



(Dalziel, R., 1986:
104–105, 115–119)

*JULIUS
VOGEL*
Business politician

Raewyn Dalziel

outside and Vogel addressed it from the terrace of the government buildings.⁷⁸

There was not a lot of interest in the election except in a few electorates where there was a straight contest between a supporter and an opponent of the financial policy. The usual strategy of Opposition candidates was to say they had originally opposed the policy but now it was enacted they would accept it and make it their responsibility to see the money was spent judiciously. Stafford did not give a strong lead to his followers, preferring to work behind the scenes in the South Island rather than making major public appearances or speeches.⁷⁹ The Ministerialists, on the other hand, organized a fairly active campaign. Ministers gave help to supporters in various constituencies – for instance, McLean and Gisborne both went to the Bay of Islands to campaign on behalf of John McLeod against Hugh Carleton. They gave advice to supporters on policy, as in the case of William Kelly, contesting the East Coast, who wrote to Vogel asking what the Government's policy was on topics he thought would be raised at his meetings.⁸⁰

In at least sixteen electorates candidates were unopposed. All the most prominent politicians on both sides, Fox, Vogel, McLean, Gisborne (who transferred from the Legislative Council to the House), Stafford, Hall, Rolleston, were elected without a fight. In thirty-six electorates under 400 votes were cast.⁸¹ At the conclusion of the voting the Government had to reckon up its support. The personnel of the House had changed enormously. There were seventy-eight members. Thirty-nine of those elected had not been in the House in 1870, although six of these had sat in previous Parliaments. The balance of power was in the hands of the new members. Of the sitting members who were returned nineteen were Ministerialists and nineteen were followers of Stafford. Of these latter nineteen many had had their loyalty severely tested by the immigration and public works scheme.

The press saw the election as a victory for Fox and his supporters. The Christchurch *Press* and the Auckland *Herald* calculated that, of sixty-eight members named, thirty-three were Ministerialists, twenty-four Opposition and eleven doubtful.⁸² A Government supporter in the civil service, George Cooper, made it forty-two certain supporters of the Government out of the seventy-four European members.⁸³ Vogel had a mandate to continue his immigration and public works scheme but given the vagaries of the pre-party political system the Government would need to nurse its majority.

VIII: Washington, London, Wellington

During the election campaign it was widely rumoured that Vogel would go to London in the new year to raise the money for the immigration and public works scheme and to remain there as Agent-General, a quasi-diplomatic, quasi-commercial post established by the Immigration and Public Works Act.¹ The opposition press did not hide its disquiet at these rumours. The Wellington *Evening Post* claimed to see a certain fitness in sending Vogel to try and get the money for his schemes, while deploring the thought that he might become the colony's representative in London. 'Neither in manner nor character', it commented, 'is he likely to favourably impress the political or commercial circles into which he will be necessarily thrown.'²

Vogel was in fact planning a trip to London at least as early as October 1870. At that time he told Bowen that he would in all likelihood visit the United States and England on postal business the following January.³ He may have had his eye on the post of Agent-General but this is not at all certain. In informing Bowen of Vogel's impending soon after Christmas Fox made no mention of the Agent-General and before Vogel left Wellington the appointment was another minister, Isaac Featherston. Featherston had recently from one official visit to London and was anxious to go back.

The Vogels left Auckland for the United States on 7 January, accompanied by their two children, Harry, now nearly three years old, and their second son, Francis, who was just a few months old. Vogel was accompanied by Ebenezer Fox, who was now secretary, and William Gray, the head of the Post Office. The mission was to discuss tariffs and mail services with the Colonial Secretary, Lord Kimberley, and then to go on to London where Vogel was to raise the first £100,000 for the immigration and public works loan, to investigate private contractors to build the railways and to discuss defence and the Colonial Secretary, Lord Kimberley.⁶

Vogel was the first New Zealand minister to make an official visit to the United States.⁷ His visit showed the importance placed on establishing a good relationship with the State

(Dalziel, R., 1986)

1870
84

186

The economy had not picked up. Commerce had been in a depressed state for three or more years, farmers were receiving low prices for their wool and wheat. Gold production had declined and the latest goldfields in the Thames area needed capital investment and heavy machinery. Net immigration, although recovering from a low of 860 in 1868 to 3,641 in 1869, was not encouraging. The situation presented an enormous challenge to the Government and particularly to Vogel as Colonial Treasurer.

On his return to New Zealand in February 1870 Vogel worked on a new economic policy. The year before he had promised a comprehensive plan to 'extend the benefits of regular and systematic immigration to the Colony throughout its length and breadth'.⁴¹ The British Government had promised to guarantee a loan for development and Bell and Featherston had investigated the prospects of large-scale immigration from Europe. Working largely on his own, Vogel now evolved a policy of forward planning, a development plan designed to revive the economy and provide the pre-conditions for economic growth. This policy was announced in the financial statement of 1870, delivered to an expectant House and press gallery only twelve days after the opening of Parliament in June.⁴²

Vogel's budget put forward a beguilingly simple, yet ambitious scheme to increase the population and revolutionize communications. He began with the assumption that if the economy were to grow the process of 'colonization' had to be supported by the central government. The fighting appeared to be over; the time had arrived 'when we must set ourselves afresh to the task of actively promoting the settlement of the country'. The two main aspects of settlement were public works and immigration. The entire country needed more people, the North Island needed roads to open up land for development, the South Island needed railways to transport its agricultural and pastoral products. Looking ahead Vogel considered that the country could safely be committed to an expenditure of ten million pounds on settlement over the next decade. Eight and a half million of this would go on public works and land purchases, one and a half million on immigration. Six million pounds would be borrowed and the remainder of the cost would be met from land grants and profits. In brief Vogel's proposal was to transform the country by using borrowed money to finance public works which would promote settlement and allow more land to be brought into production and to bring in immigrants who would build the roads and railways and farm the land. In ten years the Government would bring about results that would otherwise take decades to achieve.

Vogel was well aware that colonization was traditionally the function of the provincial governments and that his proposal might well alienate

his party's provincialist supporters. He did not hesitate to show where his own sympathies lay. By leaving Otago Vogel had freed himself from 'localism' and 'provincialism'. He could see a country united by railways and roads, its people working in the national rather than the provincial interest. He did not want to jeopardize the colonization scheme by proposing political changes but he gave the provinces clear warning that if they obstructed the scheme and forced a choice between it and them he 'would infinitely prefer the total remodelling of those institutions to abandoning that stimulating aid which, as I believe, the condition of the Colony absolutely demands'. At the same time his own experience forced him to fear the power of provincial feeling. For the time being the provincial governments were to be made partners in the scheme. They would submit proposals for railways to Parliament for approval; they would inform central government of their labour needs and prepare plans for settlement and employment. Central government would construct the approved railways and share the cost of immigration with the provinces. In return for central government help the provinces were asked to give up their current share of the revenue and accept instead a capitation allowance, based on the European population, of £2, diminishing annually by two shillings until it reached thirty shillings. Provinces with a large settled Maori population were to get an additional fixed allowance. The outlying districts were to be placated by a grant of £50,000 a year to district boards for expenditure on roads and development.

Vogel touched briefly on defence expenditure, planning to ask for an appropriation for defence of £790,000 over the next five years. This money was to be borrowed as it was required. However in a sense the entire financial statement was a statement about defence. Vogel considered that the employment of Maoris on public works and the opening up and settlement of the country would 'do more to put an end to hostilities and to confirm peaceful relations, than an army of ten thousand men'. Years later, when reflecting upon his immigration and public works scheme, he explained it as an attempt to solve for once and all the Maori problem. He wrote in a statement on his policy that 'The one chance of gaining adequate control was to introduce such a system of public works and workmen into the North Island as would 1st give protection in case of need 2nd occupy to some extent the natives 3rd open up communications 4th keep the natives in touch with the colonists. . . . It was a matter of life and death to secure its adoption.'⁴³ In a paper delivered to the Imperial Institute in London in 1893 he said: 'It has often been said and written that the Public Works Policy was the outcome of a speculative desire to obtain the expenditure of a large quantity of borrowed money for the gain that expenditure would bestow, leaving to chance subsequent consequences. I will tell you the real facts. . . .

1870 Fox had told McLean that he looked on a connection with America 'as a most desirable thing both on political and commercial grounds'.⁸ Later, when the first steamer ran between New Zealand and Hawaii, he had written to Henry Driver, the American consular agent in Dunedin, sending a message of goodwill to the American Government and suggesting the two Governments establish a channel for direct communications and closer trading links.⁹ Earlier, during the negotiations over the troop withdrawals, Bowen had reported to the Colonial Office that some of the local papers were openly advocating secession from the empire and annexation to the United States.¹⁰ These feelers towards the United States caused a mild flutter of concern at the Colonial Office.¹¹ Fox remained unrepentant, telling Bowen, 'I may observe . . . that a direct access to the American markets for our great staple of wool, via California, instead of being obliged to send it all to London or Liverpool for distribution to foreign manufacturers would be a great advantage to the Australian Colonies: and I do not see any harm in requesting the commercial representative of the United States Govt. to call the attention of that Govt. to the subject.'¹²

The major purpose of Vogel's visit to the United States was to establish the steamer service between New Zealand and San Francisco on a regular and secure basis. During 1870 Vogel's arrangement with Hall, made with a great flourish in Sydney, had broken down. Hall turned out to have a history of unsuccessful business ventures. In the sixteen or so years he had been in Australia, several of them spent as an official commercial agent of the American Government, he had been bankrupt three times.¹³ He had agreed to perform the San Francisco mail service for a ludicrously small subsidy. Even Fox had feared it would be inadequate, telling McLean, 'Yankees are so accustomed to reckon in dollars that a few pounds sterling go a long way with them.'¹⁴ Hall did not own any ships. He planned to charter them from Australian Steam Navigation Company and Vogel had to advance him money out of the subsidy to do this.¹⁵ The ships constantly ran behind schedule. The southern provinces were annoyed that the ships' ports of call were Sydney and Auckland.¹⁶ However Sydney had to be included in the service simply because New Zealand was too small to go it alone. The business from New Zealand, passengers and mail, could not support a service. Both Hall and Vogel hoped that, once the service was started, one or more of the Australian Governments could be induced to help it with further subsidies. Such intercolonial co-operation was essential if a steamer service to California were ever to succeed.

The Australians refused to help. Vogel approached New South Wales, Victoria, South Australia, Tasmania, and Queensland for subsidies but each one eventually turned him down.¹⁷ Colonial interests in shipping

were different. Victoria favoured a Suez line; New South Wales and Queensland were still talking about a Torres Strait service; New Zealand had committed itself to the Californian line. The failure to co-operate made New Zealand more chauvinistic and determined to become independent of Australia. In August 1870, when the Hall service was already in trouble, the House of Representatives resolved that New Zealand should look solely to its own interests in any future services and make two New Zealand ports, Auckland and Port Chalmers, the ports of call.¹⁸ It was agreed to subsidize such a service to the tune of £40,000 a year and to appeal to the Americans for help. There were some grounds for thinking such an appeal might succeed. William Gray had travelled to the United States on the first of the Hall trips. He had been given a friendly reception in Washington and had negotiated a postal convention between the two countries.¹⁹ American shipping contractors were interested in the Pacific run and had written to Vogel that Congress was ready to consider a bill authorizing the establishment of a steam service to New Zealand. If this were passed subsidies would be sure to be forthcoming. At first Vogel was against accepting American aid on nationalistic grounds but he set these objections aside when he realized that a reliable service was unlikely without such a subsidy.²⁰

By November 1870 the Hall service was clearly a failure and Vogel began to investigate advances from other shipping firms. The most promising were approaches by representatives of two American shipping contractors, Ben Holladay and W. H. Webb. Holladay was a pioneer of transport in the American west. In 1863 he had organized the Californian, Oregon and Mexican Steamship Company, he ran steamers from San Francisco to Hawaii and had promoted railways in Oregon. Webb, a prominent New York shipbuilder, was shifting his interests from the east to the west coast as the New York shipping industry went into decline.²¹ Both men had an eye to the opportunities offered by the Pacific trade, but to a large extent their interest was conditional on government subsidies. In November Vogel had discussions in Auckland with W. Neilson, acting for both Holladay and Webb, and drew up a preliminary contract for a new service to San Francisco. Vogel saw this as more than a mere mail service. He hoped it would open up the American market for New Zealand products and also provide an incentive for the development of New Zealand coal fields.²²

The Californian mail service attracted a number of dubious entrepreneurs. Neilson was one of these. It quickly became apparent that he was not empowered to commit his principals and later emerged that he was known in Auckland for fraud.²³ However Webb and Holladay's interest was genuine. In Honolulu the Vogels were met by J. Stewart acting for Webb. Stewart escorted them on to San Francisco in a wooden

paddle steamer, the *Moses Taylor* which, according to Mary Vogel, 'rolled horribly'.²⁴ Vogel and Stewart had long discussions in San Francisco. Vogel discovered that the hope of an American subsidy was receding and, anxious to continue the negotiations, he decided to join Webb in Washington where they could both lobby Congress for a subsidy to the New Zealand service.²⁵ The Vogels travelled by railway from San Francisco and remained in Washington for some days. The visit, which coincided with celebrations commemorating the end of the Civil War, was probably more notable for its social than for its political activities. Mary Vogel thoroughly enjoyed herself.²⁶ It seems unlikely however that Julius did much more than meet and talk with some of Webb's friends on the Committee on Post Offices and Public Roads. In March Samuel Pomeroy, a Kansas Senator on this Committee, introduced Senate Bill Number 49 authorizing the establishment of an ocean mail steamer service to Australia and New Zealand.²⁷ Although the Bill was subsequently to be buried in committees there were enough signs of support for Webb to continue negotiations with Vogel.

From Washington the Vogels travelled by rail through Pittsburgh and Baltimore to New York where they stayed at the Fifth Avenue Hotel. While he travelled Vogel was a keen observer of the American railway system. He was amazed at the casualness with which the Americans took their railways, building them to suit the traffic, running them through the middle of cities and across streets without any sort of protection for the public and providing the simplest of stations. It was all a marked contrast to the British system where railway promoters were forced to take elaborate safety measures and where urban railway stations vied with each other as symbols of mid-Victorian prosperity. The American system seemed to Vogel to offer a better example for New Zealand and to provide some good ideas for reducing costs.²⁸

In New York Vogel and Webb finally signed a contract for the steamer service to begin its run in April 1871. The contract, which had to be ratified by Parliament, stipulated that steamers would run between San Francisco and Port Chalmers calling at Auckland, Wellington, and Lyttelton every four weeks. A branch line to Sydney would also operate. The service would run for ten years at a cost of £50,000 a year to New Zealand.²⁹ The subsidy was higher than Vogel was authorized to offer but the least the Americans were prepared to accept.

Vogel hoped that the beginning of the regular steamer service between New Zealand and the United States would lead to an increase in trade between the two countries. He insisted on writing into the steamer contract a clause committing Webb to lobby for a reduction in the tariffs on wool and flax imported into the States.³⁰ Subsequently Webb joined the anti-tariff lobby which was pressing for a relaxation of the high

duties on wool and woollen goods imposed in 1867. In 1872 these duties were actually reduced although the influence of the National Association of Wool Manufacturers ensured that the reduction was not great.³¹ In spite of the generally protectionist policy of the United States at this time imports from New Zealand did increase. In 1870 only £37,000 worth of New Zealand produce, mainly kauri gum, went to the States. In 1871 the value of exports more than doubled; in 1872 it reached £337,915. By 1872 wool was by far the largest item, earning nearly £190,000; flax brought in £22,733. The United States was the second largest importer of New Zealand wool, although a very long way behind Great Britain.³²

From New York Vogel went with his family and Fox to London, arriving there in mid-March. There are very few personal or family papers from this return to London so we can only imagine the family reunion that took place. Vogel had left London nearly twenty years before, a boy of seventeen; he was returning at thirty-six, a successful politician, Treasurer of a British colony, with a young wife and family. His sister, Frances, had not married; nor had a number of the Isaac aunts and uncles he had grown up with. But the family was still a large one, still living in solid, middle-class comfort. Mary Vogel was an immediate success with Julius's family. She was extremely attractive. James Mackelvie, not an easy man to please in this respect, described her as 'the prettiest woman in Auckland and I am told in the colony'.³³ She was full of fun, ready to join in any social activity and adventure, and inspired considerable admiration. A few years later Sir James Fergusson described her as 'an excellent woman and a good specimen of a Colonial lady'.³⁴ While Julius carried out his official business Mary formed a close relationship with Frances and the Isaacs. At the end of the trip Frances returned to New Zealand to live with the Vogels. She became an important, indeed an indispensable, member of the family, helping to run the household and bring up the children.

Vogel's main work in London was raising the money for the immigration and public works scheme. Parliament had authorized an initial loan of £1,500,000. It was usual for New Zealand loans to be issued through the office of the Crown Agents, a quasi-government bureau established in the 1830s to carry out financial and commercial operations in London on behalf of the crown colonies.³⁵ The role of the Crown Agents was to advise the Government on the terms and the timing of loans, to circulate loan prospectuses from their office and to pay out the interest and principal. Under this arrangement the senior Crown Agent, Penrose Julyan, became an important figure in New Zealand finance. He acted as a financial adviser to the Government, first in his role as Crown Agent and later privately, until the 1890s. He was an able man who greatly increased the scope and work of his office. However as early as 1869 there