

Notes

W. Pember Reeves: SOME NEW EVIDENCE

THERE ARE only a few people of whom it can be said that *any* new evidence is likely to have historical significance. But in New Zealand's history one of those people is William Pember Reeves. Despite the many admirable qualities of Keith Sinclair's biography,¹ he remains something of an enigma. This brief paper presents some new evidence on a few aspects of his long and varied life, evidence which certainly does not remove any of his enigmatic qualities but which does add a few more pieces to the jigsaw puzzle. The evidence throws a little more light on two themes. The first deals with political developments in New Zealand in 1905-6, particularly the appointment of Reeves as High Commissioner and the position of Reeves when Ward succeeded Seddon after the brief interregnum of Hall-Jones. The second deals with the appointment of Reeves as a director of the National Bank of New Zealand in 1909.

The new evidence is in two parts. The first consists of copies of private letters written by James (later Sir James) Coates mostly to Reeves between 1905 and 1908. Coates was general manager of the National Bank from 1893 to 1915 and the letter book containing copies of his private letters has found its way into the Bank's archives in Wellington.² The second part consists of some letters by Reeves and others to Robert Logan, chairman of the National Bank from 1902 to 1917. These are contained in a black box of letters to Logan which was for a long time an ornament in the Bank's board room in London and which survived entirely by accident.

James Coates was a friend of Reeves and had been one of his sponsors for membership of the Wellington Club in 1893.³ Reeves told the 1914 Annual Meeting of the Bank that this friendship arose when the cabinet

¹ Keith Sinclair, *William Pember Reeves: New Zealand Fabian*, Oxford, 1965.

² First discovered by Mr Ross Gore, who prepared a narrative of the Bank's history in the early 1960s, and rediscovered by the present author who is writing a history of the National Bank.

³ Sinclair, p. 162.

including Reeves attempted to recruit Coates to run the Bank of New Zealand after the government's intervention to save that bank. In 1904, Coates visited England partly for consultations with the Board of Directors of the Bank and partly on leave. While he was in London, he renewed his acquaintance with Reeves, then New Zealand's agent-general. Coates and Reeves added a relationship of business to that of friendship and Coates returned to New Zealand holding a power of attorney for Reeves and some shares to sell on his behalf.

The sale of shares and the granting of a power of attorney to Coates were intended to help resolve financial difficulties in which Reeves found himself in 1905. In particular the farm⁴ in which he had an interest and which was managed by one of his relations by marriage was causing him concern. It was financed partly by the Bank, and after his return Coates took over its supervision personally, and acted in the dual role of guardian of the interests of the Bank and of Reeves. For the Bank, he sought to ensure the safety of its advance; for Reeves, he sought to ensure that he would not personally have to reimburse the Bank, and so attempted to contain current expenditure and to seek some means by which Reeves's partner could raise additional capital and purchase his share of the concern. Coates maintained close supervision over the farming operations — although his opposition to the employment of outside labour, a drain on the farm's liquidity, was less severe than that of Reeves; in response to a letter from Reeves, Coates withdrew his sanction of the employment of some bush-clearers. And Coates offered his assistance to Reeves's partner in his attempts to raise more capital by, for example, anticipating a likely legacy.⁵

In the course of these services for Reeves, Coates used political influence. The prospects of raising finance by using the property itself as security would have been enhanced had its communications been better, and Coates exerted his influence to have a road built to service it. He wrote to Reeves, 'I am glad to say the fresh contract on the road is started, and Robison says by Spring it should reach a point on the property — Hall-Jones kept on promising, but I asked Sir Joseph before leaving to make a special request to him, and this seems to have borne fruit.'⁶

⁴ Coates's handwriting is difficult to read — as Logan and others complained. But he referred to the property, almost certainly, as 'Paparahia'. This is the name of a stream near Awakino in Taranaki. Sinclair records Reeves's acquisition with a brother-in-law of a leasehold sheep run at Awakino, p. 235. The contemporary newspaper reports on which Sinclair relied spoke of a sheep run 50 miles north of New Plymouth without giving the property any name. W. P. Reeves Scrapbook, p. 97, and Reeves Clipping Book, Vol. 2, p. 31, Turnbull Library. The evidence is not incontrovertible but the chances of the geographical proximity of Paparahia stream and Awakino being coincidental, and of Reeves being interested in another farm managed by a Robison, the name of his relative, are slight. It seems safe to identify 'Paparahia' as the property referred to by Sinclair. I am indebted to Prof. Sinclair for the references to the Turnbull Library papers.

⁵ Coates to Robison, 6 December 1905, 21 February 1906, 22 March 1906, 9 May 1906, 18 May 1906. Coates to Reeves, 18 May 1906.

⁶ Coates to Reeves, 18 May 1906. Robison was Reeves's relative managing the property, 'Sir Joseph' was Ward, then Colonial Treasurer. See also Coates to Reeves, 28 April 1905, 21 June 1905.

We have no direct evidence about Reeves's view of this use of political influence. But there is no sign in Coates's letters that Reeves raised any objection. There is a series of letters from Coates to Reeves, and many of them clearly refer to points raised in the corresponding letters from Reeves. It is most unlikely that any objection by Reeves would have gone unnoticed in succeeding letters from Coates.

Unfortunately the letters run out before it is clear how Reeves was relieved of his obligations on the property. It was, however, in this situation of financial difficulty that Reeves saw the prospect that somebody else would be appointed to the newly created High Commissionership in London, with the very attractive salary that went with the new post. The salary was higher than that of the premier, and it was widely thought that Seddon was preparing a retreat for himself. Coates acted as an agent in securing the appointment for Reeves. Coates was a very able banker, but he was somewhat naive politically, and his letters to Reeves undoubtedly exaggerate his own influence on the major politicians. But while there is good reason to treat Coates's views with scepticism, there is no reason to doubt any of the facts which he states. (Had Coates's directors known what he was doing, they would have disapproved; they consistently maintained the tradition of British bankers that banking and politics did not mix. But Coates was sufficiently strongly entrenched not to be too bothered about the views of the directors on a matter such as this.)

The first extant letter from Coates reports a long interview with Seddon in which Coates 'opened his eyes' to the ambitions of Ward and offered on behalf of Reeves an assurance that if Reeves were appointed to the High Commissionership, he would resign if Seddon should eventually decide that he wanted the post for himself. Coates also reported telling Seddon that it would be a mistake for him to go to London, that being High Commissioner would be very different from being an official guest at the coronation of Edward VII. By the end of a second interview, Seddon was determined, in Coates's view, to remain as premier and to write to Reeves. Coates was honest enough to note that Seddon was influenced by his wife's disinclination to go to London, and by his feeling after touring the North Island that the 'Country was with him'.⁷ It is possible that Coates alerted Seddon that his indecision was promoting intrigue against him but Seddon was aware of the intrigues and the likelihood is that he was using Coates as a sounding board.

Seddon did announce firstly that he was not himself going to London, and soon afterwards that Reeves had been appointed High Commissioner. In the meantime Coates reported that Ward was uncertain whom Seddon was going to appoint,⁸ and his next letter was one of congratulations:

You can imagine my happy feelings when Ward called and told me, and I suggested that joint cable — and next morning about 11.30 the great Richard himself called at my office and said 'after 1 o'clock you can cable congratulations to Reeves as the H.Com. Lord Plunket wants to cable too but I have asked him not to do so before 1 o'clock.' I congratulated *him* and

⁷ Coates to Reeves, 19 April 1905.

⁸ Coates to Reeves, 10 May 1905.

said you have again done the right thing, best man etc etc etc etc. and he said yes 'and there are no conditions — appointment for 3 years. I will rely on his honour in meeting me if required — as you suggested he would. I said 'you can rely he won't stand in your way if your health makes you anxious to take the post — of course the terms are the same as before, 6 mos notice and return passage to Colony'

I am not pressing sale of your shares as your Finances will be easier now with increased Salary⁹

Unfortunately, Coates's correspondence does only a little to illuminate Reeves's position when Seddon died. Ward was overseas and he went to London before returning to take over the premiership from the caretaker, Hall-Jones. Like Sinclair,¹⁰ Coates made the very reasonable assumption that Reeves saw Ward while he was in London and discussed his position with him. 'Well, how the outlook has changed by poor Seddon's death — you will doubtless have had talks about your position with Ward, and I hear that you have got him to agree to give you a 3 or 5 years tenure'¹¹ But Coates was able to verify the assumption if not the rumour. Subsequently he wrote: 'I am glad you got on so well with Ward and think you were quite right to be so frank. He is of different stuff to R.J.S. and is not so selfish — I have had long talks with him since his return and enjoy his confidence to fullest extent'¹² Hence, although we still do not know on what terms Reeves and Ward agreed, it is clear that they did reach some arrangement in London.

Sinclair finds nothing remarkable in Reeves's appointment to the Board of the National Bank because his service as New Zealand's representative in London clearly gave him financial insight. Sinclair does comment 'that Reeves was acceptable to a bank shows how far his reputation had moved towards respectability'.¹³ But behind this appointment lies a long story of personal and political intrigue. The key characters were Ward, Robert Logan, and Coates himself. Several different threads linked these characters. Logan and Coates were in close contact because of their roles in the Bank, and Coates's letters to Logan show that their relationship was one of personal friendship. Coates and Ward were linked by the official connections between a leading banker and the Colonial Treasurer, by the friendly political contacts shown in letters already quoted, and by the fact that Ward was personally indebted to the National Bank, the loans being administered by Coates rather than by a branch manager as would have been more normal (as indeed would have been the administration of Reeves's property.)¹⁴ Finally, Ward and Logan were connected through the New Zealand Coal and Oil Company. Logan was a guarantor of the company's debt to the Bank and Ward was able to assist it in his official capacity. The company owned coal mines at Kaitangata in Ward's home area of Otago-Southland and Ward helped it in its endeavours to develop oil re-

⁹ Coates to Reeves, 21 June 1905.

¹⁰ Sinclair, p. 305.

¹¹ Coates to Reeves, 5 July 1906.

¹² Coates to Reeves, 1 September 1906.

¹³ Sinclair, pp. 309-10.

¹⁴ Coates to Ward, 26 January 1906, 11 October 1906, 24 January 1907.

covery at Orepuki.¹⁵ Reeves, of course, was a former colleague of Ward, a friend of Coates, and he was also friendly with Logan.¹⁶ How this last friendship arose is unknown; perhaps they were introduced by Coates or perhaps Logan had met Reeves as Agent-General while attending to his New Zealand interests.

The subject is first raised in the surviving correspondence in the middle of 1906. Coates wrote, obviously in reply to a comment by Reeves:

I note you are still keen on taking the Seat on our Board — don't fear old friend, I am not assisting Gould — he wanted me to write Logan, but I said that I could not do so, unless my opinion was asked for by Logan. While you are secure as H.C. I have not once again impressed on Logan the necessity for a Director with Colonial Experience preferring to let things run as they are — but when you have to give up the £2,250 p.a. then I will press your claims, and my desire for your appointment with all the influence I can exert. I told you Dymock came first, out of loyalty and old associations, then you — and as they will not have Dymock on any account — you have the best chance. So don't worry that I will support *any* other in preference to you.¹⁷

The need for colonial experience on the Board was a frequent issue in the Bank's history, and Gould was a South Island pastoralist seeking to use the issue to press his candidacy. Dymock was a former general manager of the Bank whose health had broken with the cares of the Bank during the 1880s and early 1890s. The question of a colonial director and the possibility of Gould or Dymock in this position is one of the questions noted for discussion with Coates when he was in England in 1904¹⁸ and this is presumably why Coates wrote of 'not once again' impressing the necessity on Logan. It seems clear that Reeves had raised the possibility of a seat on the Board as another way out of his financial difficulties in 1904 and that he had then secured Coates's support in his quest, although whether Coates had then pressed his claims on Logan remains uncertain.

In early 1907, Coates reported a conversation with Ward:

We spoke of you and the Bank Directorship and he told me Hall-Jones would like the H.C. when you retired. You know of course that he is helping the 'Kaitangata Coal Co' which Logan is interested in & he will have some influence on Logan. While on this Bank Director question, *between ourselves*, I hear Gould has written to his friends to get Colonial Shareholders to write recommending him for the post — like Dymock did 3 years ago. Of course, I cannot countenance his plan — in my position as GM I must remain neutral, and therefore you may be assured that I will not influence any shareholders towards him.

¹⁵ e.g. Coates to Logan, 9 July 1906; Coates to Reeves, 8 February 1907. The question of a subsidy for oil production in New Zealand and specifically for the operations at Orepuki remained a live one in New Zealand politics for several years. NZPD, 142 (1907), 1026-7; NZPD, 151 (1910), 151-2, 155, 332, 337; NZPD, 164 (1913), 556-7; NZPD, 171 (1914), 904.

¹⁶ Coates to Reeves, 1 September 1906.

¹⁷ Coates to Reeves, 5 July 1906.

¹⁸ 'Notes of matters for Discussion with Mr Coates', n.d. (1904).

I have no advice from Logan of their intention to appoint another Director soon but you had better bring your influence to bear on all the Board — in case there may be a vacancy coming soon.¹⁹

Nothing further had developed when the correspondence from Coates runs out. But fortunately, the letters found in London enable us to trace the end of the story.

In September 1908, Ward wrote a private letter to Logan noting that Reeves would shortly relinquish the High Commissionership and stating that he would very much like to see him made a Director of the National Bank.²⁰ In October 1908, he repeated and embellished these sentiments in a longer letter which is worth reproducing in full:

My old and highly esteemed friend, the Hon. William Pember Reeves, has, as you know, relinquished the position of High Commissioner for this Dominion and takes another important and responsible position in London, as Director of the School of Economics. I am glad to say, however, that he is not severing his official connection with the Government of New Zealand, as he has kindly consented to accept the position of Financial Adviser to the Government in London, and I very much value his attachment to the Dominion in this capacity. He is highly thought of from end to end of New Zealand, more especially in connection with the capable way in which he has administered the affairs of New Zealand and carried out the duties of his high office, especially in the large and intricate matter of the country's finance. I have found his services in this respect to be most valuable. Your important institution, the National Bank, has a widespread clientele throughout New Zealand and I am certain it would give great satisfaction to the Bank and it certainly would be to myself and the Members of the Government a great satisfaction if he should become a Director of the National Bank. It would, — if I may be allowed to say it — be to this country a most popular appointment and the fact of his being the Financial Adviser of a growing country such as ours is, should in turn, add additional influence to your Bank as well as to himself in such capacity. I am sure you will accept my opinion in this matter in the spirit in which it is conveyed to you.²¹

On 23 April 1909, one of the directors of the Bank died and two days later Reeves wrote a private letter to Logan, which despite its length, is also worth reproduction in full.

With reference to the vacant position on the Board of the National Bank of New Zealand I would like to mention certain points for your consideration.

Should the Directors do me the honour of thinking me qualified to act as their colleague there would be no difficulty as regards the London School of Economics, either from the Governors there, or in the matter of spare energy. I could give all requisite and proper thought and attention to the business of the Bank.

¹⁹ Coates to Reeves, 8 February 1907.

²⁰ Ward to Logan, 10 September 1908.

²¹ Ward to Logan, 22 October 1908.

You know that I hold the post of Financial Adviser to the Government of N.Z. — the post held in bygone years by Sir Penrose Julyan. It is a purely consultative position. The fee is £400. My duty is to advise the High Commissioner on all matters relating to loans, long or short, interest sinking funds, reserve funds &c. &c. I give advice when asked to do so, though if I thought a suggestion from me might be of service to the Treasury I dare say I should make it. I need scarcely say that I am not a Civil Servant. I have not even a room at the Govt Offices.

Sir J. Ward would offer no objection to my being on your Board. It rests with you and your colleagues. If you should think the two positions incompatible I am quite willing to resign the Financial Advisership. I suggest, however, that it would be enough if I were to give you an assurance to resign it should the Bank's Directors at any time think it desirable for me to do so. Of course I don't want to throw away £400 a year needlessly, but as compared with a place on your Board I value the Advisership very lightly. Personally, I think I could honourably and fairly do justice to both posts, but I am quite content to leave the decision to the Board.

As for myself you and Coates know that financially I am fairly comfortable, though, perhaps, may as well assure you that I am not mixed up in any speculative enterprise whatever, nor have I any risks ahead. I have declined several recent offers from company promoters.

I don't wish to boast but I think my knowledge of New Zealand is somewhat exceptional. It has been kept up by unremitting study. I am not unknown in Australia where I am on friendly terms with Mr Deakin, for instance. In England I have many friends and, as far as I know, no enemies. As you may remember there have been some little skirmishes with the *Times* newspaper; but within the last few days they have asked me to write two articles for them so, you see, there is no deadly feud between us. I have, indeed, lately written the article on *New Zealand* for the next edition of their Encyclopaedia. I have many friends among newspaper editors and writers on both sides though I have very little time for writing nowadays. Though an advanced Liberal in politics I am not contemplating any very active share in them at present — my hands will be too full of work.

There are two rather delicate points I should like to mention, very privately and confidentially. First, — you know what the public financial policy of New Zealand has been for a number of years. It must not be thought that I have concurred in the pace at which borrowing and expenditure have gone on. On the contrary, I have repeatedly counselled moderation. I am anything but a 'plunger'. It is just possible, too, that you may think it suspicious that I have left public life without any of the usual marks. This does not, however, mean that I am in the official black book. As a matter of fact I was offered four months ago the Grand Cross of St Michael and St George (G.C.M.G.) but declined it for private reasons. They had offered earlier the K.C.M.G. This is strictly for your personal knowledge only. The official people here are perfectly friendly, indeed.

I am one of the Crown nominees on the Senate of London University to which the School of Economics belong. You must not, however, regard me as a professor. It is just because I am *not* a professor that the Governors of the School, desiring a practical man, offered me the job.²²

On 27 April 1909, Reeves was elected to the Board. With his official letter of acceptance, Reeves enclosed a short personal note to Logan noting 'I know how much I owe to you in this matter' and duly thanking him.²³ Reeves's fees as a director would have started at about £200 per year, but he must have realised that the position of director was more secure than that of Financial Adviser. In the event, he remained a director until 1932, being chairman from 1917 to 1931. His appointment as Financial Adviser lasted only a year.

As is usual in historical enquiry, the known facts do not permit us to be certain of the chain of causation involved. But we can be reasonably sure of the people involved in the appointment of Reeves to the directorate of the National Bank. The relations between Coates and Logan were close, and it is surely a sound speculation that he would have found some way of recommending his old friend who was one of the means by which he was able to dabble in politics. The Galbraithian corporation did not exist in the first decade of this century, and Coates had to be a little careful not to encroach on Board prerogatives such as appointments to the Board itself, but he was a resourceful man who had attained a considerable degree of dominance over his Board.

It is not at all clear what inspired Ward's letters of September and October 1908. But as Hall-Jones did succeed Reeves as High Commissioner, it seems likely that Coates's report of his desire was accurate. It also seems likely that Ward wished to reward Hall-Jones for not seeking to secure the succession to Seddon for himself just as Seddon supplanted Stout on the death of Ballance. Reeves's retirement was not entirely harmonious. He later commented that to explain what was not all 'serene and pleasant' he would have to plunge into controversy.²⁴ This is entirely consistent with Ward's wanting the post for Hall-Jones. It is plausible that Ward realised that he could conciliate Reeves by asking for a favour from Logan in return for the consideration he had shown him in his other business interests. Alternatively, Ward and Coates were friendly and Coates may have seen the opportunity to use the premier to further his aim of seeing Reeves on the Board when he retired from the High Commissioner-ship. There is no way of choosing between these possibilities; indeed, as they are not mutually exclusive, both may have operated when Ward wrote the letter of September 1908. Presumably, that letter looked a little bald for Logan to use with his fellow directors, and Ward wrote the longer version quoted on page 65. (This speculation assumes that Coates was involved,

²² Reeves to Logan, 25 April 1909. It is interesting to note that Coates reported suggesting to Seddon that he reward Reeves with a position as Crown Agent as Julyan had been — but there is nothing to link his suggestion with the action of Ward after Seddon's death. Coates also reported suggesting that Reeves might accept a Privy Councillorship even though he declined a K.C.M.G. Coates to Reeves, 19 April 1905. Cf. also Sinclair, pp. 257-8.

²³ Reeves to Logan, 29 April 1909.

²⁴ Sinclair, p. 309.

as cable communication would have been necessary for Logan to comment on the first letter by the time the second was written.)

The letter from Reeves quoted above suggests prior consultation with Logan. It seems reasonable to conjecture that Logan decided to use the opportunity to have Reeves elected, and he requested the letter from Reeves to allay any doubts which arose among his fellow directors. The combination of Coates, Ward, and Logan was sufficient to get Reeves elected, but it was not the simple process that Sinclair suggested.

The new evidence presented here increases our knowledge of some aspects of Reeves's career, and it also sharpens awareness of some less well-known parts of his character. In view of the financial difficulties experienced by Reeves's father, both the short-lived default in London and in his business interests in New Zealand, it is not at all surprising that Reeves should have been concerned about his own financial situation. A careful reader of Sinclair's biography will find references to this feature of Reeves's character, his 'extreme scrupulosity in financial matters'; with him 'financial prudence became an obsession'.²⁵ And yet one wonders whether sufficient recognition has been given to this point. Coates was a mild hypochondriac himself, and one must wonder whether his constant fussiness about Reeves's finances was not of the same order of significance as his fussiness about his health. But many of the references are clearly responses to points raised in the letters from Reeves, and in any case, Coates could hardly have referred to the financial problems of Reeves so frequently in personal letters had Reeves not invited his attention to the topic. Reeves's letter to Logan in 1909 quoted above also suggests considerable concern about his financial situation. Furthermore, Sinclair gives the impression that Reeves was concerned with financial prudence in the context of the national finances, and specifically with the debate over borrowing by the government of New Zealand. What is suggested here is that Reeves was very much troubled by his personal finances as well.

Secondly, Reeves does not seem to have raised any great objections to the use of political influence to promote his own financial interests. Sinclair suspects that Reeves's distaste for what he believed to be Ward's misuse of political power for private financial gain was the final straw in the frustrations with his colleagues and with political trends which led to his withdrawal to London.²⁶ If this was so,²⁷ then financial difficulties must

²⁵ Sinclair, p. 130. See also pp. 11, 32, 276.

²⁶ Sinclair, pp. 240-2.

²⁷ It is worth recalling H. D. Bedford's conclusion on Ward's behaviour towards the banking legislation in 'The History and Practice of Banking in New Zealand', University of New Zealand, Ph.D. thesis, 1916, held by University of Otago library, II. 'If it was designed to disclose the embarrassment of politicians, it is worthy of note that the Hon. Mr Ward played a most self-sacrificing part. He introduced and carried through the House the bill containing from the outset this clause from the operation of which he of all men had most to fear' (pp. 322-3). 'A close examination of the voluminous evidence, however, has convinced me that his relation as a minister to the banking legislation of the nineties was marked by honesty. Both the Banking Committees of 1896 so reported and their conclusions have been confirmed by the evidence which has since been made accessible. Had a political opponent of Mr Ward been minister of finance at the time of the crisis it is difficult to see how legislation could have been devised more calculated to bring about that exposure which the minister naturally dreaded' (p. 323). This, of course, says nothing about what Ward would have done had his colleagues permitted him a free hand.

have overcome these scruples or he must have thought that there was a difference between what Ward was alleged to be attempting and what Coates was doing on his behalf. He must have seen a difference between an attempt to hide a reconstruction of the minister's own company in general legislation, and the use of pressure on a minister to build a road to rescue Reeves's investment, or the use of a prime minister's patronage to secure an appointment in London. The actions of Coates on behalf of Reeves was hardly on the scale equal to that attributed to Ward, or still less to what Stout and Vogel had done earlier,²⁸ but it is difficult to see what difference in principle Reeves could have claimed to discern.

Rather than merely adding Reeves to the list of nineteenth-century politicians who misused political influence for private gain, this might suggest some reappraisal of the charges made against those politicians. In a community as small as that in which they operated, a clear distinction between political colleagues and business associates would have been very hard to maintain. A politician in financial difficulty could hardly avoid seeking relief through co-operation with his political colleagues. New Zealand politics were more like present day municipal politics in the U.S.A. than they were like current national politics in any of the richer countries, and it is not surprising that the standards of morality now considered normal in the latter should not have operated.

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²⁸ D. A. Hamer, 'The Agricultural Company and New Zealand Politics, 1877-1886', *Historical Studies*, X (1962), 141-64.