

1877.

NEW ZEALAND.

INSCRIPTION OF STOCK BY THE BANK OF ENGLAND

(FURTHER PAPERS RELATING TO THE PROPOSED).

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the Hon. the PREMIER.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

7th February, 1877.

SIR,—

I do myself the honor to inform you of the steps I have taken in respect to the Inscription of Stock Bill since I have been in England. It has almost unceasingly occupied me.

Very shortly after my arrival, I saw Mr. Mackrell, and ascertained from him how the matter stood. I gathered that the last communication sent to the Colonial Office was a reminder that the session was approaching, and a request that a copy of the Bill it was proposed to introduce should be sent to the Agents-General.

I at once saw the Deputy-Governor of the Bank, and learned from that gentleman that the Bank were still determined to have nothing to do with the Act if it contained the obnoxious clause authorizing inspection of the register.

I then proceeded to the Colonial Office, and learned from Mr. Herbert that the Treasury had not only not settled the previous difficulty about the inspection of the register, but that some new difficulty had intervened.

I was given to understand that the Colonial Office would not object to my communicating direct with the Treasury. Mr. Smith, the Parliamentary Secretary to the Treasury, was good enough to give me an interview, and to go into the whole matter. The new difficulty, I found, was that one about which, when I was in England last, counsel was consulted—the question of the power of a colony to sue, and the power to sue it.

I urged that this question was a large constitutional one, affecting the rights of the Crown, and that it was no more incidental to the present question than to many others. We then came to the point of the inspection of the register. I urged that the Bill, whilst it proposed to enable many persons and institutions to inscribe stock, could not be used to advantage except by the Bank of England, because the Governments would not be willing to give a power to create certificates to bearer to any person or institution not prepared to be liable for an excessive use of the power. What agent, I asked, would be willing to accept such a power, and what Government would give it to him, with the knowledge that they, the Government, would be liable to an unlimited extent, if certificates were improperly issued? But the Bank of England asked for no responsibility except for certificates legitimately issued. In fact, the machinery at its command for inscribing stock was so admirable, that it was willing to accept the responsibility of properly conducting the business. I then showed Mr. Smith the agreement we had made with the Bank of England, of the actual existence of which I do not think he was aware, and asked him to enable that institution to carry it out. I suggested some clauses that might be added to the Bill exempting the Bank of England from the operation of the obnoxious clause, and making clear that the revenues of Great Britain were subject to no liability. These clauses had been previously agreed upon between Mr. Mackrell and me. Mr. Smith asked me if, in fact, I required anything more than that the Bank of England should be enabled to carry out their agreement, besides, of course, that provision should be made for the composition of the stamp duty. I said that was all we wanted. He complimented me on the arguments I had used, and promised to give early and earnest attention to the matter, with the object of getting it out of its present difficulty.

Two or three days after, I had a long interview with Mr. Herbert, the result of which was that I was given to understand that the Colonial Office concurred in the principal representations I had made to the Treasury, namely, that it was inexpedient to raise the question of the power of the colonies to sue and be sued, and that the Bill should be put into a shape which would be satisfactory to the Bank of England. I believe the Colonial Office advised the Treasury to that effect.

The next incident in connection with the subject arose in the course of an interview which Mr. Mackrell had with Mr. Smith, in which Mr. Mackrell learned that the Treasury was disposed to consider that the Bill might be altogether dispensed with, excepting that part which related to a composition of the stamp duties. Mr. Mackrell saw next day Mr. Malcolm, the counsel to the Colonial Office, and the intelligence of the preceding day was confirmed. It appeared that the Treasury counsel thought that colonial legislation and a contract would be sufficient to enable all but the stamp composition to be effected. Mr. Malcolm asked that Mr. Mackrell should furnish him with reasons both on the part of the colony and of the Bank for requiring legislation.

You will observe that, without any formal declaration to that effect, the matter came back to its first starting-point, when the only object proposed was to enable the Bank of England to inscribe