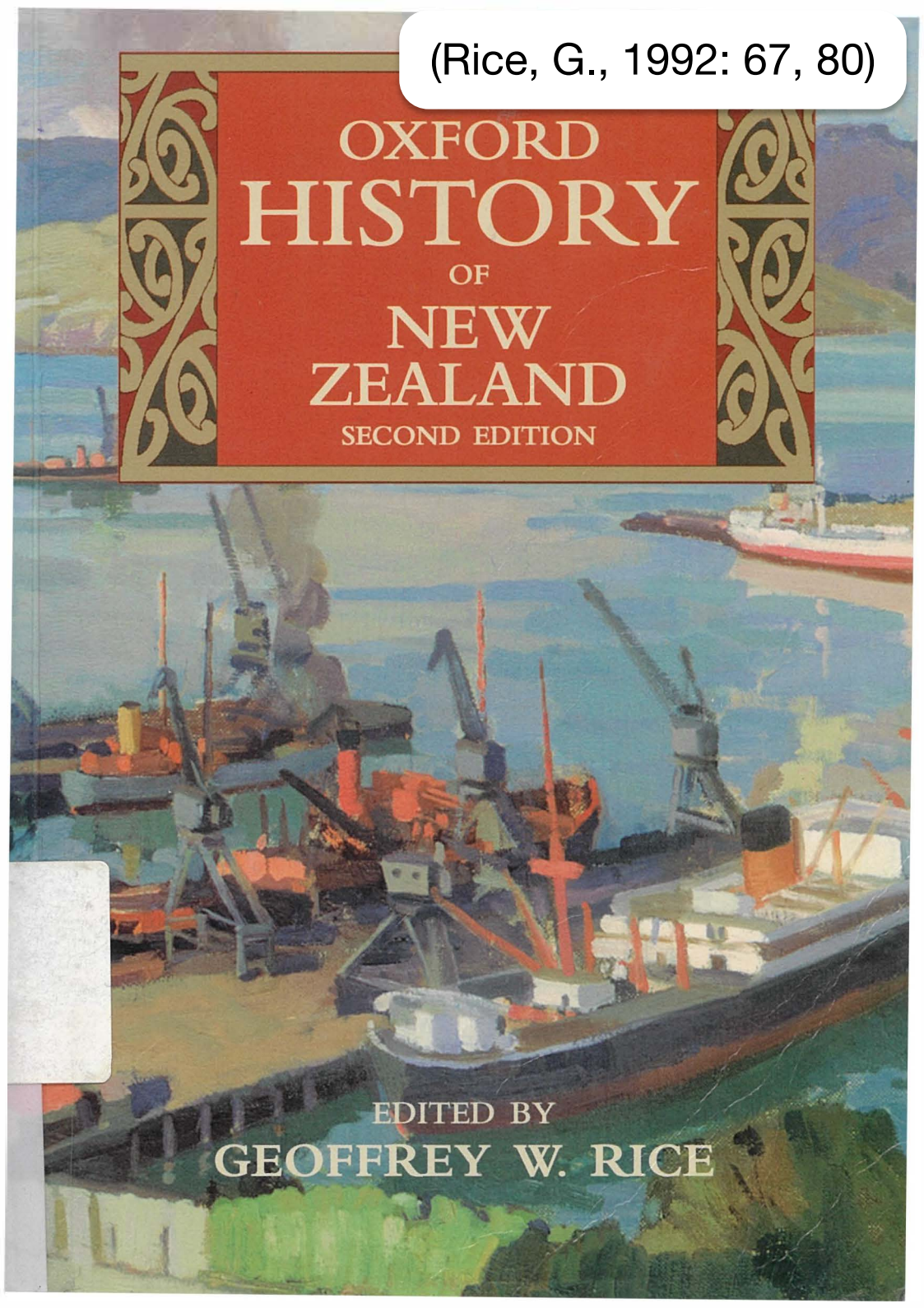


(Rice, G., 1992: 67, 80)

The background of the book cover is a painting of a harbor scene. In the foreground, a large dark-hulled ship is docked at a pier, with several tall cranes on its deck. The water is a mix of blue and green, and other ships are visible in the distance. The sky is a pale blue. The title text is overlaid on a red rectangular background in the upper center, flanked by decorative gold scrollwork.

OXFORD
HISTORY
OF
NEW
ZEALAND
SECOND EDITION

EDITED BY
GEOFFREY W. RICE

The Oxford History of New Zealand

Second Edition

Edited by
Geoffrey W. Rice

*First edition edited by
W. H. Oliver with B. R. Williams*

Auckland

OXFORD UNIVERSITY PRESS

Melbourne Oxford New York

Singapore Hong Kong Tokyo
Nairobi Dar es Salaam Cape Town
Melbourne Auckland Madrid
and associated companies in
Berlin Ibadan
Oxford is a trade mark of Oxford University Press

Text and setting © Oxford University Press 1981, 1992

Chapter 14 © R. M. Chapman, 1981

This edition first published 1992

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of Oxford University Press. Within New Zealand, exceptions are allowed in respect of any fair dealing for the purpose of research or private study, or criticism or review, as permitted under the Copyright Act 1962, or in the case of reprographic reproduction in accordance with the terms of the licences issued by Copyright Licensing Limited. Enquiries concerning reproduction outside these terms and in other countries should be sent to the Rights Department, Oxford University Press, at the address below.

Cover illustration: Sydney Lough Thompson (1877–1973), 'Lyttelton from the Bridle Path', 1937; oil on canvas 980 x 1300 mm; in the collection of the Robert McDougall Art Gallery, Christchurch, New Zealand (presented by the Lyttelton Harbour Board, 1938). Copyright, used by permission of the artist's estate.

National Library of New Zealand
Cataloguing-in-Publication data

The Oxford history of New Zealand. 2nd ed. / edited by Geoffrey W. Rice. Auckland, N.Z. : Oxford University Press, 1992.

1 v.

First ed. / edited by W. H. Oliver; with B. R. Williams, Oxford: Clarendon Press; Wellington [N.Z.] : Oxford University Press, 1981.

Includes bibliographical references and index.

ISBN 0-19-558257-8

1. New Zealand—History. I. Rice, Geoffrey. II. Oliver, W. H. (William Hosking), 1925– III. Williams, B. R. (Bridget R.)

993

*Cover designed by Nikolas Andrew
Typeset in Bembo by Egan-Reid Ltd
Printed in New Zealand by GP Print Ltd
Published by Oxford University Press
1A Matai Road, Greenlane
PO Box 11-149, Auckland, New Zealand*

...the sign of the colony's political autonomy; the nearest parallel in commerce was the BNZ's establishment five years later. There had been very limited scope for bankers in the scattered and struggling settlements of the 1840s. The first bank to gain a permanent place in New Zealand was the Union Bank of Australia (UBA). As official bank to the New Zealand Company, it opened its first branch in Wellington in 1840. Private business was small and the Union Bank relied greatly on the colonial Government's account. The Union Bank was set back in 1847 when Grey, acting under instructions from the Colonial Office, established a Colonial Bank of Issue. The Bank was a state institution with sole right of note issue, and Grey gave it government business. Growing commercial interests were hostile to this monopoly, and in 1856 the General Assembly closed the Bank. The way was now open for full-scale competition between private banks.

At the beginning of the 1860s some perceptive Australian bankers saw that pastoralism was bound to take off in New Zealand as it had in Australia.²⁷ The Bank of New South Wales, which had unrivalled experience in financing sheep-runs, set up in New Zealand in 1861. With the Bank of New South Wales and the Union Bank poised to dominate the colony's banking, it appeared that commercial credit policies would now be controlled in Sydney and Melbourne. Yet at the same time Thomas P Russell, an enterprising — indeed ruthless — young Auckland solicitor, was planning to wrest the initiative in New Zealand banking from the Australians. Russell rightly calculated that he must give his scheme the appearance of a New Zealand union in the face of Australian aggression. As an Auckland member of the House of Representatives, he was able to exploit the General Assembly (which met in Auckland) in its character as a convention of commercial notables. During the 1861 session he assembled a private inter-provincial group of members in support of a 'Bank of New Zealand', to be floated in Auckland. The name itself was a manifesto and the Bank's prospectus a call to New Zealand nationalism — in commerce.²⁸

A New Zealand Bank Act was quickly passed and the Government's account was handed over, though there was some subsequent hard bargaining. Promotional tours in southern provinces widened the new bank's regional support. By this time the Otago gold-rush was in full swing, and attempts were made to grasp the lead in colonial banking for the colony's chief commercial centre. But neither the Bank of Otago (1863–74) nor the Colonial Bank of New Zealand (1874–95) succeeded; both remained strictly regional banks, and the latter was in deep trouble by 1893. Russell had made the miss for Dunedin businessmen as good as a mile: Auckland had gained a colonial as distinct from a provincial advantage. In the meantime the BNZ had risen to clear supremacy. By 1865 its advances exceeded those of the Union Bank and the Bank of New South Wales together. Russell quickly gained recognition as the colony's leading financier, although his career was to suffer in the late 1880s.

benefits to his company of refrigeration. While the first refrigeration companies were being formed in the colony to build freezing works, James Davidson stole a march by fitting out the ship *Dunedin* in Glasgow. Using his own stock and capital and the *Dunedin's* freezing equipment, Davidson with Thomas Brydone, his local superintendent, sent the first frozen mutton from Port Chalmers in February 1882. The *Dunedin's* cargo found a favourable market in London and sold at 6d. to 7½d. a pound, well above colonial prices. This first triumph was, however, soon offset by unfortunate voyages.⁶⁵

During the 1880s the frozen meat trade was based on the flock holders, such as John Grigg of Longbeach. Few others could supply large drafts of sheep of dependable quality which the freezing work market required. The standard of carcasses shipped was greatly improved by 'the colonial half-bred', a dual-purpose wool and mutton sheep, a cross between Merino ewes and Lincoln rams. Such sheep were of 'prime Canterbury' mutton which had an outstanding reputation in Britain by the 1890s. This breeding process was carried further by Little and by Davidson, working independently along the same line in the later 1860s. By inbreeding half-bred sheep, Little produced by 1870 the Corriedale sheep, well suited to New Zealand's drier pastures.

The meat trade required (in depressed times) fairly large amounts of capital, good standards of hygiene and storage, swift and cheap transport, controlled marketing — and a growing market. Suffering from deficiencies on all these counts (and others), the industry progressed slowly and somewhat unsteadily in its first decade. By 1892 there were only one freezing works in New Zealand, but they were not working at full capacity. The lower prices of 1885–88 discouraged many producers and some ships sometimes departed half empty. In return, ship-owners for some time refused to lower freights, which were the heaviest charge on profit. The whole system depended on the growing capacity of the British market class to afford cheap colonial meat on rising real wages. In 1891 frozen mutton ousted gold as the colony's second export and its earnings passed the million mark.

Few economies have been so dependent on mercantile marine for their growth as New Zealand, yet this country has had only a minor voice in the control of these services. A major exception was the Union Steamship Company, formed in Dunedin in 1875. This line played a leading role in Australasian inter-colonial trade during the 1880s and 1890s. Trade with the United Kingdom was dominated in the 1860s and early 1870s by British firms, Shaw Savill and the Albion Line, which amalgamated in 1875. The New Zealand Shipping Company was formed in Christchurch in 1877 to challenge their monopoly. However, all these lines later jointly worked for the lowering of freight rates for many years. The cost of shipping frozen meat did not fall from its 1882 level of 2¼d. per pound to 1d. until 1897, but was down to a ½d. by 1897.

The moderate success of the Union Steamship Company was due to its