally convinced the Government that the country would not submit to a big policy.²⁶ But there were also rumours that if Vogel proposed a big enough policy that year he would gain favour. "I hear", wrote a friend to John Hall, "Vogel intends to dissolve parliament and go to the Country on his Ten Million Loan Scheme. I believe, if he does so, he will get a Majority; ... many will support this wild finance in the hope of bringing back, for a time, some appearance of prosperity which will enable them to clear out of the Colony."²⁷

But those who expected this were to be disappointed. Vogel, possibly influenced by Stout, (according to E.C.J.Stevens)²⁸ who now wanted 'caution', as well as by the economic circumstances, offered only increased taxation and reduced expenditure in 1887. Press reaction in Taranaki was strong.²⁹

24. 24 June 1885.

25. 27 May, 26 June 1886.

26. Press, 27 May 1886.

27. H.Russell to John Hall, Hall Papers, 21 February 1886.

28. E.C.J.Stevens to J.Hall, Hall Papers, 21 April 1886.

29. T.N. files for 1887, '88, '90 are missing from both Wellington and New Plymouth.

Bursting with indignation, the Herald condemned the budget as "vicious in principle, delusive in theory and clothed with masses of verbiage"³⁰, and noted that in Auckland, Otago, Wellington and Canterbury, the main newspapers had also criticised Vogel's proposals.³¹ But it did not support Atkinson, as it thought he would not be sufficiently determined in retrenching; rather, the time had come for some new party to meet the "roar for retrenchment" which had now become the main characteristic of the election. After the election in September it felt that although Vogel had been defeated, Atkinson had not been given the vote, but that some new party and a new order would be devised with retrenchment as its basis, to bring about stable, economical government.

In Canterbury, Vogel's strong opponent, the Press, was surprisingly mild in its condemnation of the ministry's extravagance, but was, nevertheless, definite in its advocacy of economy and retrenchment, the issue upon which the whole election hinged, and also opposed protection which it said would, though helping industry, increase prices for the working man.³² The results of the election, it was later gratified to see, had been in favour of the party of economy and reform, but it was disappointed that Canterbury, mistaking the real issues, had returned only four members of the opposition. It believed that the influence of the West Coast railway had had something to do with the success of the Stout-Vogel candidates³³, and in this opinion was supported by Rolleston, who, writing to G.Fisher, explained his defeat by saying, "I have fallen victim to what has been the bane of Colonial Politics

30. T.H., 11 May 1887.

31. T.H., 16 May 1887.

32. Press, 11, 12 May, 22 September 1887.

33. Press, 28 September, 1 October 1887.

34. W.Rolleston to G.Fisher, Fisher Papers, 2 October 1887.

petty Localism - the Midland Railway Swindle - (that term is not too strong) and 'a united Canterbury'.³⁴

These opinions were obviously affected by their owner's political views but were nevertheless a useful explanation for the reason why all but four electorates in Canterbury, whether squatting or labouring, country or town, should have voted for the same party. As far as Canterbury was concerned, in 1887 as in 1884, the province's desire for a railway to the West Coast ^{was} ~~were~~ paramount, and to gain this end a 'united Canterbury' block must be sent to Wellington under the leadership of the foremost provincial railway agitator, W.P.Reeves, to support Vogel and public works. This too, was doubtless behind the Lyttelton Times' insistence that a 'united Canterbury' phalanx should be elected; although it wanted this, it explained, to ensure that retrenchment, protection of local industry and the fullest development of the colony's resources was carried out.³⁵

The colony as a whole, however, voted strongly against Stout-Vogel and in favour of the party which was regarded as being fitter to carry out the policy of retrenchment and economy. The wheel had turned again with the change in economic conditions, and the 'cautious' men were again called upon to try, by means of careful and safe finance, to bring the colony to prosperity once again. But now there was a difference. 'Cautious' expansionism had in 1883-4 proved not to be the answer to stagnating productivity, unemployment, financial deficits and falling prices; by 1887 the 'bold' expansionist policy had been proved an even greater failure as a remedy. Something new in the way of a solution had to be found, something which would ease the pressure

34. W.Rolleston to G.Fisher, Fisher Papers, 2 October 1887.

35. L.T., 22, 26, 27 September 1887.

of over-population and under-productivity. The new ministry turned towards the land in their search. From 1887-8 onwards the land became the most important single asset in government economic development policies and, as it grew more useful, gradually new and hitherto unknown types of use of it began to solve the colony's economic and social problems. This is not to say that previously land had been ignored as a solution for the aid of the indigent and unemployed; obviously it had not. But it had not, since 1870, been the most important aspect of developmental policies; it had always been only of secondary importance in comparison with the stress laid upon public works and borrowed capital. 1887-8 marks the stage in the process of growth when land became the focus of the primary policy of development. At first the government's aims were merely to take the land, settle it with local labour on subsistence holdings and so ease the unemployment situation - the corollary to this labour absorption policy in the town areas being protection of industry. But as the land became more important in itself because of such technological advances as refrigeration, government policy changed from merely settling men without capital by means of lenient tenures, to the active participation in the advancement of the slowly emerging dairying industry. As more opportunities were opened for its intervention, government policy became more comprehensive, but most of the new aspects of policy had their roots in the seventies and more especially in the eighties.

Atkinson's first task in financial policy in 1887 was, however, to satisfy the public demand for economy and retrenchment while bringing to an end the policy of borrowing which had formed the focal point in New Zealand politics for seventeen years. He estimated that in addition to the probable deficit for 1887-8 of £589,305, there was also a deficit for 1886-7 of £234,901 to

be met. His policy he outlined as the attempt to forgo unnecessary expenditure and make what expenditure there was more reproductive. In addition the wealth-producers of the colony would be encouraged, and finally, the country would be made far more self-reliant. Public works expenditure especially would be heavily reduced, although a final loan was to be raised so that the public works policy could be gradually tapered off and not disastrously broken off immediately. But it was made clear that if the colony were to live within its means, borrowing as a policy must be ended. On the other hand, the government would not deny its responsibilities in economic policy. In addition to the attempt to equalise revenue and expenditure, Atkinson gave an inkling of his more positive policy of promoting the settlement and occupation of the land. People, he insisted, who had the capital to employ labour must be brought on to the land, and it was the government's intention to give effect to this by simplifying the land laws, to allow selectors full freedom of choice as to tenure and to enable bona fide settlers above all, to get possession.³⁶ The government's policy then was fairly clear and obvious; first the budget was to be balanced and finances set on an even keel again. Secondly as one policy involving the use of overseas capital was tapered off, the other, based on self-reliance and so involving no foreign capital commitments, and yet at the same time more effective in solving the colony's economic problems, was to be gradually put into operation. E. Mitchelson in his public works statement of the following month, outlined the policy of decreasing expenditure on works until the final year of 1891. From then on any expenditure would come from revenue,

36. See NZPD, Vol. 58, p.90-101, 1 November 1887.

although, he said, the government would try to prevent a sudden check being put on colonial industries.³⁷

Conditions did not improve over the next six months, before Atkinson delivered his 1888 financial statement, which put into effect the warning he had previously given the House about the need to settle the tariff question. Customs duties were to be raised from 15 per cent to 20 per cent and in some cases to 25 per cent. In the first place, Atkinson made it clear that the extra duties were to meet the financial deficit by providing additional revenue, but, he also added, "we have endeavoured, while making revenue our first object, so to adjust the proposed duties as to assist our local manufacturers, without any more pressure upon the consumer than is inevitable"³⁸ This, the other facet of the policy of self-reliance or labour absorption as part of the wider welfare scheme, was Atkinson's main contribution towards economic policy for the year. Its immediate effects in protecting industry were important, but not so important perhaps as providing later protection not only for the middle class but also for the workers. Without it, it is possible that, until prosperity came to the country again at the end of the century, workers could not have attained a position to form effective unions, and Reeves' Industrial Conciliation and Arbitration Act might not have been put into effect so soon. Mitchelson, a few months later, had little to say about public works, except that as a question of policy they were of much less importance than with other questions and that expenditure on them was being reduced yearly.³⁹

1889 was not remarkable for any important policy developments, but,

37. See NZPD, Vol 59, p.578-9, 12 December 1887.

38. *ibid.*, Vol. 60, p.316, 29 May 1888.

39. NZPD, Vol. 63, p. 184-97, 18 August 1888.

as in 1881, after struggling through two heavily depressed years, Atkinson had the pleasant duty of announcing that, not only had trade revived and industries progressed steadily, but also he had a surplus of £77,769 to show in the consolidated fund. Regarding the population exodus he explained that the only effective way the government could have prevented this happening was by large public works expenditure, for, during the years of big loan expenditure, he stated, significantly, "a numerous class has sprung up who have been relying on the public expenditure as a means of livelihood, and many of whom do not care to live the life of an ordinary settler.of the total number who had been employed on public works some were no doubt absorbed by other industries, but the less versatile and more restless drifted away."⁴⁰ From this it would appear that the exodus was a legacy of the expansionist period of development; in the years of high prosperity, large expenditure and immigration, many had been employed on the works and had stayed there partly because little else was being developed in those years, but also because of high wage rates. When much of the public works was consequently cut down, many of these men had no other acceptable occupation to go to. As with the diggers of the sixties, some sought alternative employment within New Zealand while others tried their luck overseas. In 1883 the only policy which would have appealed to unemployed public works men was increased public works expenditure, but to this the government would not consent. In other sections of the economy, however, Atkinson had much better news; he spoke of increasing production and exports, including grain, frozen meat, butter, cheese, timber and flax. Gold and coal mining had increased, as had bank

40. NZPD, Vol. 64, p.32, 29 June 1889.

savings, and the colony's credit was much improved, 4 per cent stock which had been selling heavily eighteen months earlier at $96\frac{1}{2}$ now being quoted at an active 105-6. He ended on an optimistic note, claiming that the finances and vitality of the colony were assured, especially as the occupation of the land and development of industry were being carried out rapidly.

The sanguine tone was carried over into the last statement ever made - though not delivered - by Atkinson, in 1890. In it (it was read by Mitchelson) he stated that his anticipation of a small surplus had been more than realised, and that it had been brought about by an improvement in the colony's condition as well as by careful administration. Everywhere there were signs of progress, especially on the land which was being taken for settlement in small areas, so that agricultural holdings were increasing at a rapid rate, while there was also a marked increase in the productivity of the main industries. Even where there was a deficit in the land fund of £90,000 over two and a half years, this actually stood to Atkinson's credit, for it showed that he had not tried to balance the account by forcing the sale of land; the deficit was, in fact, caused by the Government's encouragement of the small man without capital, taking up land on the system of perpetual lease.

But by far the most important section of the statement was the review given on the lines of the 1883 discourse. This time, however, he concentrated his attention upon what had rapidly become the most significant development in the economy - land settlement. Atkinson introduced the general review of the colony's development by a preliminary commentary on the settlement of crown lands. He showed that perpetual lease, the most popular of tenures, caused a problem - that of insufficient cash for surveying, roading and rendering lands fit for occupation; (so he suggested that, somehow, either

internal loans should be raised or the land be made self-sufficient). New settlers would be provided with the work of helping to survey and open up the land and a rate would be struck over the area to meet the costs as though it was a district raising a loan under the Government Loans to Local Bodies Act. In a way, this was borrowing, but for an approved purpose and within fixed limits so that there would be no fresh strain on colonial revenue; and in fact the settlement of lands would be made self-supporting. The necessity for the new system Atkinson made clear, when he pointed out that there would be nothing left out of borrowed money. In addition the government was considering further amendments to land laws to promote bona fide land settlement further, such as postponing rent on bush farms for two years, regulating more stringently against dummyism (although this was now little practised) and finally, buying up much more native land.

Referring again to the exodus he explained that the ministry's policy was to get settled on the land those who were willing to stay. Though dealing with the economy generally, the importance of land was shown by the fact that invariably, whether trade, industry or employment were discussed, the topic centred around land. In comparing land holding in 1876 and 1890, he showed the proportion of agricultural holdings per hundred male adults had risen from 14.88 in the first year to 23.22 in the latter. Also, there had been a gradual diminution in the size of average holdings, and the perpetual lease tenure was proving most satisfactory to the public.

After dealing with increased in trade per head, he moved on to discuss changes in farming. Since 1881 large flock owners - 20,000 sheep and over - had increased 10 per cent; intermediate - 10,000 to 20,000 - by 19 per cent, and small men - under 10,000 - by 55 per cent. But with diminished public and

private investment and therefore reduced internal trade, there had resulted too many middlemen, keen and unstable competition, bad debts, low profits and the unfortunate position where two men had been competing for the job of one. This all meant one thing, he thought; that the towns were too large in comparison with the country occupied, and that a considerable proportion of the townsmen would have to occupy the land themselves, or engage in some other form of productive industry, before commercial equilibrium could be restored. In the wider sphere, what Atkinson meant was that the whole commercial superstructure which had been built up on the foundation of heavy borrowing, extensive public works and high public and private investment, would have to be broken down now that the foundation had been removed. But in the reduction of this, all those involved in it would have to be found new occupations in a superstructure based on the far more solid foundation of land. The colony's prosperity, Atkinson stressed, rested mainly on the occupation of the land, and so on land-laws. At present, he said, it was difficult to devise more liberal laws to promote settlement because of the nature of the country, which required a great deal of expenditure on roads and clearing before use. The problem was lack of finance, for if the consolidated revenue was to be used this would mean extra taxation. However, the 1886 Village Settlements scheme would be extended to cover small holdings as well as agriculture - the fruit and spade industries - while, in an endeavour to give young people a taste for country life, there would be elementary agriculture classes as part of school curricula.

In final retrospect, Atkinson announced that his government had set itself the duties of reducing ordinary expenditure to the lowest practicable, devising a means of balancing the budget by raising revenue which would also

help local industry, and reducing expenditure of borrowed money on public works. Equilibrium had now been established and a budget surplus gained, the tariff had brought in revenue and local industries were in a sound condition. To complete his statement, he described the extent of land settlement over the past two years and a half. The acreage of all lands not pastoral disposed of had doubled, compared with the previous three years, lands disposed of on settlement conditions had more than doubled,⁴¹ while the cost of administration had fallen.

All that was now required, he concluded, was for the continuation of the present economy, a refusal to borrow again to make life more pleasant, and a determination to get the waste lands settled by those dissatisfied with their present employment. "Put in a few words", he summed up, "I would say, sober finance, extended settlement, increased industries - these with never-failing confidence in our future, will carry us prosperously on, and leave this land as a noble inheritance for our children."⁴²

These three, with a few amendments, were to form the main basis of governmental policy for many years to come, although different stresses would be laid on their various aspects, as economic forces and technological advances gradually altered the colony's economy. Strict financial management was self-evident; it was accepted fully by Ballance and his associates when they came to office in 1890; they had, in fact, allied with the renegade "skinflints" of Atkinson's group who insisted in 1890 on even more economy and retrenchment. Land settlement and industrial growth were in some ways

41. In the previous three years the total had been 700,000 acres, whereas from 1888 on it had been 1,150,000 and was, at the time, being taken up at 450,000 acres per annum. In addition, the proportion of selections under settlement conditions as against cash sales had increased from 4:1 under the late government to 7:1 under his ministry. The average area under all tenures was at the satisfactory figure of just under 200 acres.

42. NZPD, Vol. 67, p.108, 25 June 1890.

the less obvious aspects of the policy, but in the longer term they became far more important, for they were the means of providing a living for the many who had been unemployed during the depression and after the cessation of public works. They were the two cornerstones of the welfare policies which became synonymous with government economic and social activity in the nineties. But as foundations they had been firmly cemented into position during the eighties, and Atkinson had already started upon the legislative superstructure when Ballance and his government took office in January 1891.

The press during these years as a rule was not particularly interested in long-term policies, but rather watched for each financial or public works statement as it came and tried to assess its individual worth. The most insistent cry in the press in 1888 was for thorough retrenchment, and in both Taranaki and Canterbury the news that the public works department was to be abolished was well received⁴³, for it proved to the world that the era of borrowing and squandering which had brought all the existing evil to the colony, was at an end. To the Press the tariff of 1888 was purely the result of the public works policy which had proved such a burden to the taxpayer, and that burden would be increased by any extension of the scheme which had proved to be so patently unproductive.⁴⁴ In the same year the Lyttelton Times, however, held the government in high regard because of its tariff policies, not only for the extra revenue brought in, but also because of the protection to industries.⁴⁵

1889, a year of some improvement, saw little serious comment or criticism directed at government policy, no party cries marked the editorials and no calls came for a removal of an unjust governing elite. Even the

43. See T.H., 20 August 1888, Press, 1 June 1888.

44. Press, 5, 20 June 1888.

45. L.T., 30 May, 1 June 1888.

Lyttelton Times had little to say except to commend Atkinson's review of progress and ask that certain public works be completed.⁴⁶ It can, therefore, perhaps be taken that in the country as well as in parliament the opposition had little in the way of alternative policy to cohere upon.

It was not until 1890 that the opposition did at last find a source of great discontent to which they could firmly bind their cause. As has been earlier noted, Atkinson's government had seriously set its hand to land settlement and promotion of the growth of local industry. To this extent it was actively helping to find security, both for the small farmer and the middle class manufacturer. But the one class they had not, by 1890, decisively legislated in favour of was labour; certainly, protection of local industry indirectly benefited the working class and laid a basis without which later labour protection laws could not have been made to hold in the face of overwhelming foreign competition. But in direct social legislation to ease the workers' living standards the Atkinson ministry had still nothing to show, although in that year one or two tentative efforts were suggested by Downie Stewart and Atkinson himself. Labour, in increasingly prosperous times, then, was disgruntled. Ballance's party saw this in 1890, and saw labour as possibly the saviour of their group in the forthcoming election. For all the talk of poor and unfair legislation and dummyism, it was not primarily the small farmer who swung the balance in favour of the opposition in 1890; rather it was the vote of the urban working class, the new economic and political force. Defeated in what may be termed a series of prosperity strikes, it turned eventually to the political arena to fight the cause for improved conditions. In the earlier battles, Atkinson and his

46. L.T., 26 June 1889.

ministry had watched as impartially and uncommittedly as possible, but the opposition, freer in its activities, had espoused the cause of labour and it was to them that labour turned.

The change in attitude was most clearly seen in the editorials of the Lyttelton Times, when this organ began talking of 'toiling masses' only in late 1890 as the election came up. The term 'liberalism', as Bohon has said, so little mentioned for many years, began once more to be heard on the tongues of men and seen in the writings of editors. The Lyttelton Times concentrated its criticism on three points during the year; it condemned Atkinson's lack of economy and backed that group of 'skinflints' who joined Ballance in calling for further reductions; it wrote of the government's failure in land settlement policy⁴⁷, and finally, as the elections drew near, concerned itself far more with differences between the wealthy rulers and the workers. The election it hailed triumphantly as a victory of 'liberals' over 'conservatism'.⁴⁸

That it was the labour issue which divided the two groups eventually, is obvious when a comparison is made of the editorials of the two main Christchurch papers. The Press, too, agreed on the necessity for continued retrenchment and increased opening up and settlement of lands⁴⁹, but during the electioneering it condemned what it called the "nauseating" twaddle of a struggle on class lines, and noted that the new radicalism seemed different from old liberalism. The victory of labour was carefully studied by the Press after the election when it was still not certain that the opposition would succeed to the government benches, and it was considered that the claims of labour would be warmly sympathised with by both parties, but the opposition

47. L.T., 27 June, 28 July 1890.

48. L.T., 1, 5, 6 and 8 December 1890.

49. See Press, 25, 28 June, 30 July 1890.

would gain their vote as they were pledged to support class divisions rather than principles. It made a very strong point regarding the railways: the Railways Commission, it argued, had been established to put the railways beyond political control, and this had been fully supported by the opposition, so that the government could not take sides in the dispute.⁵⁰ The Press was logically correct in this expression of opinion, for to break the power of provincial political pressure, there had been many proposals to set the railways up under an independent commission and it is understandable that the government felt extremely chary of interfering again with what seemed an administrative dispute.

The fact remained, however, that the government had, in the minds of the working class, failed to improve the position of the latter. It was in January 1891 that their votes swayed the result, and Ballance, with his new men, came to power. There can be no doubt that 1891 was an interesting year; but it was important not, as many apologists would have us believe, as a tremendous upheaval in the political and social spheres - for the influence of economic forces within the colony was too strong for that - but rather as the start of a period in which welfare policies were speeded up, the tempo of social legislation quickened, and much of the economic legislative activity of earlier years came to fruition. It is not suggested that there was no change during this period, for quite obviously in tempo there was, but what is stressed - as opposed to other interpretations - is that the trend of continuity, based on economic evolution, is far more fundamental to the historical picture than is that of radical change.

50. *ibid.*, 1, 6, 8, 9 December 1890.

EPILOGUE.

It is hoped that what has emerged from the above outline forms adequate reason against unquestioning acceptance of an interpretation which, unchallenged, until recently has held sway for over sixty years. The black and white terms of "conservative" and "liberal" have become so ingrained in the minds of those studying our history, however, that it is possibly extremely difficult to view favourably a reinterpretation which attacks the basic assumptions of one of the country's most renowned political and literary figures. Nevertheless, a close study of the period has resulted in what is believed to be a contradiction of these assumptions. It has resulted in the conclusion that those two terms do not really describe the real divisions between the political parties of the eighteen-seventies and -eighties, simply because they are not indicative of what really formed the contentious political issues throughout most of those extremely important decades. It has resulted also in the belief that the real forces which dominated politics were economic and material, rather than those of political and social reform. Only in the later years of the eighties did the latter assume any importance, and here the adjustment of the parties followed a parallel course; in fact, in earlier years, whenever problems of social reform had temporarily assumed an important place in politics, they had been met and solved usually by the so-called 'conservatives'.

The basis of politics was finance, which in the prosperous seventies manifested itself in public works. Parties and political issues centred round this; individual members held or lost seats because of their attitudes to public works, and, on a larger scale, ministries rose and fell on the same issue - in conjunction with economic conditions. Other issues such as

abolition, native troubles, social reform, even differences of personality on occasions, may have thrust their way to the fore-front of colonial politics and attracted momentary attention, but in the long run, the ultimate focus of political life was the central core of finance and public works. This was only natural in a young and undeveloped country where capital was wanted to open up land, connect isolated settlements, provide jobs and help establish industries. Bread and butter was far more important to the settlers than abstract political theory.

The eighteen-seventies, which provide most of the material for this thesis, were reasonably straightforward when their politics came to be studied on the basis of finance and public works. The main fluctuations were those between the 'cautious' and the 'bold' expansionists. Even when abolition and a superficial 'liberalism' attracted attention, their importance on the political stage was only temporary - if existent at all, in the latter case. Basically, the political structure remained the same. But the eighteen-eighties present a different, far more complex study. During the ten years following the recession of 1879-80, a gradual but decisive change took place in the framework of politics; those years witnessed the slow decay and death of one structure and the equally gradual birth of a new type of politics, in which the issues that had formed the focal point of the politics of the seventies became outmoded by the processes of altering economic circumstances. The eighties were a period in which the declining public works policies, characterised by lavish expenditure, heavy borrowing and clamorous provincialism, were replaced by the rise of a new type of politics planned to fit the circumstances of economic depression, budgetary deficits and social distress. The changeover was characterised by a swing away from heavy expenditure

and a turning to drastic retrenchment and economy. But this was only the most obvious aspect of the changing political trends; the less apparent, but in the long run more important alteration was that between two sets of economic policies.⁵¹ The main character of this change was that the old semi-orthodox schemes inaugurated by Vogel were by degrees replaced by more realistic and empiric welfare policies, aimed at increasing production, and perhaps more important, providing a solution to the unemployment caused by the depression. The change-over which took place in economic policies during the eighties was not the result of the action of any one party only; however, if either group had the larger part to play, it was that of the 'cautious' men who had always opposed extravagant public works expenditure, men such as Atkinson, Rolleston, Hall. From their hands followed the great bulk of the legislation which laid the basis for the great liberal legislative activity in the following decade.

While development by borrowed capital, as understood by Vogel and Macandrew, faded away in the face of deepening depression, other colonial assets, such as local industries worked by cheap labour, and especially land, became proportionately far more important. They alone were the means of providing the colony with increased production and increased employment. Land had not always been, as Reeves and his followers assert, the primary issue in politics, and only gradually did it replace public works in the eighties, as economic conditions forced a reorientation of policy.* Moreover,

51. For further detailed information upon this, see I.W.Horsfield, chapter 4 *passim*, in which he analyses the changes in government economic policies in the eighties.

* Note that Reeves was writing in 1898 when the land question was important, but he translates its importance into periods when it was not so important and when it did not form the basis of political economic disagreement. It was not developed earlier because it had no staple productivity other than wool, grain.

as it became increasingly important, it was the party which Reeves called 'conservative', the party which had enacted many social, political and educational reforms, whose leader, for example, had suggested a pension scheme nearly two decades ahead of its appearance, which enacted most of the legislation to help the poor to get on the land. W.R.Jourdain's description of land legislation⁵² gives ample proof of this. The major point which emerges from his study is that most of the liberal land legislation prior to 1890 was the work of those ministries Reeves had described as 'conservative'; and from those ministries three names stand out - Donald Reid, William Rolleston and George Richardson. There is no need to describe each act closely, but, nevertheless, it is possible to see that the two main systems encouraging land tenure on small scale - deferred payments⁵³ and perpetual lease - are the products of Reid and Rolleston, men who have been described as protectors of the small farmer.⁵⁴ As well as this, the village-settlement scheme of Ballance in 1886 had its predecessor in 1880 and went even further back to Rolleston's experiments during provincial days in Canterbury. Richardson, less important, nevertheless carried on the tradition of liberalizing the land laws in a number of amendments from 1887 to 1890. Jourdain concludes his coverage of the eighties by writing of a certain amendment, "this was a very large concession in those days, and evinced the desire of the government that the struggling settlers should have every chance of success in their efforts to establish themselves and their families on the land."⁵⁵

When the accomplishments of the ministries of the eighties in the field of land legislation as well as in other spheres - political, economic and

52. W.R.Jourdain's Land Legislation and Settlement in New Zealand, pp. 25-31.

53. For a commentary on Reid's act see R.M.Burdon High Country, pp. 125-6.

54. See DNEB, Vol. 2.

55. W.R.Jourdain, p. 31.

social - are closely studied and considered, one conclusion seems to emerge as incontrovertible. It is that the liberal ministries of the eightennineties, which have gained such unstinted praise for their legislative activity, were not so radically different from their predecessors and original in their reforming activity as appears from a study of the liberal historians. Throughout their legislation can be found to have roots in the past. In land⁵⁶ and political and social reform, legislative precedents can be found upon which their work has been based; with the labour protection acts there is a new element introduced certainly, but even here Atkinson's 1888 tariff laid the economic basis for much of the legislation⁵⁷; the government of 1890 had also considered tentative proposals for labour laws.

From this, then, it may be assumed that, until mid-1890, the issues which divided the parties were not essentially social or political. Up to 1887 the division had been a fairly obvious one, centred upon the party attitudes to the policy of expansion and public works. But after 1887 - the clearest dividing line between the gradual change-over of policies - the old set-up of politics, the parties of 'caution' and 'boldness' lost their identity as the structure of politics altered. For three important years it is extremely hard to find anything which fundamentally differentiated the parties; both were fervent believers in retrenchment, the most important issue of the 1887 election; the tariff issue which was expected to break Atkinson's party was dealt with by a combination of both parties against dissentient free-traders, and, as has been shown, problems of land settlement were being effectively covered by the government. As a result, at no other time, in either decade,

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56. See Simkin pp. 171-4 for his comment on the Liberal ministry's land legislation in which he shows statistically that the Liberal land policy was, though apparently spectacular, not such a success as appears in many histories. Despite the attack on land monopoly for example, the distribution of land by 1901 was more unequal than in 1891 - see p.173.
57. For an elaboration of this argument see I.W.Horsfield, chapter 5.

did personality become quite such a force in politics as in these three years; with no real alternative policy to offer, politics seemed to decline into a faction-fight between a disunited opposition and their bête noire, Atkinson.

Not until mid-1890, when what might be termed 'prosperity strikes' shook the colony, did the opposition have any issue to which it could bind itself, nor any cause to act as the mouthpiece for. Then, with great eagerness, they espoused the cause of labour; here at last was a dispute which could differentiate their policy from that of the government. To say that theirs was merely a tactical political move would be an injustice to the sincerely liberal beliefs of such men as Ballance, Stout and Reeves, but it was nevertheless this to the extent that it gave them the advantage over Atkinson and Rolleston whose humanitarianism and liberalism was equally genuine. So the opposition gained the support in 1890 of a new and powerful force, a class which turned the scale against a government which, though it felt sympathy for their aspirations, had as yet been tardy in legislating actively to improve their conditions.

Finally, 1890 was an important year to the extent that it recorded the political emergence of this new social force which affected the course of politics in the future by forcing the pace of the growth of the welfare state. However, this is the significant point - that 1891 marked an increase pace in the development of welfare policies, but it did not result in a change of their scope or direction. Socio-economic welfare legislation was not initiated as a result of the 1890 election; it was in existence long before that and was gradually evolving as the other policy of economic expansion declined. 1890 was a big step forward in its growth, but then so was 1887, the year in

which Atkinson finally threw overboard the economic theories inaugurated by Vogel in 1870.

What does emerge from all this is that, when a country's political structure is centred on, and has its foundations based on economic developments, the pattern is marked more by fundamental continuity than by radical and erratic change. The gradual change that did occur throughout the eighties was caused by an alteration in the economic condition of the colony, and it resulted in a political movement, not from 'conservatism' to liberalism', but from a concentration of government economic policy on capitalised expansion to one of intensified utilization of the colony's resources - land and secondary industry - for the purpose of welfare and self-sufficiency. In this gradual unfolding 1890 was, like 1887, merely another step forward; an advance in the pace of development, but essentially not a new one in the direction these socio-economic policies would take.

Continuity based on economic development, not radical change, was the most important element in the evolution of nineteenth century colonial politics.

APPENDIX A

1

Letter from J. Vogel to E. Fox, Vogel papers, unsorted, 3 January 1878.

Concerning the defeat of Atkinson's Ministry by Grey in October 1877, Vogel had this to say:

'You at least are entitled to know my opinion of all that has passed. I think Major Atkinson was not strong enough to lead a Ministry - A premier should hold all the threads in his hands to connect his colleagues together - Atkinson I think let each go his own way. But the doom of his Government was in my opinion occasioned by want of loyalty - I can say this now though had I said it before it would have looked like personal complaint. Atkinson was not loyal to me & to his previous government - He should not have taken office on such terms. It should have been his pride to continue as the representative of the government that called him to office. He gained a vote or two such as Stevens', he lost the confidence of many. Mine was a strong party - he should have upheld it. I do not think Richardson was sufficiently pressed to remain in office - During the recess Rolleston was consulted before Richardson. In his first speech at Taranaki after he was Premier he abstained from doing that which was his first duty - acknowledge that he owed his position to my voluntary retirement. Instead of yielding to my supposed unpopularity he should have combatted it - No man ever gained by disloyalty. Even poor McLean was not pressed to remain in office'

Letter from J. Vogel to W.H. Reynolds, Vogel papers, unsorted,
27 December 1879.

My Dear Reynolds -

I have your kind letter of...I dare say it is as you write popularity ebbs & flows in waves. Why however I should be unpopular passes my understanding - It is no fault of mine that the Colony is temporarily embarrassed in money matters if indeed such embarrassment is worthy of the fuss that has been made about it. That the policy of which I was mainly the author has succeeded is to be easily proved by the immense wealth which private individuals & public companies have already amassed from it - The scare which the temporary depression has occasioned is most unreasonable - It has arisen ... [p. 2 which probably includes the beginning of a discussion of Atkinson's financial policy, is missing.]

I understood him [probably Atkinson] in reply to say that unless they had described the situation as they had done they could not have reduced expenditure. He did not say that they had intentionally misrepresented matters nor do I suppose any thing of the kind - But in times of depression two views can always be taken one of gloom & one of hopefulness, & the emergency was just one in which it most materially behoved the Government to stand by the people & prevent them from being unduly depressed - I was much struck by a paragraph in one of the Wellington papers (the Evening Post I think) in which the writer shrewdly surmised that the Government made it as bad as they could last session to benefit themselves by the process of natural recuperation.

As I have said I do not believe there was any deliberate purpose of the kind but a child who lighted a match in a barrel of gunpowder could not be more reckless of the consequences than they were in sending forth to the world such damaging statements concerning the Colony. I do not suppose any of you were aware of the extreme danger the Colony ran - People may have said, it matters little if our securities are quoted a little higher or a little lower - but I will tell you when the real danger was. If the Colony should be in any real danger of want of means to meet its liabilities private property would of course be available to assessment and chief among such private proposals would be the property of the banks. A very little would have produced a rush to sell bank shares here, then would have followed impaired bank credit and the banks be pushed into such a corner as to be forced to diminish their business - You know what that would have meant in the Colony - the greatest disaster to half at least of the community -

I do not doubt that retrenchment was desirable and the government could have recommended it without representing everything as deplorable and if their recommendation was not accepted they should have had the courage to retire - The retrenchment should have been reasonable & equitable without making flesh to some and fish of others. They should have abstained from forcing land onto the market at panic rates for they should have felt it peculiarly important at the time to maintain the value of both public & private property - for this reason also the time for taxing property was illjudged.

Nothing can be more absurd than to suppose the Colony was

in any real difficulty excepting that created by the way in which the Government had dropped it in the dust - With all that had been said about it out there its defenders here could do nothing. I prepared an elaborate defence but under advice abstained from publishing it because it was urged with irresistible power what is the good of urging your views when the answer will be quotations from Government speeches.

Privately I made representations to the press & I have reason to think my arguments had weight in mitigating a continuance of active hostility. But publicly it would have been insanity to court discussion with the weight of Hansard Government speeches against one. Take my word for it, it is the greatest nonsense to suppose that the Government need be in any difficulty for want of money. I telegraphed them a few weeks since a proposal which would have placed at their command any reasonable amount of money besides very large profits from converting loans. They at once declined to entertain it and therefore it is to be presumed see their way to day better - But if this is so how wrong how wicked to have wished producing a panic under the pretence of a desperate emergency which they knew did not exist -

New Zealand has grander opportunities than ever it had - It has furnished its house by building its railways - It is ready to invite any number of suitable settlers - men with capital and ability to use it - Affairs on this side of the world have operated essentially for the advantage of the Colony. There is an almost inexhaustible number of the very kind of Emigrants the Colony wants and had the Government shown the same dignified courage which the governments of

that & other Colonies have shown during those periods of depression which are common at intervals to all Colonies New Zealand would have enjoyed the advantage it most required - But hundreds I believe thousands of skilled framers with capital have literally be frightened from visiting it.

I have an absorbing affection for New Zealand & it is intolerable to me to see its prosperity marred & retarded. - The Statesmen of New Zealand should remember that their work is the heroic one of Colonization - Question of Whigs & tories liberals & conservatives are comparatively of little moment to them compared with the one main question of how they can settle in the Colony a large happy & contented community. Nothing shows more thoroughly how things have fallen out of joint than that the House should allow the Government to delegate to a Commission one of its chiefest duties - There is no matter concerning which the Government should exercise more direct responsibility than that of deciding when to recommend railways & when to discourage them and the two houses should have refused to view ? much more to have entertained so abominable an evidence of the abnegation of the functions of government as that of shielding themselves from responsibility on a subject of pre-eminent moment by the action of Commissioners.

The time may come when the ablest men in the Colony should forget party differences and work together. You have some strong men - I do not believe a stronger legislature taking its numbers into consideration can be found anywhere.

At present your Government is a number of square pegs in round holes. Take for example Hall himself - You have in him a

thoroughly conscientious man with an enormous capacity for work.

But he has not a notion of the capabilities of the colony and of the extension of settlement of which it may be made the subject - Atkinson again has many useful qualities but he is entirely destitute of the first order of financial power ideas of his own - A more able exponent of the ideas of others might not easily be found, but he is the creature of those other views, he has not an idea of his own his budgets are the budgets of permanent officials - Oliver as a public man I do not know Rolleston would make an excellent Mayor of a large town, Bryce I think an excellent Native Minister and as for Whitaker he has not in my opinion his equal for ability in the Colony - But he has little to do with the general functions of the Government. Whitaker ought to be in no Government of which he is not the head. There are some men (I allude indiscriminately to friends & foes of myself personally) who are singularly gifted for the conduct of public affairs - Ballance for example is a most able financier clear headed and far-seeing. Montgomery Walter Johnstone [sic] and George McLean are also highly gifted financiers. No one can beat Ormond for knowledge of Native Affairs and skill in administering them - There is one man who combines in himself a knowledge sufficient to manage railways and a capacity suitable for a Minister I allude to Richardson - Without Richardson as a Minister for Public Works you want a Sir Edward Watkins with a salary of a few thousand a year to manage your railways. For their estimate of what is demanded in the interests of genuine Colonization who is there to compare with Moorhouse Macandrew Donald Reid Though I differ from many of his views I

recognise in Stout a man of vast ability - His retirement from parliament was a public calamity - Reader Wood is another man of singular ability - the greatest mistake I ever made was in neglecting to offer office to Reader Wood in 1874. The choice lay between Atkinson & Wood & I was ill advised enough to choose the former - Not but as I have said he possesses many useful qualities as a member of a government. But Reader Wood is a man of far more towering capacity. I have no reason for saying Wood would have accepted office with me he gave me no right to conclude so, but he & Atkinson had rendered service to the Government & I was at least entitled to invite either of them. Stafford is away from the Colony & so he does not count but if the Government did not give him the refusal of the Agent Generalship they were singularly wanting in judgement -'

J. Hall to J. Vogel, Vogel papers, unsorted, 8 October 1880.

'I am surprised at your blaming us for criticising Public Works Expenditure; you cannot have read Atkinson's & Oliver's Statements, in which it is repeatedly shown that nearly the whole of our expenditure has been in discharge of liabilities bequeathed to us by our Predecessors.

You express your belief that in 12 months time the present depression both public & private will have passed away, & that if you were here you could devise some comprehensive scheme for relieving us from our difficulties - I wish I could share your belief but that is impossible - New Zealand will not be more prosperous than now when her enormous Public Works Expenditure almost ceases, & she has to send home £2,000,000 a year for interest on public & private debts - If you think that permanent prosperity can be assured to us by any scheme other than hard living, & hard working to increase our produce of various kinds, I must say, with the kindest feeling towards yourself that I am glad you are not here to lead us into an experiment which would end in disaster.

By putting on such additional taxation as we could get people to agree to, & by 'petty' economics which sum up to £200,000 a year we have nearly bridged over the gulf between Income & Expenditure which we inherited. It has been hard & unpleasant work, & I should have been too glad to hand it over to you or any one else who would undertake it.'

APPENDIX B.Want of Confidence Motion moved by Fox against Stafford, 1869.NZPD, Vol. 5, 24 June 1869.For Fox: 40

Armstrong	Akaroa	Main	Port Chalmers
Baigent	Waimea	Meti Kingi	Western Maori
Dillon Bell	Mataura	O'Neill	Gold Fields
Birch	Dunedin City	Ormond	Clive
Borlase	Wellington City	O'Rorke	Onehunga
Brandon	Porirua	Parker	Motueka
Burns	Caversham	Patterson	Southern Maori
Cargill	Bruce	Peacocke	Lyttelton Town
Collins	Collingwood	Potts	Mount Herbert
Creighton	Newton	Reynolds	Dunedin City
Diagnan	Auckland City West	Rich	Waikouaiti
Driver	Roslyn	Rolleston	Avon
Farnall	Northern Division	Stevens	Selwyn
Featherston	Wellington City	Studholme	Kaipoi
Graham	Oamaru	Tareha	Eastern Maori
Harrison	Wanganui	Taylor	Wellington City
Heaphy	Parnell	Vogel	Gold Fields
Kelly	New Plymouth Town	Williamson	Auckland City West
Kerr	Pensioner Settlements	Fox	Rangitikei
Macandrew	Clutha	McLean	Napier

} Tellers

For Stafford: 29

Ball	Mongonui	Jollie	Gladstone
Barff	Westland South	Kenny	Pictou
Bradshaw	Gold Fields Towns	Mervyn	Manuherikia
Bunny	Wairarapa	Munro	Masden
Clark	Auckland City East	Richmond	Grey and Bell
Curtis	Nelson City	Russell	Northern Maori
Edwards	Nelson City	Stafford	Timaru
Eyes	Wairau	Swan	Franklin
Farmer	Raglan	Wells	Nelson Suburbs
Fitzherbert	Hutt	Wilson	Coleridge
Gallagher	Westland North	Wood	Invercargill
Hall	Heathcote	Carleton	Bay of Islands
Hankinson	Riverton	Ludlam	Hutt
Haughton	Hampden		
Haultain	Franklin		

} Tellers

Pairs:For Fox

Macfarlane Northern Division

For Stafford

Brown Omata

Want of Confidence Motion moved by Stafford against Fox, 1872.

NZPD, Vol. 13, p.155 5 September 1872.

For Stafford: 10 ³⁹

Brandon	Wellington Country Districts		
Brown, J. C.	Tuapeka	Parata	Western Maori
Bryce	Wanganui	Parker G. B.	Gladstone
Buckland	Franklin	Reid	Taieri
Bunny	Wairarapa	Richardson R.	Nelson Suburbs
Calder	Invercargill	Rolleston	Avon
Clark	Franklin	Sheehan	Rodney
Collins	Collingwood	Shepherd J.	Waimea
Creighton	Eden	Stafford	Timaru
Curtis	Nelson City	Swanson	Newton
Fitzherbert	Hutt	Takamoana	Eastern Maori
Gillies	Auckland City West	Thomson	Clutha
Hallenstein	Wakatipu	Wakefield	Christchurch City
Johnston	Manawatu		East
Kenny	Picton	Webster	Wallace
McLeod	Mongonui and Bay of Islands	White	Hokitika
		Williamson	Auckland City West
Mervyn	Mount Ida	Wilson J. C.	Heathcote
Monro	Waikouaiti	Wood	Parnell
Munro	Marsden	Bradshaw	Waikaia)
Murray	Bruce	Ingles	Cheviot) Tellers

For Fox: 37

Andrew	Wairarapa	Ormond	Clive	
Bathgate	Dunedin City	O'Rorke	Onehunga	
Bluett	Coleridge	Parker C.	Motueka	
Brown J. E.	Ashley	Peacock	Lyttelton	
Carrington	Grey and Bell	Pearce	Wellington City	
Fox	Rangitikei	Reeves	Selwyn	
Gisborne	Egmont	Reynolds	Dunedin City	
Harrison	Grey Valley	Rhodes	Akaroa	
Henderson	Weitemata	Richardson E.	Christchurch City West	
Hunter	Wellington City	Seymour	Wairau	
Jackson	Waikato	Steward	Waitaki	
Katene	Northern Maori	Studholme	Kaipoi	
Kelly W.	East Coast	Taiaroa	Southern Maori	
Luckie	Nelson City	Tolmie	Caversham	
Macandrew	Port Chalmers	Tribe	Totara	
McGlashan	Roslyn	Vogel	Auckland City West	
McGillivray	Riverton	Kelly	New Plymouth Town)	Tellers
McLean	Napier	Shepherd T.	Dunstan	
O'Neill	Thames			

NZPD, Vol. 13, p.679, 4 October 1872

For Vogel who had been motion,
5 September;

Creighton Eden

For Stafford in want of confidence

Parata
Shepherd

Western Maori
Waimea

Abolition of the Provinces Bill, 2nd. Reading, 1875.NZPD, Vol. 17, p. 705, 27 August 1875.For: 40

Andrew	Wairarapa	Munro	Marsden
Atkinson	Egmont	Murray	Bruce
Ballance	Rangitikei	O'Connor	Buller
Basstian	Wallace	O'Neill	Thames
Bluett	Coleridge	Ormond	Clive
Bowen	Kaiapoi	Parata	Western Maori
Brown J. E.	Ashley	Parker C.	Motueka
Brown J. C.	Tuapeka	Pearce	Wellington City
Bryce	Wanganui	Pyke	Wakatipu
Buckland	Franklin	Reynolds	Dunedin City
Carrington	Grey and Bell	Richardson	Christchurch City
Creighton	Eden	Richmond	Nelson Suburbs
Curtis	Nelson City	Shepherd J.	Waimea
Cuthbertson	Invercargill	Shepherd T.	Dunstan
Gibbs	Collingwood	Stafford	Timaru
Harrison	Grey Valley	Steward	Waitaki
Johnston	Manawatu	Tribe	Totara
Katene	Northern Maori	Von der Heyde	Waitemata
Kelly T.	New Plymouth Town	Wakefield	Christchurch City East
Kelly W.	East Coast	Wales	Dunedin City
Luckie	Nelson City	Webb	Lyttelton
May	Franklin	Williams	Mongonui and Bay of Islands
McGillivray	Riverton	Wilson C.	Heathcote
McGlashan	Roslyn	Ingles	Cheviot
McLean D.	Napier	Jackson	Waikato
McLean G.	Waikouaiti		
Mervyn	Mount Ida		

Against: 17

Dignan	Auckland City West	Stout	Caversham
Fitzherbert	Hutt	Swanson	Newton
Grey	Auckland City West	Takamoana	Eastern Maori
Hunter	Wellington City	Thomson	Clutha
Macandrew	Port Chalmers	White	Hokitika
Montgomery	Akaroa	Wood	Parnell
O'Rorke	Onehunga	Bunny	Wairarapa
Reeves	Selwyn	Sheehan	Rodney
Reid	Taieri		

Pairs:For

Parker G. B.	Gladstone
Kenny	Picton
Bradshaw	Waikaia

Against

Rolleston	Avon
Ward	Wairau
Brandon	Wellington Country Districts.

Abolition of the provinces Bill 3rd. Reading, 1875.NZPD, Vol. 19, p. 75, 29 September 1875For: 40

Andrew	Wairarapa	Mervyn	Mount Ida
Atkinson	Egmont	Munro	Marsden
Ballance	Rangitikei	O'Connor	Buller
Basstian	Wallace	Ormond	Clive
Bowen	Kaipoi	Parata	Western Maori
Brown J. E.	Ashley	Parker C.	Motueka
Bryce	Wanganui	Pearce	Wellington City
Buckland	Franklin	Pyke	Wakatipu
Carrington	Grey and Bell	Reynolds	Dunedin City
Curtis	Nelson City	Richardson	Christchurch City
Johnston	Manawatu	Richmond	Nelson Suburbs
Katene	Northern Maori	Shepherd J.	Waimea
Kelly T.	New Plymouth	Shepherd T.	Dunstan
Kenny	Picton	Stafford	Timaru
Luckie	Nelson City	Steward	Waitaki
May	Franklin	Wakefield	Christchurch City East
McGillivray	Riverton	Webb	Lyttelton
McGlashan	Roslyn	Williams	Mongonui and Bay of Islands
McLean D.	Napier	Cuthberton	Invercargill
McLean G.	Waikouaiti	Ingles	Cheviot

Tellers

Against: 21

Bradshaw*	Waikato	Reeves	Selwyn
Brown* J. C.	Tuapeka	Rolleston	Avon
Bunny	Wairarapa	Swanson	Newton
Dignan	Auckland City West	Takamoana	Eastern Maori
Fitzherbert	Hutt	Thomson	Clutha
Gibbs*	Collingwood	Ward	Wairau
Grey	Auckland City West	White	Hokitika
Hunter	Wellington City	Wood	Parnell
Macandrew	Port Chalmers	Von der Heyde*	Waitemata
Montgomery	Akaroa	Sheehan	Rodney
O'Rorke	Onehunga		

Tellers

Pairs:

Kelly W.	East Coast	Reid	Taieri
Parker G.	Gladstone	Murray*	Bruce
Wilson C.	Heathcote	Brandon	Wellington Country District
Wales	Dunedin City	Stout	Caversham

* Denotes change from support of abolition to opposition.

Division on Abolition, 1876.NZPD, Vol. 22 p. 406-7, 19 September 1876.For: 37

Atkinson	Egmont	McLean G.	Waikouaiti
Baigent	Waimea	Montgomery	Akaroa
Ballance	Rangitikei	Moorhouse	Christchurch City
Barff	Hokitika	Murray-Aynsley	Lyttelton
Bowen	Kaiapoi	Ormond	Clive
Brown J.E.	Ashley	Richardson	Christchurch City
Bryce	Wanganui	Richmond	Nelson Suburbs
Carrington	Grey and Bell	Rowe	Thames
Cox	Waipa	Russell	Napier
Gibbs	Collingwood	Seymour	Wairau
Harper	Cheviot	Stafford	Timaru
Henry	Buller	Stevens	Christchurch City
Hunter	Wellington City	Tribe	Totara
Hursthous	Motueka	Whitaker	Waikato
Johnston	Manawatu	Williams	Mongonui and Bay of Islands
Kennedy	Grey Valley		Grey Valley
Kenny	Picton	Woolcock	Wairarapa
Macfarlane	Waitemata	Andrew	New Plymouth Town
McLean D.	Napier	Kelley	} Tellers

Against: 24

Brown J. C.	Tuapeka	Rolleston	Avon
Burns	Roslyn	Seaton	Caversham
De Lautour	Mount Ida	Sheehan	Rodney
Dignan	Auckland City West	Shrimski	Waitaki
Grey	Thames	Swanson	Newton
Hislop	Waitaki	Takamoana	Eastern Maori
Joyce	Wallace	Thomson	Clutha
Lumsden	Invercargill	Tole	Eden
Murray	Bruce	Wood R.	Parnell
Nahe	Western Maori	Wood W.	Mataura
Rees	Auckland City East	Macandrew	Dunedin City
Reid	Taieri	Stout	Dunedin City
			} Tellers

Pairs:For

Button	Hokitika
Curtis	Nelson City
Pearce	Wellington City
Sharp	Nelson City
Wason	Coleridge

Against

Hamlin	Franklin
Tonks	Auckland City West
Hodgkinson	Riverton
O'Rorke	Onehunga
Fisher	Heathcote

Want of Confidence Motion Moved by Larnach against Atkinson.NZPD, Vol. 26, 8 October 1877For Larnach: 42

Baigent	Waimea	Montgomery	Akaroa
Ballance	Rangitikei	Murray	Bruce
Barff	Hokitika	Nahe	Western Maori
Bastings	Waikaia	O'Rorke	Onehunga
Brandon	Wellington Country	Pyke	Dunstan
Brown J. C.	Tuapeka	Rees	Auckland City East
Brown J. E.	Ashley	Rolleston	Avon
Bunny	Wairarapa	Seaton	Caversham
Curtis	Nelson City	Sheehan	Rodney
De Lautour	Mount Ida	Shrimski	Waitaki
Dignan	Auckland City West	Stout	Dunedin City
Douglas*	Marsden	Swanson	Newton
Fisher	Heathcote	Takamoana	Eastern Maori
Gisborne	Totara	Thomson	Clutha
Grey	Thames	Tole	Eden
Hamlin	Franklin	Travers	Wellington City
Hislop	Waitaki	Wakefield	Geraldine
Hodgkinson	Riverton	Wallis	Auckland City West
Joyce	Wallace	Wood W.	Mataura
Lusk	Franklin	Larnach	Dunedin City
Macandrew	Dunedin City	Sharp	Nelson City
			Tellers

For Atkinson: 38

Atkinson	Egmont	Murray-Aynsley	Lyttelton
Beetham	Wairarapa	Ormond	Clive
Bowen	Kaipoi	Reid	Taieri
Burns	Roslyn	Reynolds	Port Chalmers
Button	Hokitika	Richardson	Christchurch City
Carrington	Grey and Bell	Richmond	Nelson Suburbs
Fitzroy	Selwyn	Rowe	Thames
Fox	Wanganui	Russell	Napier
Gibbs	Collingwood	Seymour	Wairau
Harper	Cheviot	Stevens	Christchurch City
Henry	Buller	Sutton	Napier
Hunter	Wellington City	Tawiti	Northern Maori
Hursthause	Motueka	Teschemaker	Gladstone
Kelly	New Plymouth Town	Whitaker	Waikato
Kennedy	Grey Valley	Williams	Mongonui and Bay of Islands
Lumsden	Invercargill		
Manders	Wakatipu	Woolcock	Grey Valley
McLean	Waikouaiti	Morris	East Coast
Moorhouse	Christchurch City	Wason	Coleridge
			Tellers

Pairs:For Larnach

Bryce	Wanganui
Taiaroa	Southern Maori
Wood R. G.	Parnell

For Atkinson

Douglas	Marsden
Stafford	Timaru
Cox	Waipa

*Douglas obliged to vote for Larnach after being locked in.

Want of Confidence Motion moved by Atkinson against Grey, 1877.

NZPD, Vol. 27, p. 22, 6 November 1877.

For Atkinson: 39

Atkinson	Egmont	Ormond	Olive
Beetham	Wairarapa	Reid	Taieri
Bowen	Kaipoi	Richardson	Christchurch City
Brandon	Wellington Country	Richmond	Nelson Suburbs
Burns	Roslyn	Rolleston	Avon
Button	Hokitika	Rowe	Thames
Curtis	Nelson City	Russell	Napier
Douglas	Marsden	Seymour	Wairau
Fitzroy	Selwyn	Sharp	Nelson City
Fox	Wanganui	Stafford	Timaru
Gibbs	Collingwood	Stevens	Christchurch City
Harper	Cheviot	Sutton	Napier
Henry	Buller	Tawiti	Northern Maori
Hunter	Wellington City	Teschemaker	Gladstone
Hurathouse	Motueka	Whitaker	Waikato
Lumsden	Invercargill	Williams	Mongonui and Bay of Islands
Manders	Wakatipu	Woolcock	Grey Valley
Kennedy	Grey Valley	McLean	Waikouaiti)
Moorhouse	Christchurch City	Morris	East Coast)
Murray-Aynsley	Lyttelton		Tellers

For Grey: 39

Baigent	Waimea	Nahe	Western Maori
Ballance	Rangitikei	O'Rorke	Onehunga
Barff	Hokitika	Pyke	Dunstan
Brown J. E.	Ashley	Rees	Auckland City East
Bryce	Wanganui	Reynolds	Port Chalmers
Carrington	Grey and Bell	Seaton	Caversham
De Lautour	Mount Ida	Sheehan	Rodney
Dignan	Auckland City West	Shrimski	Waitaki
Fisher	Heatncote	Stout	Dunedin City
Grey	Thames	Swanson	Newton
Hamlin	Franklin	Taiaroa	Southern Maori
Hislop	Waitaki	Takamoana	Eastern Maori
Hodgkinson	Riverton	Thomson	Clutha
Joyce	Wallace	Tole	Eden
Kelly	New Plymouth Town	Sakefield	Geraldine
Larnach	Dunedin City	Wallis	Auckland City West
Macandrew	Dunedin City	Wood W.	Mataura
Macfarlane	Waitemata	Brown J. C.	Tuapeka)
Montgomery	Akaroa	Bunny	Wairarapa)
Murray	Bruce		Tellers

Pairs:

For Atkinson

Cox	Waipa
Kenny	Picton
Wason	Coleridge

For Grey

Wood R.	Parnell
Bastings	Waikaia
Lusk	Franklin

Speaker's casting vote for Grey.

Division of Loan Bill, 1877NZFD, Vol. 27, p. 747-8, 6 December 1877.

Amendment by Atkinson that £2 million rather than the proposed sum of £4 million.

For Atkinson: 25

Atkinson	Egmont	Ormond	Clive
Beetham	Wairarapa	Reid	Taieri
Bowen	Kaipoi	Rolleston	Avon
Brandon	Wellington Country	Stevens	Christchurch City
Burns	Roslyn	Sutton	Napier
Curtis	Nelson City	Tawiti	Northern Maori
Douglas	Marsden	Teschemaker	Gladstone
Gibbs	Collingwood	Travers	Wellington City
Hunter	Wellington City	Wason	Coleridge
Hursthouse	Motueka	Woolcock	Grey Valley
Johnston	Manawatu	McLean	'aikouaiti
Montgomery	Akaroa	Richardson	Christchurch City)
Moorhouse	Christchurch City		Tellers

For Grey: 28

Baigent	Waimea	Macfarlane	Waitemata
Ballance	Rangitikei	Murray	Bruce
Barff	Hokitika	Nahe	Western Maori
Bryce	Wanganui	Rees	Auckland City East
Bunny	Wairarapa	Rowe	Thames
Carrington	Grey and Bell	Sharp	Nelson City
De Lautour	Mount Ida	Sheehan	Rodney
Dignan	Auckland City West	Shrimski	Waitaki
Fisher	Heathcote	Swanson	Newton
Gisborne	Totara	Taiaroa	Southern Maori
Grey	Thames	Takamoana	Eastern Maori
Hamlin	Franklin	Tole	Eden
Hislop	Waitaki	Brown J. C.	Tuapeka)
Macanrew	Dunedin City	Wood W.	Mataura)
			Tellers

Pairs:For Grey

Bastings	Waikaia
Hodgkinson	Riverton
Larnach	Dunedin City
Lumsden	Invercargill
Lusk	Franklin
Pyke	Dunstan
Reynolds	Port Chalmers
Seaton	Caversham
Wakefield	Geraldine
Wallis	Auckland City West
Wood R.	Parnell

For Atkinson

Kenny	Pictou
Murray-Aynsley	Lyttelton
Williams	Mongonui and Bay of Islands
	Wanganui
Fox	Hokitika
Button	Selwyn
Fitzroy	Buller
Henry	Timaru
Stafford	Napier
Russell	Cheviot
Harper	Waipa
Cox	

Division on a motion (E. Richardson) that the Government enter into no contracts, in view of the large expenditure on railways and other public works, until the money should be appropriated by Parliament, 1878.

NZPD. Vol. 29. p. 316. 24 September 1878.

Against. (For Grey): 44

Ballance	Rangitikei	Manders	Wakatipu
Barff	Hokitika	McMinn	Waipa
Barton	Wellington City	Moss	Parnell
Bastings	Waikato	Murray	Bruce
Brown J.E.	Ashley	Nahe	Western Maori
Bruce	Wanganui	Rees	Auckland City East
Bunny	Wairarapa	Reeves	Grey Valley
Carrington	Grey and Bell	Seaton	Caversham
Cutten	Tairi	Sheehan	Rodney
De Latour	Mount Ida	Shrimski	Waitaki
Dignan	Auckland City West	Stout	Dunedin City
Driver	Roslyn	Swanson	Newton
Fisher	Heathcote	Taiaroa	Southern Maori
Green	Port Chalmers	Takamoana	Eastern Maori
Grey	Thames	Tawiti	Northern Maori
Hamlin	Franklin	Thomson	Clutha
Hislop	Waitaki	Tole	Eden
Hobbs	Franklin	Turnbull	Timaru
Hodgkinson	Riverton	Wallis	Auckland City West
Joyce	Wallace	Wood	Mataura
Kelly	New Plymouth Town	Brown J.C.	Tuapeka
Macandrew	Dunedin City	George	Hikitika

- Tellers

For. (For Opposition): 30

Atkinson	Egmont	Rowe	Thames
Beetham	Wairarapa	Russell	Napier
Bowen	Kaipoi	Saunders	Cheviot
Brandon	Wellington Country	Seymour	Wairau
Curtis	Nelson City	Stevens	Christchurch City
Douglas	Marsden	Sutton	Napier
Fox	Wanganui	Teschmaker	Gladstone
Gibbs	Collingwood	Whitaker	Waikato
Gisborne	Totara	Woolcock	Grey Valley
Henry	Buller		
Hursthouse	Motueka		
Johnston	Manawatu		
Kenny	Picton		
McLean	Waikouaiti		
Montgomery	Akaroa		
Morris	East Coast		
Murray	Aynsley Lyttelton		
Ormond	Clive		
Rolleston	Avon		

Richardson Christchurch City } - Tellers
Richmond Nelson Suburbs }

PairsFor Grevi

Feldwick

O'Rourke

Invercargill

Onehunga

For Opposition:

Fitzroy

Selwyn

Williams

Mongonui and Bay of Islands

Want of Confidence Motion moved by W. Fox against Grey, 1879.

NZPD, Vol. 31, p. 304, 29 July, 1879.

For Fox: 47

Adams	Nelson City	Morris	East Coast
Atkinson	Egmont	Murray-Aynaley	Lyttelton
Baigent	Waimea	Oliver	Dunedin City
Barff	Hokitika	Ormond	Clive
Beetham	Wairarapa	Pyke	Dunstan
Bowen	Kaiapoi	Richardson	Christchurch City
Brandon	Wellington Country	Richmond	Nelson Suburbs
Bryce	Wanganui	Rolleston	Avon
Curtis	Nelson City	Rowe	Thames
Cutten	Taieri	Russell	Napier
Douglas	Marsden	Saunders	Cheviot
Fitzroy	Selwyn	Seymour	Wairau
Gibbs	Collingwood	Stevens	Christchurch City
Green	Port Chalmers	Stewart	Dunedin City
Hart	Coleridge	Studholme	Gladstone
Henry	Buller	Sutton	Napier
Hobbs	Franklin	Tawiti	Northern Maori
Hunter	Wellington City	Tomcana	Eastern Maori
Hursthrouse	Motueka	Whitaker	Waikato
Johnston	Manawatu	Williams	Mongonui and Bay of Islands
Kelly	New Plymouth Town	Woolcock	Grey Valley
Kenny	Picton		
Macfarlane	Waitemata	Fox	Wanganui
Moorhouse	Christchurch City	Wakefield	Geraldine
			} - Tellers

For Grey: 33

Bellance	Rangitikei	Macandrew	Dunedin City
Barton	Wellington City	Manders	Wakatipu
Brown J.C.	Tuapeka	Moss	Parnell
Bunny	Wairarapa	Nahe	Western Maori
Carrington	Grey and Bell	Rees	Auckland City East
De Labour	Mount Ida	Seaton	Caversham
Feldwick	Invercargill	Shanks	Mataura
Fisher	Heathcote	Shrimski	Waitaki
George	Hokitika	Swanson	Newton
Gisborne	Totara	Tainui	Southern Maori
Goldie	Auckland City West	Thomson	Clutha
Grey	Thames	Tole	Egen
Hamlin	Franklin	Turnbull	Timaru
Hilop	Waitaki	Wallis	Auckland City West
Hodgkinson	Riverton		
Jackson	Hutt	Reeves	Grey Valley
Joyce	Wallace	Sheehan	Rodney
			} - Tellers

Pairs

For Fox:

McLean

Waikouaiti

For Grey:

Montgomery

Akaroa

Want of Confidence Motion moved by J. Hall against Grey, 1879.

NZPD. Vol. 32. pp. 162-3. 3 October. 1879.

For Hall: 43

Adams	City of Nelson	Oliver	City of Dunedin
Atkinson	Egmont	Ormond	Clive
Bain*	Invercargill	Pitt*	City of Nelson
Beetham	Wairarapa	Pyke	Dunstan
Bowen	Kaiapoi	Richmond	Nelson Suburbs
Bryce	Wanganui	Rolleston	Avon
Dick*	Dunedin City	Russell	Napier
Driver	Roslyn	Saunders	Cheviot
Fulton*	Taiari	Seymour	Wairau
Gibbs	Collingwood	Stevens	City of Christchurch
Hall*	Selwyn	Stewart	City of Dunedin
Hirst*	Wallace	Studholme	Gladstone
Hursthouse	Motueka	Sutton	Napier
Johnston	Manawatu	Tomoana	Eastern Maori
Kelly	New Plymouth Town	Trimble*	Grey and Bell
Kenny	Picton	Whitaker	Waipa
Levin*	City of Wellington	Whyte*	Waikato
Mason*	Hutt	Willis*	Rangitikei
Masters*	Grey Valley	Wright*	Coleridge
McCaughan*	Riverton	McLean	Waikouaiti
Moorhouse	Ashley	Wakefield	Geraldine
Murray	Bruce		

- Tellers

For Grey: 41

Allwright*	Lyttelton	Montgomery	Akaroa
Ballance	Rangitikei	Moss	Parnell
Barron*	Caversham	Reeves	Grey Valley
Bunny	Wairarapa	Reid*	Hokitika
Colbeck*	Marsden	Seddon*	Hokitika
De Latour	Mount Ida	Shanks	Mataura
Finn*	Wakatipu	Sheehan	Thames
Fisher J.B.*	Buller	Shephard*	Waimea
Fisher J.T.	Heathcote	Shrinski	Waitaki
George	Rodney	Speight*	City of Auckland East
Gisborne	Totara	Swanson	Newton
Grey	Thames	Tairāi	Southern Maori
Hemlin	Franklin	Tevhai*	Northern Maori
Harris*	Franklin	Te Wheoro*	Western Maori
Hislop	Waitaki	Thomson	Clutha
Hutchyson	City of Wellington	Tole	Eden
Ireland*	Waikato	Turnbull	Timaru
Lundon*	Mongomui and Bay of Islands	Wallis	City of Auckland West
Macandrew	Port Chalmers	Wood R.	Waitemata
McDonald*	East Coast	Andrews*	City of Christchurch
		Hurst*	City of Auckland

- Tellers

Pairs

For Hall:

Brandon
* new members.

Wellington Country

For Grey:

Brown J.C. Tuapeka

Want of Confidence Motion moved by G. Grey against Hall, 1880.NZPD, Vol. 35, p. 678, 1 July, 1880.For Hall: 45

Adams	City of Nelson	McDonald	East Coast
Albright	Lyttelton	Moorhouse	Ashley
Atkinson	Egmont	Murray	Bruce
Bain	Invercargill	Oliver	City of Dunedin
Beetham	Wairarapa	Ormond	Clive
Bowen	Kaipoi	Pitt	City of Nelson
Brandon	Wellington Country	Richardson	City of Christchurch
Bryce	Wanganui	Richmond	Nelson Suburbs
Colbeck	Maraden	Rolleston	Avon
Dick	City of Dunedin	Russell	Napier
Driver	Roslyn	Saunders	Cheviot
Fox	Rangitikei	Seymour	Wairau
Fulton	Tairāri	Shanks	Mataura
Gibbs	Collingwood	Stevens	City of Christchurch
Hall	Selwyn	Studholme	Gladstone
Hurst W.	City of Auckland West	Sutton	Napier
Hursthause	Motueka	Swanson	Newton
Johnston	Manawatu	Whitaker	Waipa
Kelly	Town of New Plymouth	Wood	Waitemata
Kenny	Pieton	Wright	Coleridge
Levin	City of Wellington		
Masters	Grey Valley	Trimble	Grey and Bell
McCaughan	Elverton	McLean	Waikouaiti

} - Tellers

For Grey: 30

Andrews	City of Christchurch	Moss	Parnell
Barron	Oxersham	Reid	Hokitika
Brown	Tuapeka	Seddon	Hokitika
De Latour	Mount Ida	Shephard	Waimea
Finn	Wakatipu	Speight	City of Auckland East
Fisher J.T.	Heathcote	Stewart	City of Dunedin
George	Rodney	Tainui	Southern Maori
Gisborne	Totara	Tawhia	Northern Maori
Grey	Thames	Te Whare	Western Maori
Harris	Franklin	Thomson	Clutha
Hutchison	City of Wellington	Tomoana	Eastern Maori
Jones	Waitaki	Turnbull	Timaru
Lundon	Mongomui and Bay of Islands	Wallis	City of Auckland West
Macandrew	Port Chalmers	Shrimski	Waitaki
Montgomery	Akaroa	Tole	Eden

} - Tellers

PairsFor Hall:

Bunny	Wairarapa
Hirst H.	Wallace
Mason	Hutt
Wakefield	Geraldine
Whyte	Waikato

For Grey:

Hamlin	Franklin
Pyke	Dunstan
Ballance	Wanganui
Reeves	Grey Valley
Sheehan	Thames

APPENDIX CMinistries between 1869 and 1891

W. Fox	-	28 June 1869 to 10 September 1872.
E. W. Stafford	-	10 September 1872 to 11 October 1872.
G. M. Waterhouse	-	11 October 1872 to 3 March 1873.
W. Fox	-	3 March 1873 to 8 April 1873.
J. Vogel	-	8 April 1873 to 6 July 1875.
D. Pollen	-	6 July to 15 February 1876.
J. Vogel	-	15 February 1876 to 1 September 1876.
H. A. Atkinson	-	1 September 1876 to 13 September 1876.
H. A. Atkinson	-	13 September 1876 to 13 October 1877.
G. Grey	-	15 October 1877 to 8 October 1879.
J. Hall	-	8 October 1879 to 21 April 1882.
F. Whitaker	-	21 April 1882 to 25 September 1883.
H. A. Atkinson	-	25 September 1883 to 16 August 1884.
R. Stout	-	16 August 1884 to 28 August 1884.
H. A. Atkinson	-	28 August 1884 to 3 September 1884.
R. Stout	-	3 September 1884 to 8 October 1887.
H. A. Atkinson	-	8 October 1887 to 24 January 1891.
J. Ballance	-	24 January 1891.

APPENDIX D.

Short notes on some of the political personalities of the seventies, illustrating how their movements in parliament were generally according to their 'cautious' or 'bold' attitudes to the public works scheme, regardless of 'liberal' or 'conservative' tendencies. Some studies extend into the eighties. Most of the information comes from G.H. Scholefield's two-volume Dictionary of New Zealand.

Biography:

H.A. Atkinson, 1831-92. - See chapters 2 and 3.

J. Ballance, 1836-93. - A supporter of Julius Vogel until 1877 in his public works scheme. Also supported both Vogel and Atkinson in the abolition issue - see Appendix B for division lists, 1875-6 - then joined Grey in 1877 and became his Colonial Treasurer. His action proves that not all later 'liberals' opposed abolition as Lipson suggests.

J.T. Fisher, 1823-1905. - Representative of agricultural settlers and a follower of Grey through his parliamentary career. A minister under Grey, 1877-9.

W. Gisborne, 1825-98. - See chapter 1.

W.J.M. Larnach, 1838-93. - Big business man who opposed abolition. Elected for Dunedin with Stout and Macandrew in 1876, moved want of confidence against Atkinson in 1877, and Colonial Treasurer under Grey. Though an abolitionist, colonialised the land funds of the provinces. Minister in Stout-Vogel government, 1885-7.

J. Macandrew, 1820-87. - see chapter 1.

M. Montgomery, 1821-1914. - Perhaps one of the few real 'liberals' in parliament and therefore could not fit into groupings. Supported Grey's proposals for liberal measures but refused office under him because of the colonialisation of the land fund. Opposed great loan expenditures of Grey government. Ineffective leader of opposition 1881-4, but stood down from Stout-Vogel government, 1884.

D.Reid, 1833-1919. - See chapter 1. Although supposedly a 'conservative' and a member of the 'continuous ministry', Reid fought abolition - 'liberal' action - and W.P.Morell says, in contrasting him with J.MacKenzie, "where Donald Reid had chastised the runholders with whips, his fellow member of the Otago Provincial Council, John McKenzie, was to chastise them with scorpions". (W.P.Morell, p.252) Morell also describes him as the leader of the 'liberal' party in Otago.

E.Richardson, 1831-1915. - a strong supporter of Vogel's scheme and Minister of Public Works under him. Remained under Atkinson only a short time in 1876-7 and not a minister again until 1884-7 under Stout-Vogel, when he was in charge of public works.

F.Rolleston, - a supporter of Stafford's ministry of 1872 and against the size of Vogel's scheme. Also a provincialist and strongly opposed 'grid ironing' in Canterbury. Had liberal ideas on education and land tenure, becoming Minister of Land, Immigration and Education under Hall, and put them into effect in the eighties. Opposed Atkinson in 1876-7 but refused to join Grey in 1877 - possibly because he realized that 'bold' public works, not 'liberalism' was the real policy of the 1877-9 ministry.

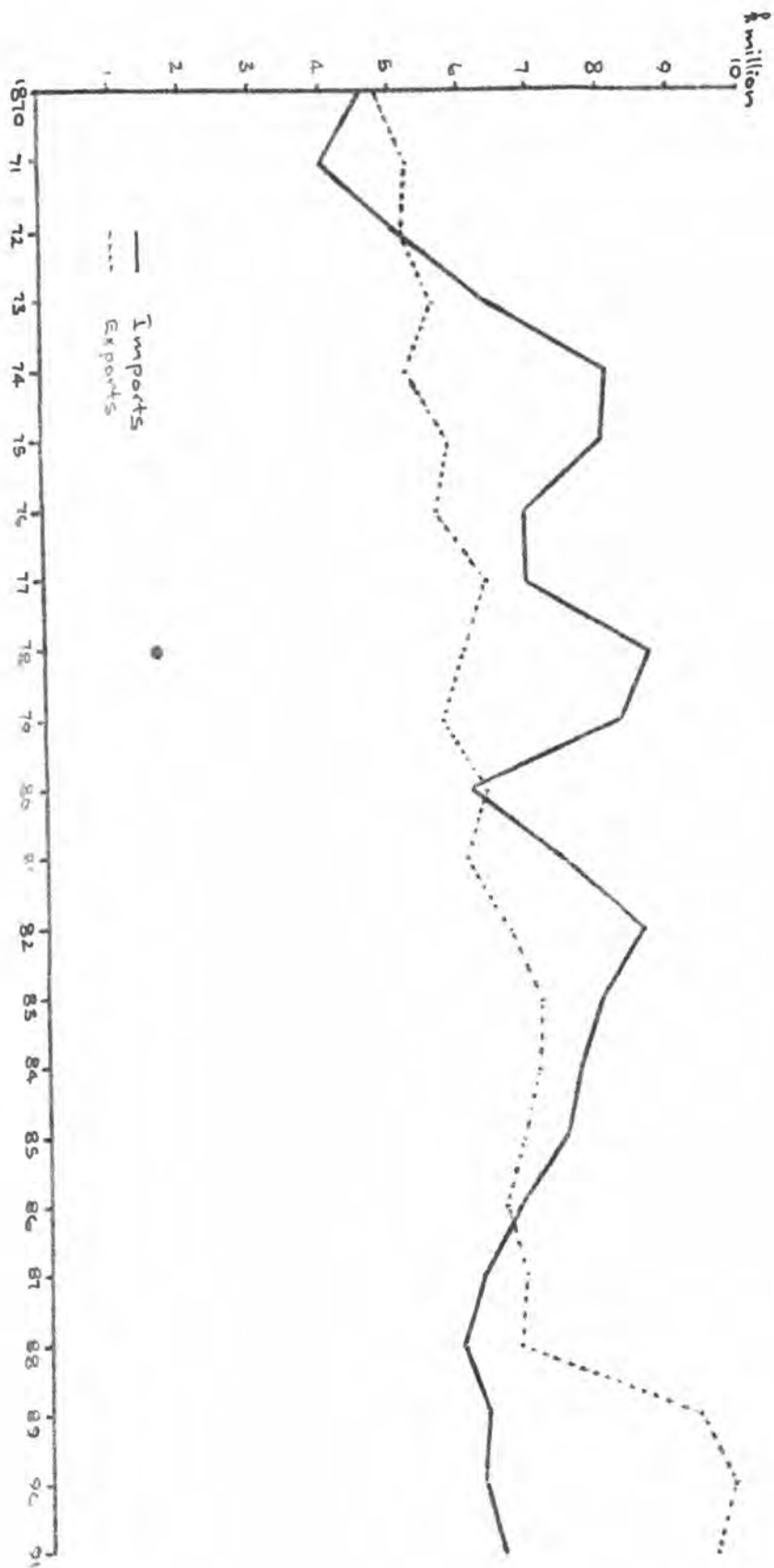
APPENDIX E.

Statistics and graphs for population, trade, government, economic policy, etc.

New Zealand Import and Export Figures 1870-91

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
	£	£
1870	4,639,015	4,822,756
71	4,078,193	5,282,084
72	5,142,951	5,190,665
73	6,464,687	5,610,371
74	8,121,812	5,251,269
75	8,029,172	5,828,627
76	6,905,171	5,673,465
77	6,973,418	6,327,472
78	8,755,663	6,015,700
79	8,374,585	5,743,126
80	6,162,011	6,352,692
81	7,457,645	6,060,866
82	8,609,270	6,658,008
83	7,974,038	7,095,999
84	7,663,888	7,091,667
85	7,479,921	6,819,939
86	6,759,013	6,672,791
87	6,254,515	6,866,169
88	5,941,900	6,767,325
89	6,308,863	9,341,864
90	6,260,525	9,811,720
91	6,503,849	9,566,397

- from S. of N.Z.

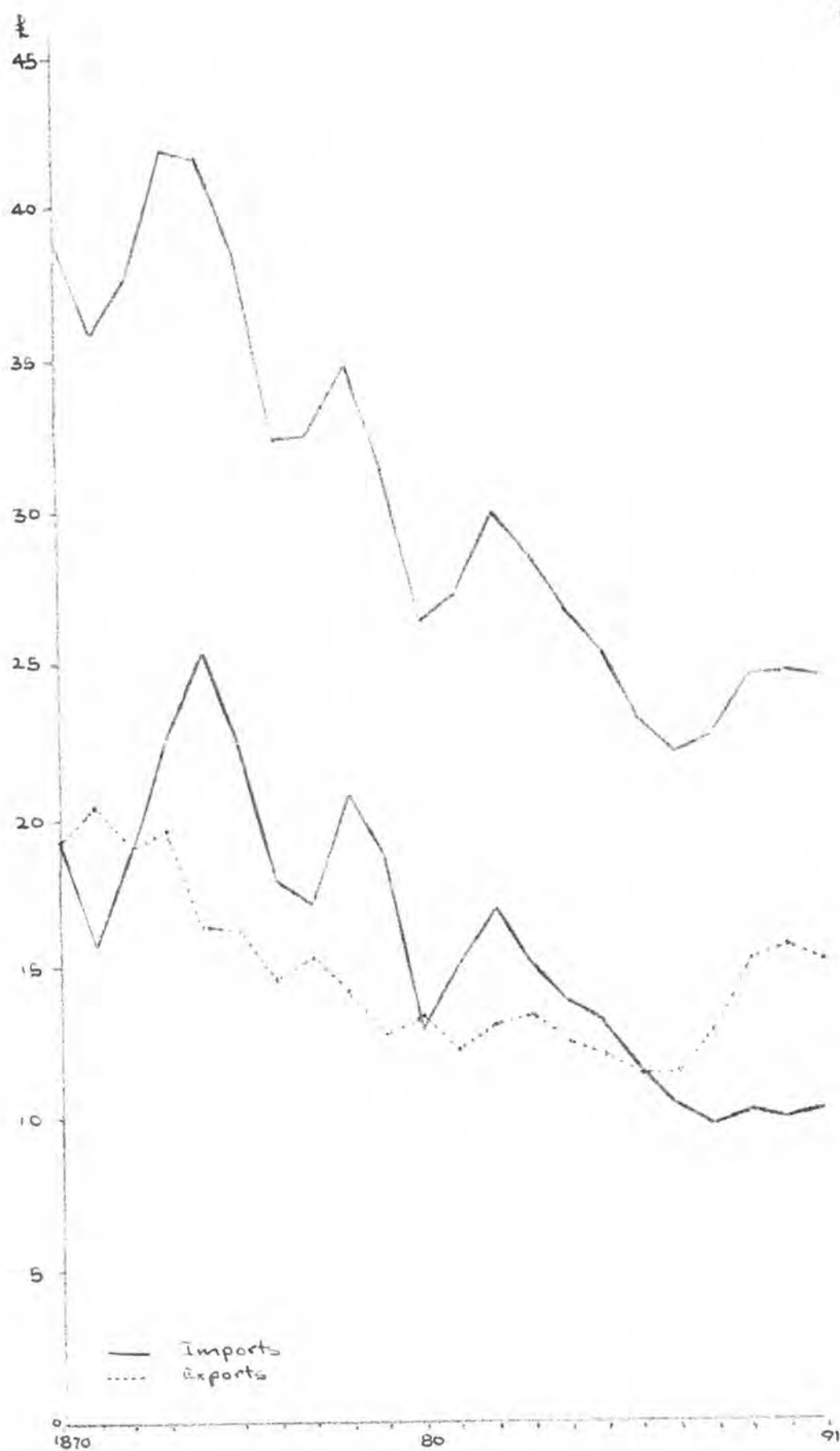


New Zealand Imports and Exports 1870-91

New Zealand Total Trade, Imports and Exports per Head,
1870-91

<u>Year</u>	<u>Total Trade</u>		<u>Imports</u>		<u>Exports</u>	
	£	s.	£	s.	£	s.
1870	38	19	19	2	19	17
71	35	18	15	13	20	5
72	37	16	18	16	19	0
73	41	19	22	9	19	10
74	41	14	25	6	16	7
75	38	12	22	7	16	5
76	32	9	17	16	14	13
77	32	11	17	1	15	10
78	34	18	20	13	14	4
79	31	10	18	14	12	16
80	26	8	13	0	13	8
81	27	8	15	2	12	6
82	29	19	16	18	13	1
83	28	9	15	1	13	8
84	26	14	13	17	12	17
85	25	6	13	5	12	1
86	23	1	11	12	11	9
87	22	0	10	9	11	10
88	22	13	9	16	12	17
89	25	10	10	5	15	4
90	25	14	10	0	15	4
91	25	10	10	6	15	4

- from S. of N.Z.

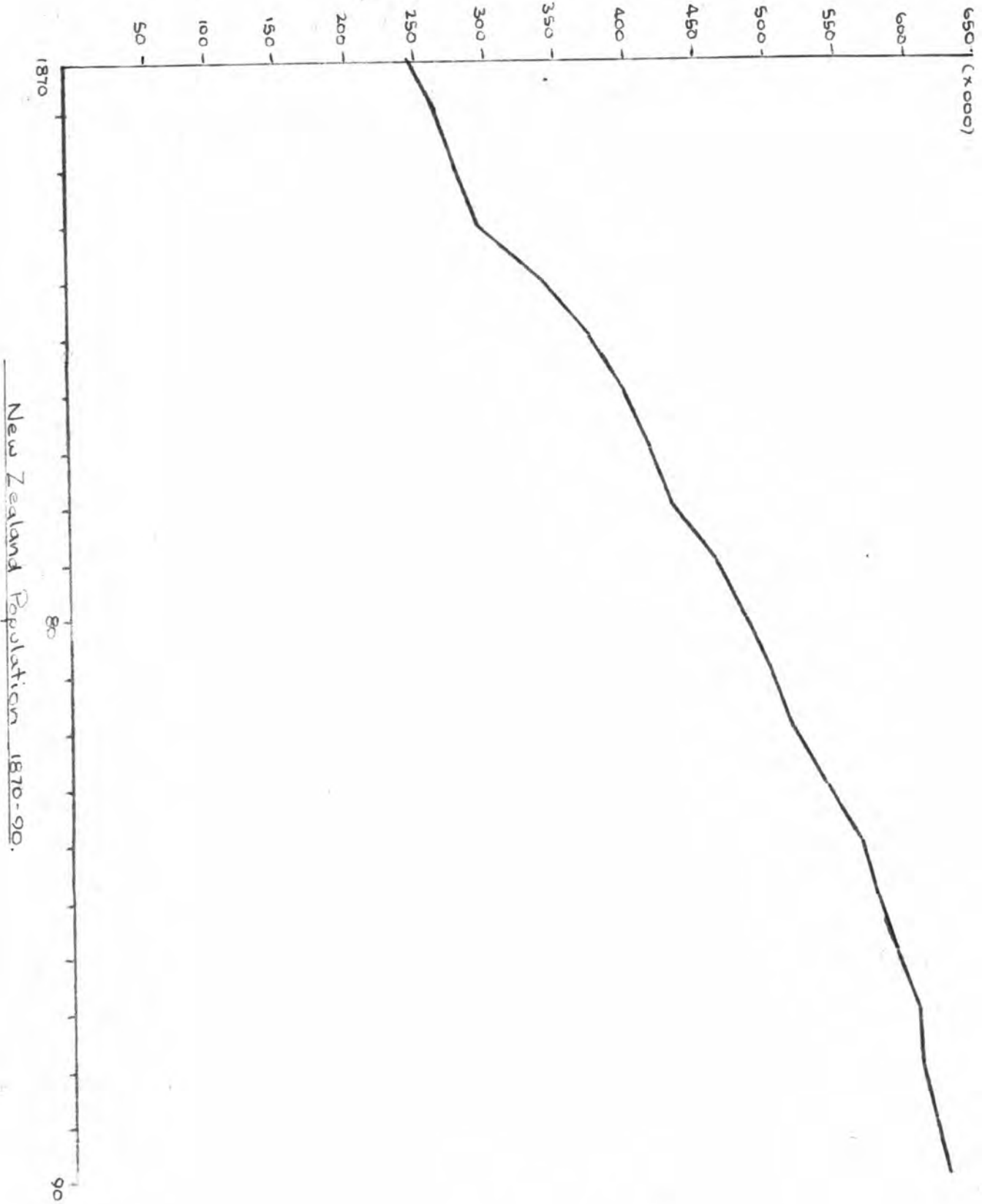


New Zealand Total Trade, Imports and Exports
per Head 1870-01.

Population of New Zealand 1870 to 1890.

1870	248,400	1880	484,864
1871	266,986	1881	500,910
1872	279,560	1882	517,707
1873	295,946	1883	540,877
1874	341,860	1884	564,304
1875	375,856	1885	575,172
1876	399,075	1886	589,386
1877	417,622	1887	603,361
1878	432,519	1888	607,380
1879	463,729	1889	616,052
	1890	625,508	

- from S. of N.Z.



Public Debt Growth and Amount per Head,
1870-91

<u>Year</u>	<u>Net Indebtedness.</u>	<u>Amount per Head.</u>	
		£	s.
1870	7,384,547	29	15
71	8,397,447	31	9
72	9,328,322	33	7
73	10,109,301	34	3
74	12,408,935	36	6
75	16,299,912	43	7
76	17,388,155	43	11
77	19,252,273	46	2
78	20,930,184	48	8
79	22,153,079	47	15
80	26,582,911	54	16
81	27,455,218	54	16
82	27,773,215	53	13
83	28,670,317	53	0
84	29,877,579	52	19
85	32,572,492	56	12
86	34,118,512	57	18
87	34,954,035	57	19
88	36,971,771	60	17
89	37,162,891	60	6
90	37,394,746	59	15
91	37,872,330	59	15

- from S. of N.Z.

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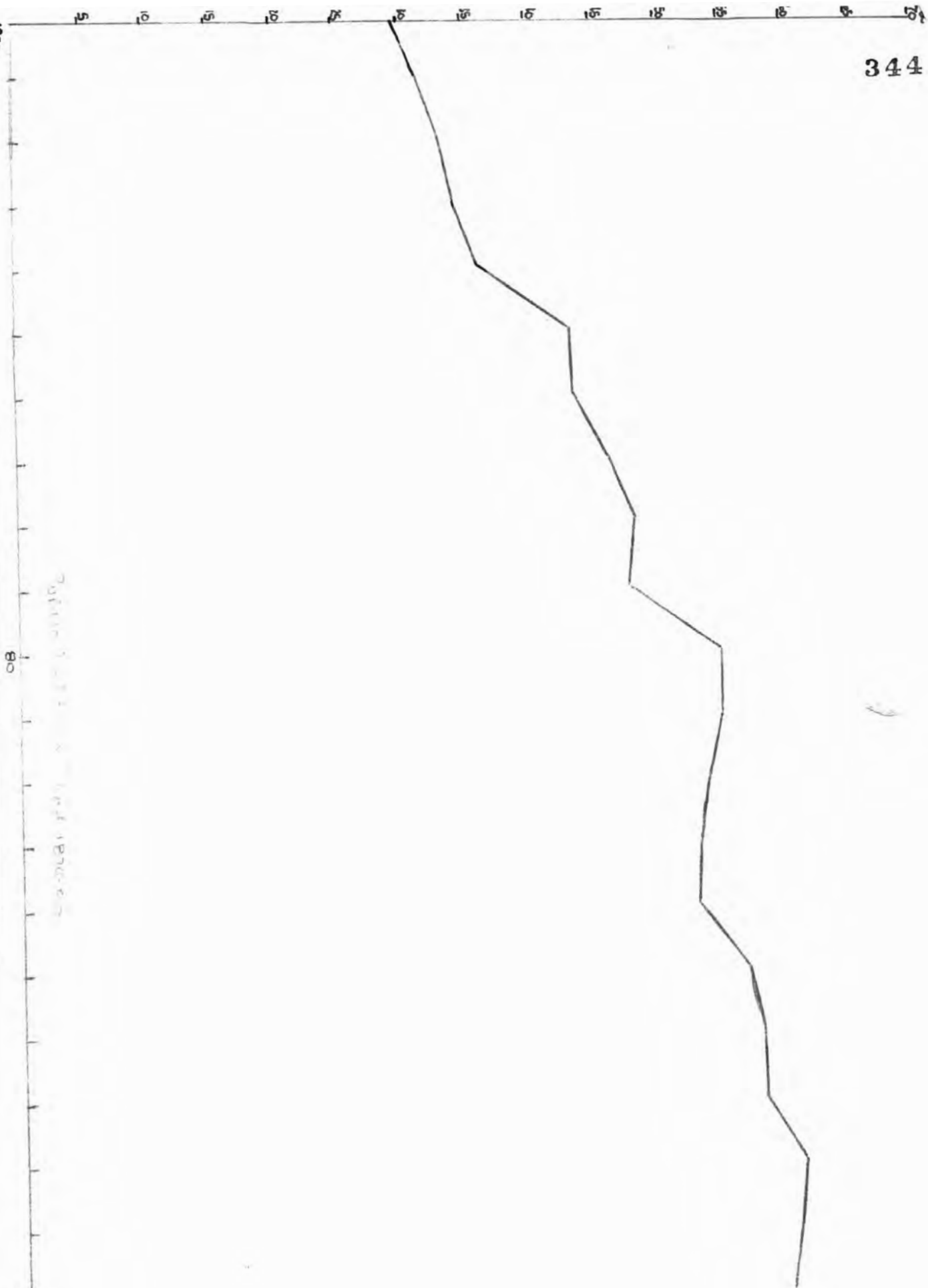
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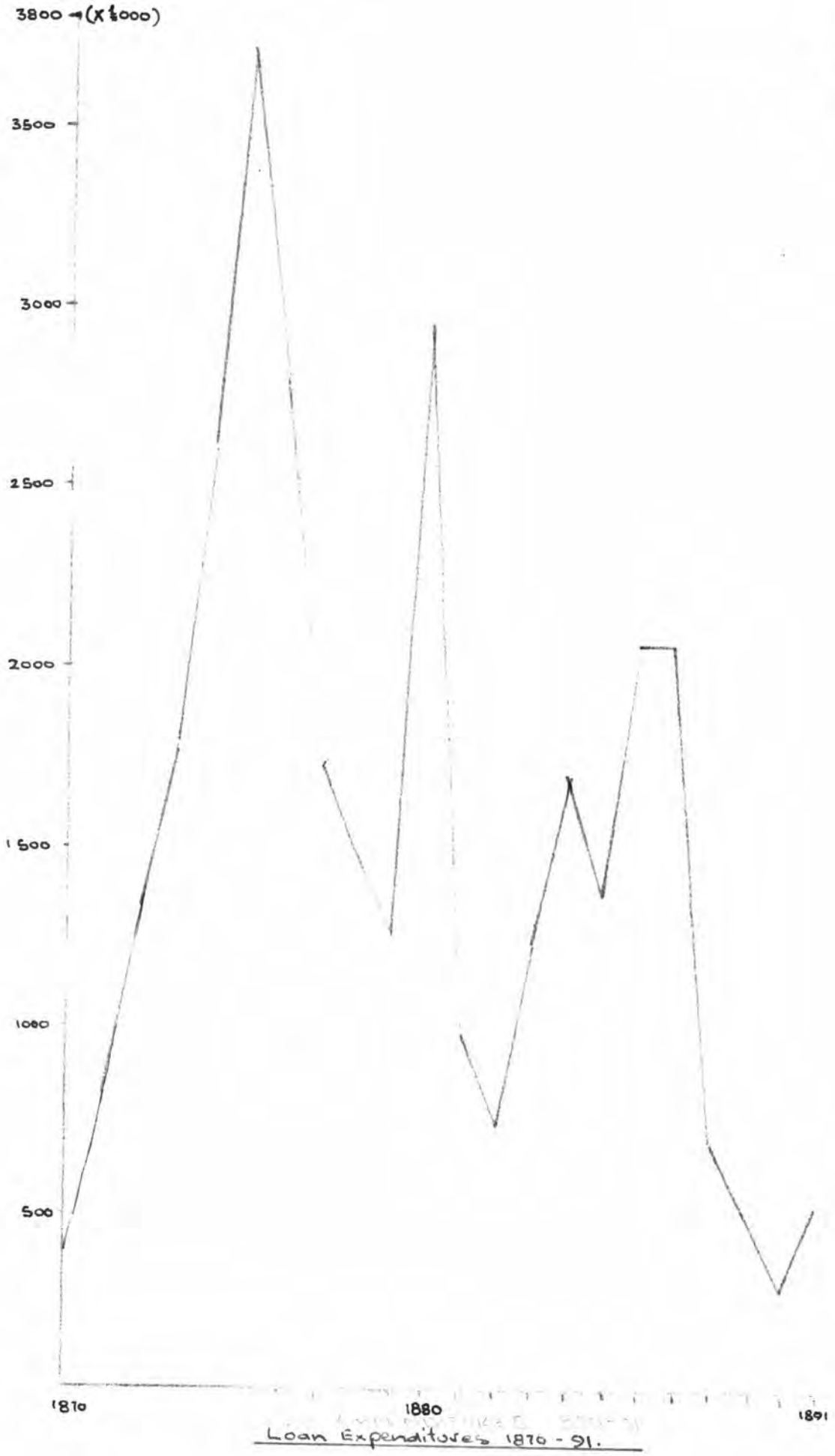
Growth of Public Debt.



Government Loan Expenditures 1870-91

<u>Year</u>	<u>Expenditure (£000)</u>
1870	379
71	810
72	1,336
73	1,796
74	2,618
75	3,726
76	2,791
77	1,734
78	1,485
79	1,262
80	2,964
81	989
82	730
83	1,245
84	1,713
85	1,365
86	2,065
87	2,061
88	678
89	504
90	273
91	508

- from C.G.F. Simkin, p.147

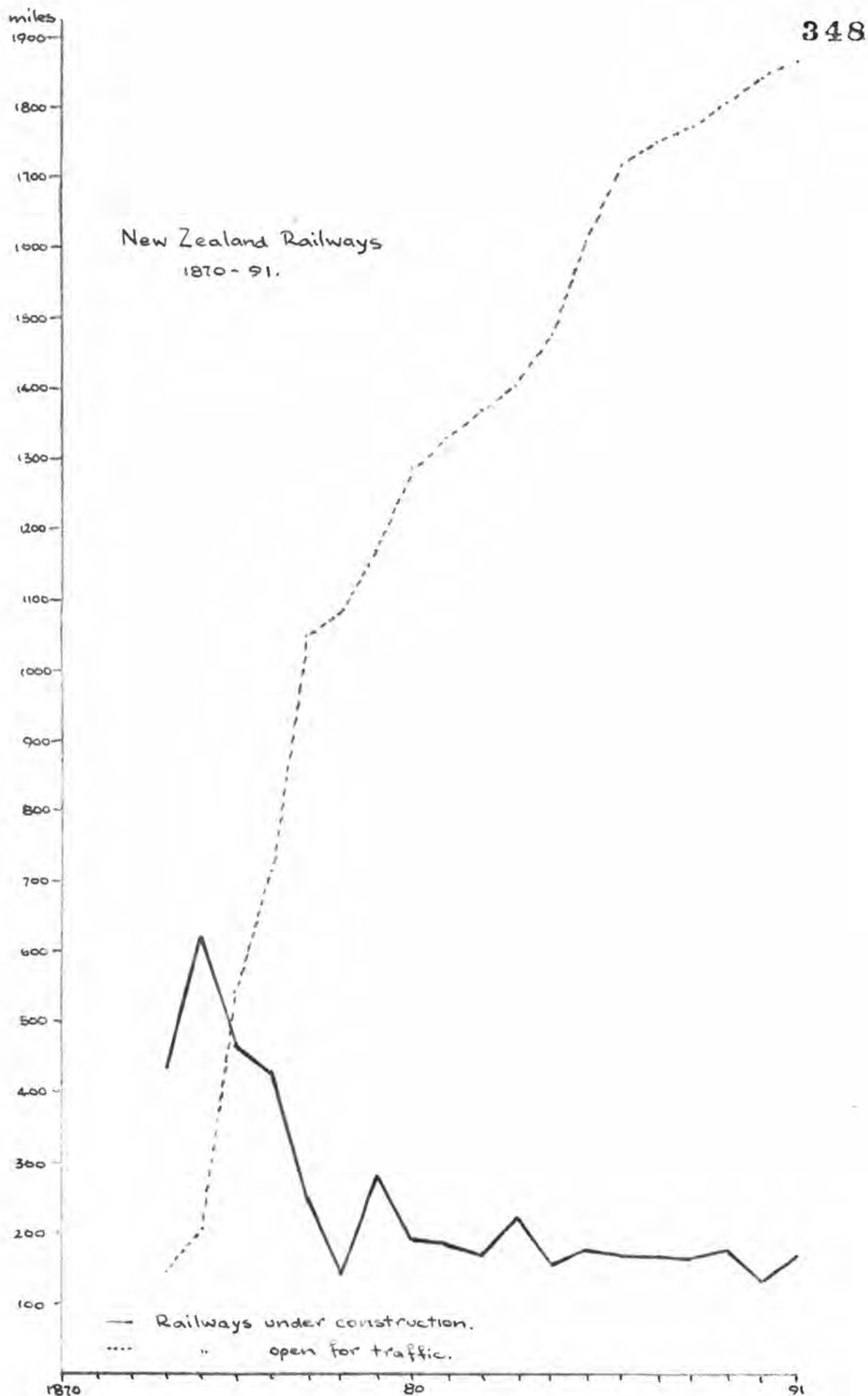


1870 1880 1891
Loan Expenditures 1870 - 91.

New Zealand Railway Growth, 1870-91

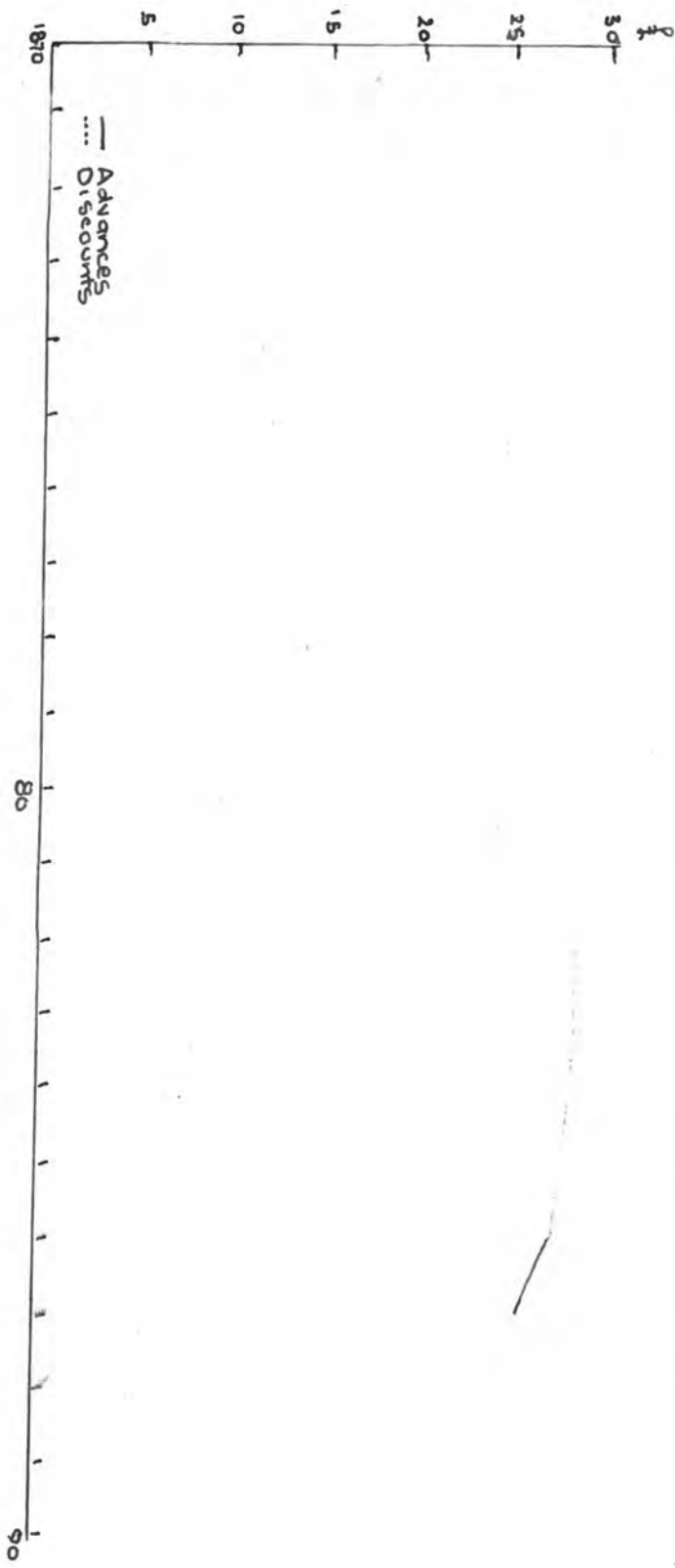
<u>Year</u>	<u>Railways under Construction.</u>	<u>Railways open for traffic.</u>
	miles	miles
1870	"	"
71	"	"
72	"	"
73	434	145
74	621	209
75	464	542
76	427	718
77	251	1,052
78	142	1,089
79	284	1,171
80	192	1,288
81	187	1,333
82	171	1,371
83	224	1,404
84	158	1,479
85	179	1,613
86	171	1,721
87	169	1,753
88	163	1,777
89	176	1,809
90	136	1,842
91	170	1,869

- from C.G.F. Simkin, p.147.



New Zealand Bank Advances and Discounts per Head,
1870-91

<u>Year</u>	<u>Advances</u>	<u>Discounts</u>
	£	£
1870	18.73	9.21
71	15.68	7.29
72	12.92	5.80
73	17.12	7.36
74	24.33	11.73
75	24.43	12.21
76	24.86	12.25
77	26.22	12.16
78	30.53	14.22
79	29.93	13.53
80	23.83	9.76
81	24.28	8.56
82	28.26	8.88
83	28.36	8.83
84	28.00	7.90
85	27.61	7.76
86	27.23	7.57
87	25.83	6.04
88	25.31	5.24
89	23.50	4.66
90	22.71	4.07
91	18.34	3.68



Bank Advances and Discounts per Head of Population
1870 - 1890

PROVINCIAL IMPORTS 1866-82

£(X000)	1866	67	68	69	70	71	72	73	74
Auckland	1100	798	802	1365	1320	979	1223	1451	1584
Taranaki	64	32	18	12	16	12	18	19	20
Wellington	756	561	622	476	494	433	517	781	1154
Hawkes Bay	82	78	77	80	95	66	104	156	214
Nelson	440	451	454	367	291	308	349	374	384
Marlborough	13	16	15	6	9	11	12	17	11
Canterbury	1625	1621	610	547	511	566	671	1084	1569
Westland	-	-	500	479	410	367	351	307	351
Otago	1627	1597	1640	1501	1493	1336	1899	2275	2835
Southland	187	189	149	125	-	-	-	-	-

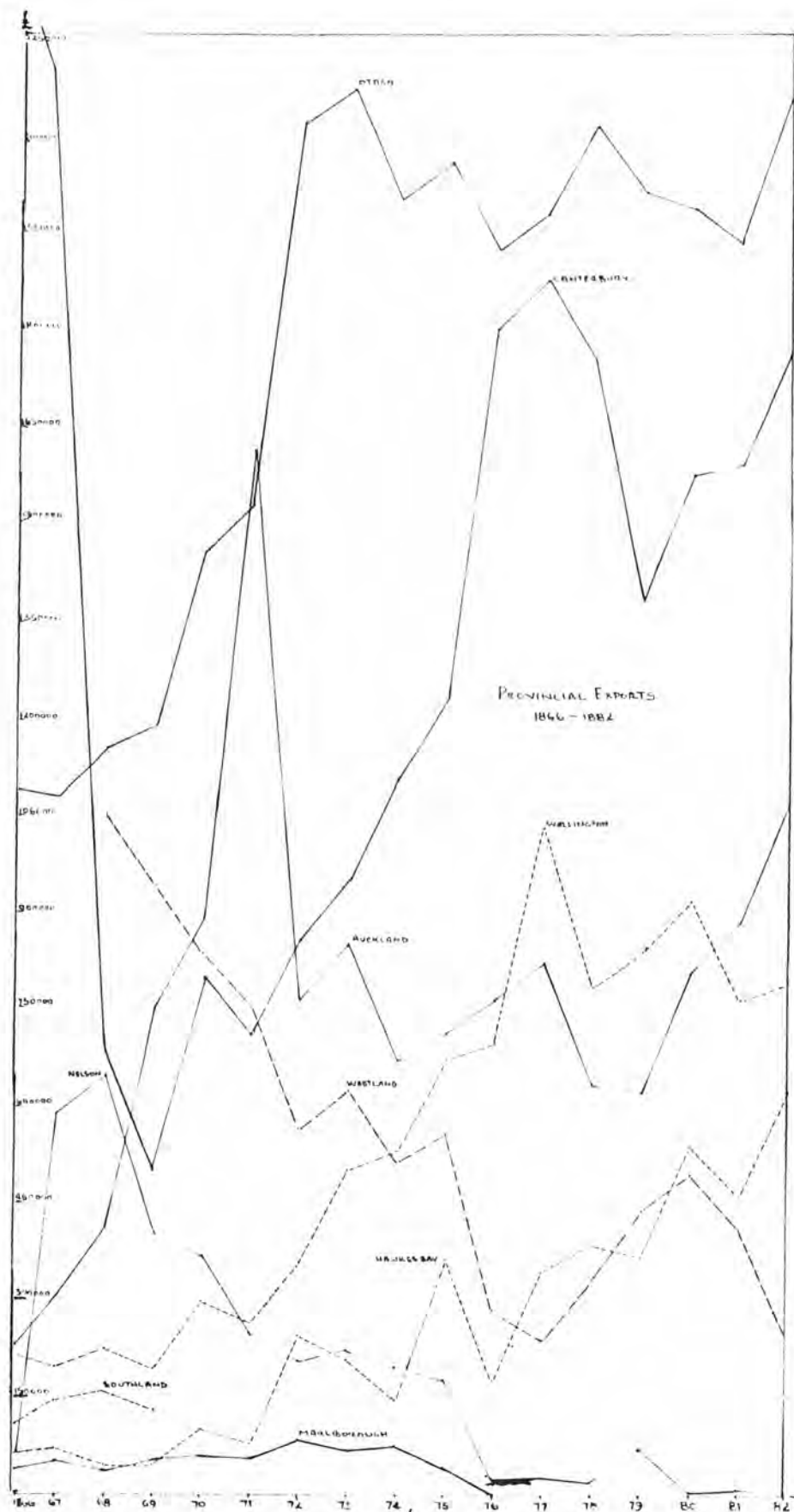
£(X000)	1875	76	77	78	79	80	81	82
Auckland	1589	1270	1164	1460	1526	1274	1528	1971
Taranaki	26	22	19	25	32	31	48	48
Wellington	1282	1211	1371	1529	1593	997	1070	1305
Hawkes Bay	174	162	153	184	169	128	182	218
Nelson	342	329	237	272	274	226	232	255
Marlborough	13	8	11	12	13	13	20	19
Canterbury	1302	1279	1349	2051	1698	1329	1507	1842
Westland	263	262	273	246	173	175	181	149
Otago	3037	2362	2398	2976	2897	1988	2689	2803

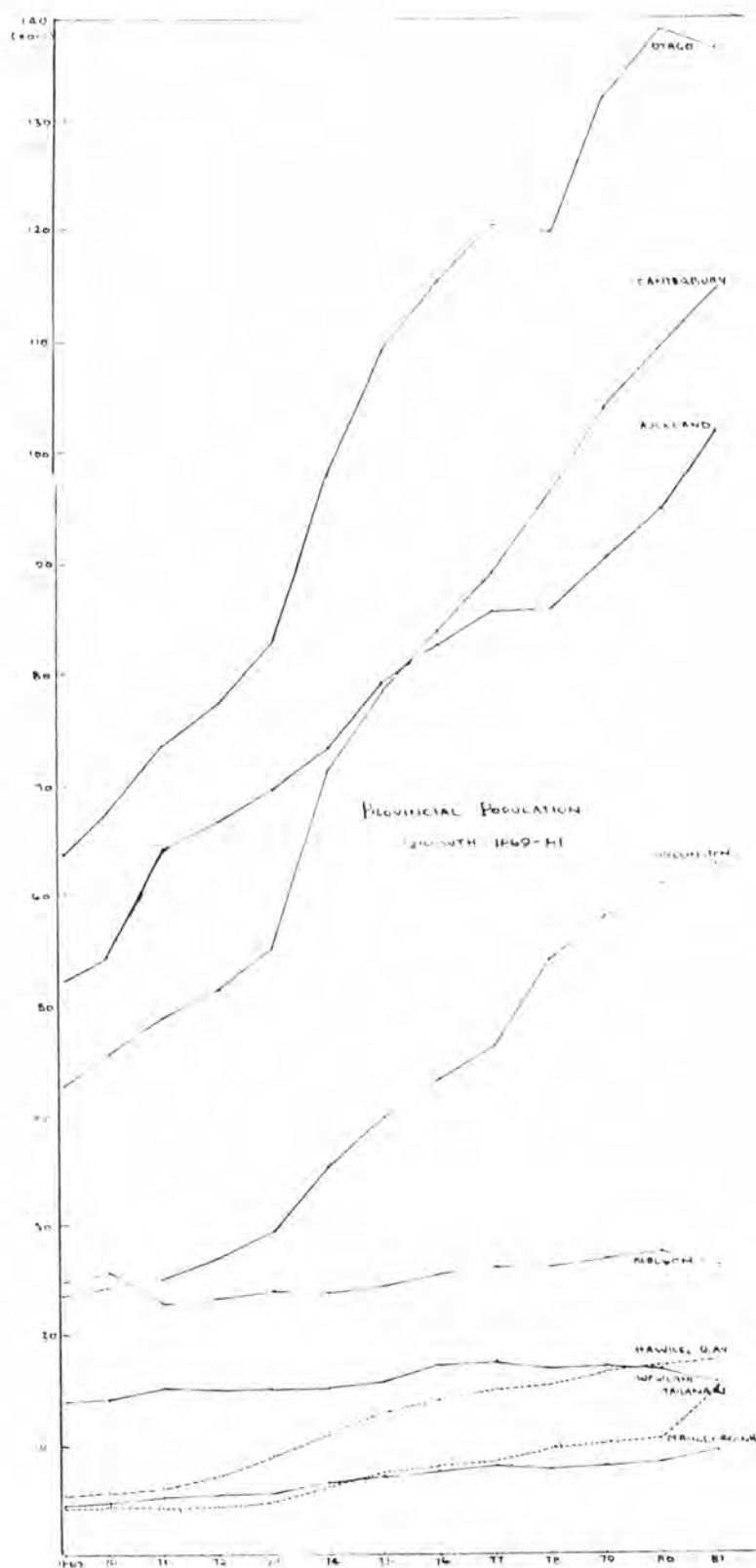
- from S. of N.Z.

PROVINCIAL EXPORTS 1866-82

£(X000)	1866	67	68	69	70	71	72	73	
Auckland	234	301	410	752	893	1618	756	853	
Taranaki	1	1	-	-	-	-	-	2	
Wellington	214	196	225	194	299	265	357	501	
Hawkes Bay	66	73	47	48	104	80	243	209	
Nelson	66	589	650	405	370	259	205	224	
Marlborough	45	53	39	54	62	58	87	73	
Canterbury	2688	2206	684	498	800	713	858	952	
Westland	-	-	1056	944	838	754	567	629	
Otago	1095	1082	1160	1196	1457	1535	2117	2170	
Southland	110	144	159	133	-	-	-	-	
	1874	75	76	77	78	79	80	81	82
Auckland	674	713	764	823	633	623	808	885	1069
Taranaki	-	-	-	-	-	-	-	-	1
Wellington	528	674	697	1034	783	839	902	764	788
Hawkes Bay	148	363	178	345	385	370	555	461	624
Nelson	196	175	24	28	18	70	5	9	3
Marlborough	79	43	-	-	-	-	-	-	-
Canterbury	1109	1238	1802	1879	1754	1389	1580	1597	1766
Westland	513	560	284	237	329	435	494	411	251
Otago	2004	2061	1926	1980	2113	2017	1990	1934	2157

- from S. of N.Z.





BIBLIOGRAPHY

A. PRIMARY SOURCES

The primary material used in this thesis is by far the more important. It provided the essential information upon which the ideas of the work are based whereas, in comparison, secondary material only acted either as a background or was used as confirmatory evidence. Of the primary material the newspapers and government publications proved most helpful.

NEWSPAPERS

From the newspapers came editorial, public and provincial opinion regarding governmental economic policy and reaction to changing economic conditions. The press proved to be most useful when studied in conjunction with the information obtained from the Statistics of New Zealand. Canterbury and Taranaki papers were the most consistently referred to, the others being used at important periods throughout the seventies in order to get expressions of colony-wide opinion.

New Zealand Herald (1870-1880)

Daily Southern Cross (1870-1876)

Auckland Evening Star (1876-1880)

(Known as Evening Star until 1879)

Taranaki Herald (1870-1890)

Taranaki News (1870-1886, 1889)

Patea Mail (1875-1879)

Hawkes Bay Herald (1870-1880)

Daily Telegraph (1870-1880)
Wellington Independent (1870-1874)
New Zealand Times (1874-1880)
Evening Post (1870-1880)
Nelson Evening Mail (1875-1879)
Colonist (1870-1880)
Nelson Examiner (1870-1874)
Press (1870-1890)
Lyttelton Times (1870-1890)
Timaru Herald (1870)
Evening Star (1871-1880)
(Known as Morning Star 1872-1873)
Otago Daily Times (1870-1880)
Otago Witness (1870-1880)

OFFICIAL PUBLICATIONS

The whole argument of the thesis is based very largely upon the material contained in two of these publications. The Statistics of New Zealand firstly, set the economic background, showing the influences which tended to determine the changes in the political scene as well as affect public opinion; secondly the New Zealand Parliamentary Debates outlined those changes in addition to giving the attitudes of provincial representatives in parliament. Other publications referred to were the Appendices to the Journals of the House of Representatives which were especially informative on the reports of the West Coast Commission of 1880 (AJHR G-2)

and the Railways Commission of the same year (AJHR E-3); and the records of the Taranaki Provincial Council including:

1. Superintendents' Correspondence Outward - T.P. 7/7, 7/8, 7/9, 7/12, 7/13.

Inward - 4/13, 4/14, 4/15, 4/17, 5/25, 5/26, 5/27, 5/29,

2. Provincial Council Minutes

3. Immigration Papers - Im. 4/1/1, 6/1/1, 2/2

4. Ordinances - T.P. 1/14.

The Taranaki Government Gazette was also looked at but found to be of little use.

PRIVATE PAPERS

These, with a few exceptions, were generally disappointing. As has been explained in the preface their greatest use was as verification for certain basic ideas. By far the most important sources of information in this section were the Vogel papers (unsorted) which covered the period approximately from 1877 to 1880. As well as the very significant letters from Vogel to his friends in New Zealand there ^{also} is the equally interesting series of commentaries upon the political scene by Ebenezer Fox, Secretary to Cabinet and so an informed and capable observer. It is believed that the material turned up here has not previously been studied and should therefore, prove interesting.

Although not as useful, several other sets of papers including those of J. Hall, W. Rolleston, E.W. Stafford and H.A. Atkinson, proved informative when seen in the light of a new concept. Other private

manuscripts used include those of John Ballance, G. Fisher, Sir George Grey (from the Auckland Public Library) W.B.D. Mantell, Sir Donald McLean, C. W. Richmond, the collection of Richmond "Atkinson papers, Vol. 2, edited by Emily Richmond, Wellington, 1944, and the papers of Stout, Trimble and Vogel (the last being the known and not particularly useful collection).

B. SECONDARY SOURCES

UNPUBLISHED THESES

Most theses were useful to the extent that they provided a background to the subject of this work but apart from one or two, most had little direct bearing upon it. Those which proved most useful have already been adequately mentioned above. The five most important are; E. Bohan, 'The General Election of 1879', C.U. 1958.

D. Costorphine, 'Grey's Liberalism as a factor in the development of Party Government in New Zealand', C.U. 1950.

I.W. Horsfield, 'The Struggle for Economic Viability', V.U.W., 1960.

M.E.S. Prentice, 'Some Liberal Measures of the Continuous Ministry', A.U., 1942.

T.G. Wilson, 'The Rise of the Liberal Party in New Zealand 1877-90', A.U., 1951.

In addition discussions with Canterbury thesis writers including A. Evans and C. Whitehead whose work covers elections in the eighties, have been informative. Other theses studied include:

H.E. Barr, 'The Early Years of Provincial Government in Taranaki', C.U., 1944

- E.E. Earle, 'Life of Sir Harry Atkinson', C.U.C., 1923.
- B.J. Foster, 'Development of Unity and Organisation in the New Zealand Political Parties of the Liberal Era.', V.U.C., 1956.
- D.M. Frank, 'The History of Land Development in the Taranaki Uplands', A.U.C., 1952.
- H.K. Gruszning, 'The Founding of the New Plymouth Harbour, (1879-81) and the Events leading thereto.', A.U.C., 1950.
- G.W. Heron, 'The Development of Railway Policy in New Zealand and the Growth of the North Island System before 1908.', A.U.C., 1946.
- E.C. Martin, 'New Zealand Immigration 1870-1890', A.U.C., 1948.
- N.M. McMaster, 'Te Waiti and the Parihaka Incident', V.U.W., 1959.
- C.M. Seely, 'A Study of the Policy of Land Confiscation as Applied to the District of Taranaki', A.U.C., 1949.
- K.L. Simkin, 'Te Makarini', C.U.C., 1932.
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- M.P.K. Sorrenson, 'The Purchase of Maori Lands 1865-1892', A.U.C., 1955.
- W.F. Tett, 'Frederick Alonzo Carrington - the Father of New Plymouth', V.U.C., 1943.
- L.R. Todd, 'Grey's Liberal Ministry 1877-79', A.U.C., 1942.

PUBLISHED BOOKS, PAMPHLETS

- J.C. Beaglehole, New Zealand A Short History, London, 1936.
- R.M. Burdon, High Country, Auckland, 1938.
- " " King Dick, Christchurch, 1955.
- " " The Life and Times of Sir Julius Vogel, Christchurch, 1948.
- W.J. Bull, Public Works in New Zealand: from 1870 to 1877, Christchurch, 1877. A contemporary critical pamphlet.
- A.C. Burgess, 'Farming in New Zealand - Taranaki', Journal of Agriculture, April 1958.
- C.R. Carter, Cambridge History of the British Empire, Vol. 7, part 2. An Historical Sketch of New Zealand Loans 1853-1886 London, 1886.
- A contemporary publication condemning the borrowing policy especially that for public works.
- J.B. Condliffe, New Zealand in the Making, London, 1950.
- Lack of detailed knowledge and superficial.
- J. Cowan, Sir Donald McLean, Dunedin, 1940.
- E.S. Dollimore, The New Zealand Guide, Dunedin, 1952.
- A. Eccles, Donald Reid Pioneer Statesman Merchant, Dunedin, 1939.
- Too personal in approach for the purposes of a political study, but interesting in showing his antipathy towards runholders.
- D.K. Fieldhouse, The Rise of the New Zealand Liberal Party, 1880-1890, Landfall, Vol. X, no. 4, December 1956.
- A review of T.G. Wilson in which the writer suggests that Wilson's interpretation may need important revision and that a new method of study along Namier lines would possibly be the means of affecting this.
- F.W. Furkert, Early New Zealand Engineers, Wellington, 1953.
- W.J. Gardner, The Rise and Fall of the New Zealand Liberal Party, 1880-1890. Political Science, Vol. 9, No. 1, March 1957.
- An excellent review of T.G. Wilson's pamphlet. Wilson's work is described as a new form of the old argument of Reeves whereas a new critical examination is needed. Gardner believes Wilson underestimates the influence of provincialism in the 'liberal' party and suggests that A Namier study would be fruitful.
- W. Gisborne, The Colony of New Zealand. Its History, Vicissitudes and Progress, London, 1888.
- D. Herron, The Circumstances and Effects of Sir George Grey's Delay in Summoning the First New Zealand General Assembly, Historical Studies, Vol. 3, November 1958-May 1959.
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- W.L. Rees, The Coming Crisis: A Sketch of the Financial and Political Condition of New Zealand, with the Causes and Probable Results of that Condition, Auckland, 1874.
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- W.L. Rees and L. Rees, The Life and Times of Sir George Grey K.C.B., Auckland, 1892.
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 " " State Experiments in Australia and New Zealand, Vols. 1 and 2, London, 1932.
- G.W. Rusden, History of New Zealand, Vols. 2 and 3, London, 1895.
 A. Saunders, History of New Zealand, Vol. 2, Wellington, 1896.
 The last two works noted here were of especial help in giving detailed description of the political events in the seventies and eighties.
- G.H. Scholesfield, Dictionary of New Zealand Biography, Vols. 1 and 2, Wellington, 1940.
 Very useful in helping to trace the political activities of parliamentarians.
- " " New Zealand in Evolution, London, 1926.
 " " Notable New Zealand Statesmen, Wellington, 1946.
- H.J. Sealy, Are We to Stay Here?, Timaru, 1881.
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- W.H.J. Sefton, Chronicles of the Garden of New Zealand Known as Taranaki, New Plymouth, 1896.
- A. Seigfried, Democracy in New Zealand, London, 1914.
 C.G.F. Simkin, The Instability of a Dependent Economy, London, 1951.
 A study of the New Zealand economy up to 1914. Very useful as an economic background and for statistics and graphs.
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