

the other three, held a meeting at which you did not invite me to attend, and, without consulting me, agreed as to the report you would send out, and which I was expected to sign; and you also agreed to a letter, of which letter, signed, Sir P. G. Julyan sent me a copy.

6. To have intruded myself upon the other three Agents, under such circumstances, was out of the question, and I sent for Mr. Featherston with the object I have stated. I considered he had been thoughtlessly led into a course from which I wished to give him an opportunity of withdrawing. I regret to find he has not done so. He informed me that he had not signed the letter, a copy of which was sent to me with his signature ostensibly copied. I cannot conceive any circumstance which justified Sir P. G. Julyan in sending me such an incorrect copy. Assuming that Mr. Featherston had undertaken to sign, or had authorised Sir P. G. Julyan to sign—as Mr. Sargeaunt has signed the letter to which I am replying—the copy should have stated the fact, and the unexecuted document should not have been represented as signed. I assume the most favourable view, in assuming that Mr. Featherston had undertaken to sign; but, if so, such an authority is open to objection. It is obviously important that the Agent-General, acting as a Loan Agent, should not give to others any authority to sign for him. Even if he approved the draft of an important letter, he should consider it necessary to read the final copy before attaching his signature. The document in question was meant to record disagreement with the head of his Government. The letter now under reply has been signed by Mr. Sargeaunt “for Dr. Featherston.” In this case the act of agency is apparent, and therefore is less open to objection, but I shall deem it my duty to officially instruct Mr. Featherston that it is undesirable he should allow any one to sign for him as Loan Agent.

7. I observe that you have not adhered to the letter of which the copy with signatures was sent to me. You have sent out a letter which embodies some of the statements in the former draft report, and in the signed letter, omitting others. So far it is better, but still I do not agree with it. You have wisely modified the remarks in which you implied that only embarrassed States used the services of financial houses, and that we exposed ourselves to this charge by employing Messrs. Rothschild and Sons. A mere enumeration of the loans brought out by leading houses during many years past would conclusively contradict that implication; and you have substituted for it an assertion that loans brought out by contractors are unpopular, and that syndicate loans are preferable. I cannot say that I agree with you. Your operation with the last syndicate occasioned grave dissatisfaction, and has led to claims being made for compensation. I have learned this since I arrived in England, and it suggests the question, whether you are justified in considering your last two operations so successful as you claim them to have been. To sell a loan, a few days after public tenders have been sent in, at less than the advertised price, is a proceeding which nothing but necessity could justify. I do not say you were to blame for doing so, but it is a fact that such was the case with the two last loan issues you disposed of. In the letter you have sent out, you disguise it, by averaging the total price of each issue; but this does not alter the fact that, after calling for tenders, at a certain rate, for £1,500,000, you disposed of £673,400 at that rate, and the balance, £826,600, you sold at £1 8s. 3d. per cent. less, by making an allowance to the buyers of 1 per cent. under the name of commission, and of 8s. 3d. per cent. for accrued interest, in addition to that the terms of the advertisement disclosed. In the case of the sale to Messrs. Rothschild and Sons, we allowed a commission of 2 per cent., and we have no reason to conceal the fact: everyone may know it. When you compare transactions, do not forget that, as against the 2 per cent. paid to Messrs. Rothschild and Sons, the various charges for commission, agency, and brokerage paid by you for disposing of £826,600 of the last loan issue amounted to at least $1\frac{1}{2}$ per cent.

8. You state in your letter to the Colonial Secretary that you agreed to the negotiation of the £4,000,000 on learning from me “that the liabilities of the colony were such as to render it advisable.” The use of the word “liabilities” might create the impression that you referred to outstanding debts instead of to debts to become due as works and immigration progressed. In substance, what I stated to you was, that during this and the next year very heavy works would be completed; and that the requirements of the colony were such as to make me desire the negotiation of the whole amount if possible, and to make me not content with the negotiation of less than £3,000,000. If you had used, for the word “liabilities,” “requirements,” or had qualified the expression by making it read “present and prospective liabilities,” you would have more correctly interpreted me.

9. To the statement that if you had negotiated the loan in two equal portions, you could have, with success, appealed to the public, I am forced to express my dissent, and my surprise at your making it. I never understood you supposed you could raise £2,000,000, without a syndicate, at anything like a price with which we should be satisfied. The only question seemed to be, whether to syndicate before calling for tenders, or afterwards, as was the case previously. Will you permit me to say that the fallacy of the assertion is to be seen in the fact that, at the times which you admit were more favourable, you only sold to the public £369,500 out of the £500,000 issue, and £673,400 out of the £1,500,000 issue?

Sir P. G. Julyan, K.C.M.G.
I. E. Featherston, Esq.
W. C. Sargeaunt, Esq.

I have, &c.,
JULIUS VOGEL.

Enclosure 4 in No. 5.

The LOAN AGENTS to the Hon. Sir J. VOGEL.

SIR,—

London, 12th April, 1875.

We have received your letter of the 25th ultimo, respecting the recent negotiations of the New Zealand Government loan of four millions. From it, we learn that you take exception, not so much to the draft report and letter which accompanied Sir P. G. Julyan's communication to you of the 17th ultimo, as to the whole proceeding which had led to their production. You state also that, although you were one of the agents, we, the other three, held a meeting, at which we did not invite you to attend, and, without consulting you, agreed as to the report we would send out.