

1880.

NEW ZEALAND.

GERMAN MARITIME TRADING COMPANY

(PAPERS RELATIVE TO PROSPECTUS OF).

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

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S. W., 27th January, 1880.

I enclose to you the translation of a German prospectus for the establishment of a company likely to exercise great influence in the future throughout the South Pacific. The primary object of the Company is to take over the assets of the Company formed by Messrs. Godefroi. But, inasmuch as its capital is to be largely in excess of what is sufficient for that purpose, with an almost indefinite power of increase, its objects are presumably of a much more ambitious description than those of the Company it supersedes. Its title is a very wide one—"The German Maritime Trading Company;" and its object is stated to be "Transatlantic trade: the purchase and working of factories, mills, and plantations, particularly in the South Sea Islands." Prince Bismarck considers the Company to have an importance of so high a national character that he has undertaken to procure for it a guaranteed minimum rate of dividend to the shareholders.

It will be in your recollection that in 1874 I strongly urged the expediency of New Zealand encouraging by a guarantee a similar company. I greatly regret that the proposal did not meet with sufficient encouragement to induce the Government to persevere with it. We had very much opposition at the time to contend with, and the opponents of the proposal freely stigmatized it as the revival of the South Sea Bubble. Now that I read the papers again I am more than ever convinced of the soundness of the proposal. The German Company is formed on similar lines, but with almost unlimited powers. If it can suit Germany, so averse as a rule to colonizing operations, to attach to such a Company a national importance and to assign to it a guarantee, it need scarcely be argued that New Zealand has tenfold inducements to a similar course. The South Sea Islands are a remote incident of German commerce, but they are probably destined to be the leading exterior feature for weal or woe of New Zealand's future. She cannot afford to continue indifferent to the destiny of Polynesia, and the longer she remains so the more onerous will be the task when she awakens to the consciousness that nations and the dependencies of nations cannot escape the responsibilities entailed upon them by geographical and natural laws. New Zealand, from its position, is the country, possessing a temperate climate, to which Polynesia should, and must in the future, attach the most importance.

I trust these remarks will not be thought out of place from one who has taken so much interest in the subject. I venture to ask that immediate publicity be given to this despatch, because I think the people of New Zealand should, without delay, ponder on what may be the effect of a large foreign trading company supported by national funds taking up its position in their immediate vicinity. Who shall say what may be the limits to the ambition of the Company, and to what extent it may be able to drag its Government, reluctantly perhaps, into backing up its actions? In self-defence, it seems to me, New Zealand should proceed with the project commenced in 1874. State assistance is of great importance to such an undertaking, because although in the long run the enterprise would meet with commercial success, it might for some time have to subordinate such success to the object of laying its foundation broad and deep. The trade it would bring to New Zealand, and the industries in the shape of mills and factories it would establish there, must also be taken into account.

It is worthy of notice that the extent of the risk of the German Government is only £15,000 for twenty years. Although the guarantee is for 4½ per cent., the actual extent to which the gains of the Company are to be supplemented is limited to 3 per cent. on £15,000 a year on half a million sterling. With this comparatively trifling encouragement the shares were subscribed for twice over, and a great national enterprise started.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Premier, New Zealand.

NOTICE.—Issue of 8,000 shares of the Deutsche See Handels-Gesellschaft (German Sea Trading Company), in shares of 1,000 marks (£50) each, of the value of 8,000,000 marks.

THE object and plan of the Deutsche See Handels-Gesellschaft, which is to be formed in Berlin on the 21st January after the capital has been fully subscribed, may be gathered from the following extract of the statute (laws and by-laws) and appertaining supplements.

Applications for shares may be made to the General Direction der See-Handlungs Societät, Berlin; Bank für Handel und Industrie, Berlin; Berliner Handels Gesellschaft, Berlin; S. Bleichröder, Berlin; Direction der Discounts-Gesellschaft, Berlin; Mendelssohn and Co., Berlin; Gebrüder Schickier, Berlin; Robert Warschauer and Co., Berlin; Deutsche Bank, Berlin; H. C. Plant, Berlin; M. A. von Rothschild and Sons, Berlin; Branch of the Bank für Handel und Industrie, Frankfurt am Main; Norddeutsche Bank, Hamburg; L. Behrens and Sons, Hamburg; Joh. Bereuberg, Gossler, and Co., Hamburg; Bremen Branch of the Deutsche Bank, Bremen; Sal. Oppenheim, jun., and Co., Cologne—from Thursday, the 15th January, 1880, from 9 a.m. till 1 p.m., and from 3 p.m. till 5 p.m.; on Friday, the 16th January, 1880, from 9 a.m. till 1 p.m., when the lists will be closed.

The shares are issued at par, and applications are to be made on forms to be obtained at the above-mentioned places. The first payment of 15 per cent. of the subscribed amount must be paid in on filling up and handing over the form of application.

The subscribers will receive as soon as possible after the closing of the subscription special information as to the allotment of shares. In case of over-subscription, the offices above mentioned have the right to reduce the amount subscribed according to regulations to be issued by them.

The subscriber can obtain the receipt-sheet for his allotted shares, accompanied by the receipt for the first payment of 15 per cent., at the same place he subscribed at, at the appointed time. In case of over-subscription, and consequent reduction, the surplus of the first payment will be returned to him at the same time.

The receipt-sheet is made out in the name of the subscriber.

The subscriber is subject for the amount allotted to him to all statute rights and duties in conformity with the statute to be executed on the 21st January, the complete text of which can be seen and obtained at the places of subscription.

Berlin, 12th January, 1880.

General Direction der See Handlung Societät.

Extract from the Statute.

1. Under the firm Deutsche See Handels-Gesellschaft, and by the present statute, a joint-stock company is to be formed, with its seat in Berlin. The Company reserves to itself the right of removing its seat to Hamburg, or establishing a branch establishment there under the same name. The Company has besides the right to erect branch establishments and agencies at home and abroad.

2. The object of the enterprise is: Transatlantic trade, the purchase and working of factories [mills] and plantations, particularly in the South Sea Islands.

5. The foundation-capital of the Company is fixed at 8,000,000 marks, but can be raised to 10,000,000 marks at the decision of the Board of Directors. A further increase can only be decided upon at a general meeting, being a change of the statute.

At each increase of capital the time-being shareholders have, each in proportion to their number of shares, the privilege of taking over the new shares at the price of issue fixed by the Board of Directors (which must not be under par).

This privilege must be exercised during a term, set to come forth and prove one's claims, of at least four weeks, appointed and advertised by the Board of Directors in the daily papers; otherwise it will be forfeited. In case of part rights, the Board of Directors adjusts the settlement of rival claims.

6. The shares, each of the value of 1,000 marks, are made out in the name of the holder.

8. The first instalment on the shares is to be paid, with 15 per cent. of the nominal value [amount], on the execution of the conveyancing deed of the statute of the Society. Further payments are to be paid in instalments, according to special regulations of the Board of Directors, which, however, must not be fixed at more than 30 per cent. of the nominal value [amount] each. The calls for payment of each instalment must be made known, at least four weeks before the term of payment, in the daily papers.

13. From the profits [after the drawing-up of the balance-sheet] will be deducted 10 per cent. to form a reserve fund, and a dividend of $4\frac{1}{2}$ per cent. on the paid-in capital.

The remaining profits will be divided as follows: (a.) Nineteen-twentieths for equal distribution to the paid-in capital. (b.) One-twentieth as tantieme for the members of the Board of Directors, according to c. 20, unless otherwise decided upon by the first general meeting. The total dividend on the shares will be paid yearly on the 1st August for the previous business year ending on the 31st December, on delivering up the dividend-receipts and by order of the Directors.

Transitory Clauses.

34. By letter of the 26th December, 1879, the German Trade and Plantation Society of the South Sea Islands at Hamburg has offered to hand over its enterprise to the Deutsche See Handels-Gesellschaft, and to leave the decision of its acceptance open to the above-mentioned Company until the 1st May, 1880, for a guaranteed payment of 1,200,000 marks.

The Imperial Chancellor has at the same time made known, in his circular of 1st January, the conditions under which, in consideration of the national interest of the enterprise, he is willing to apply for assistance to the Empire.

It is therefore proposed to accept the offer of the German Trade and Plantation Company, to pay the already necessary payment of 1,200,000 marks (under guarantee), and to accept the transfer of the enterprise of that company, if the assistance of the Empire is granted by the 1st May, 1880, subject to the named conditions.

The right is reserved to pay the German Trade and Plantation Company for the transferred property partly in shares of the Deutsche See Handels-Gesellschaft, and for this purpose to raise the share capital of the last-named company from 8,000,000 marks to 10,000,000 marks. For this increase, the clause in section 5 at 2 has to be scratched.

37. In case the Deutsche See Handels-Gesellschaft continues the enterprise of the German Trade and Plantation Company, as proposed in section 34, the Board of Directors appointed by the consti-

tuent meeting is authorized to add to and change the accompanying statute supplement [that is, the one corresponding to the proclamation of the Imperial Chancellor] as may seem necessary for the purpose of entry on the trade register, and these changes are binding for all shareholders. Should, however, the assistance of the State, subject to the mentioned conditions, not be granted in the given term, up to the 1st of May, then the contract of the Deutsche See Handels-Gesellschaft expires on this date, and the Company ceases to exist. In conformity with the legal requirements, trustees will then be appointed, and after liquidating all activa and settling the passiva, will distribute the proceeds amongst the shareholders within the legally-appointed term.

Supplements.

OFFER of the German Trade and Plantation Company of the South Sea Islands, at Hamburg, of the 26th December, 1879.

We offer hereby to sell to the now-forming Deutsche See Handels-Gesellschaft all our lands and plantations on Samoa and other South Sea islands, the business carried on by our party at Apia, on Samoa, with all establishments and belongings, and produce and goods, stock, and all outstanding debts, subject to the following conditions:—

Article 1. The transfer is based upon the specification contained in our balance-sheet of 31st December, 1879, subject to any alterations that may have taken place up to the date of transfer.

Article 2. After ascertaining the value, which each party is to do separately, the purchase price of each to-be-transferred object is to be fixed by committee composed of three persons, namely,—(1.) The representative of the Imperial Chancellor; (2.) The plenipotentiary of the Deutsche See Handels-Gesellschaft; (3.) The plenipotentiary of our Company. This committee decides by majority of votes: should this not be obtainable, then the vote of the representative of the Chancellor decides. We agree to the purchase price which the Committee will fix for the divers objects.

Article 3. The Deutsche See Handels-Gesellschaft will only take over those passiva of the German Trade and Plantation Company which will be deemed inseparable from the management of the business by the Committee mentioned in Article 2.

Article 4. The Deutsche See Handels-Gesellschaft must give us the decision of acceptance or refusal of our offer by the 1st May, 1880, at the latest: this right is, however, only conceded on the condition that, immediately after the forming of the Company, a payment of 1,200,000 marks be made, for which all our lands and plantations on Samoa and other South Sea islands, our other real estate and establishments there, with all belongings, will be handed over as guarantee in such a form as may be appointed.

Article 5. In the case of timely acceptance of our offer, the immediate transfer of the whole of our enterprise will take place, for which the Deutsche See Handels-Gesellschaft will have to pay the arranged price, after deducting any passiva which, according to Article 3, have to be taken over; also, (according to Article 4.) the already-paid amount and 5 per cent. interest for the year. Should the price for certain objects not yet be settled, the Deutsche See Handels-Gesellschaft is entitled to make part payments for the same.

Article 6. The Deutsche See Handels-Gesellschaft has the right of offering us shares of the nominal value of 2,000,000 marks at par in payment, the exercise of which right must be notified to us with the acceptance of our offer, at the latest, by the 1st May, 1880. In case of our taking over shares, the amount to be deducted from our remaining claims.

Article 7. The Deutsche See Handels-Gesellschaft takes over our lease, rent, supply, and labour contracts, and also other similar engagements entered into in our working of the business, after having made terms with us for the transfer. If the parties cannot come to terms, the conditions of the transfer will be definitely arranged by the (according to Article 2) appointed Committee. The engagement of our officials and servants must be a matter of mutual arrangement.

Article 8. Should the Deutsche See Handels-Gesellschaft refuse the transfer of our enterprise, we are bound to return the payment of 1,200,000 marks, with 5 per cent. interest for the year, at the latest by the 1st October, 1880, in return for which the free disposal of our property is to be given back to us. The Deutsche See Handels-Gesellschaft has to appoint the form in which this engagement is to be drawn up.

PROCLAMATION of the Imperial Chancellor.—Varzin, 1st January, 1880.

1. Should the balance profit not be sufficient to distribute a dividend of $4\frac{1}{2}$ per cent. on the paid-in [foundation] capital, the shareholders will receive out of the guarantee granted by the State a contribution raising the interest to $4\frac{1}{2}$ per cent. of the paid-in capital, with the restriction, however, that the yearly guarantee of the State does not exceed 300,000 marks, or, if the paid-in capital is less than 10,000,000 marks, not exceed 3 per cent. of the paid-in capital.

2. The guarantee of the State commences with the year 1880, and is calculated in proportion to the time for those payments which have been paid in to the foundation capital in the course of a business year.

3. The State undertakes the responsibility to hand over, in time for payment to the shareholders on the 1st of August, the requisite guarantee amount resulting from the balance-sheet of the preceding year, ending the 31st December. The guarantee amount is only handed over as a contribution to the dividend to be paid yearly to the shareholders, so that the contribution is for the benefit of the shareholders, and not for that of the Company.

4. The guarantee of the State will be granted for twenty years, commencing with 1880, up to and including 1899; it ceases, however, before this period if it has not been applied for during a period of five years.

5. The Company must pay back to the State all advanced contributions, free of interest, and must for this purpose, and until the debt is cleared off, after first deducting 10 per cent. for the formation of a reserve fund and a dividend of $4\frac{1}{2}$ per cent. on the paid-in capital from the balance profit, make use of the half of the remaining profit before a distribution of dividend, or the payment of a *tantieme* to the Board of Directors, can take place.

6. For the protection of the interest of the State in the prosperity of the Company, the Chancellor reserves to himself the right of confirming the appointments of members of the Board of Directors. He also appoints a representative, who has to mediate all business between the State and the Company, and must be admitted to all the transactions of the Board of Directors and general meetings. This representative (or, in case of enforced absence, his representative) has the right to look into, either personally or by deputy, all books, accounts, and other documents, at all places, particularly in branch establishments and factories, and also to demand from the managers of the Company written explanations about the position and working of the enterprise. He has the right of calling a meeting of the Board of Directors, a general meeting, and to oppose any measure of the Board of Directors or the general meeting which he may think prejudices the interest of the State, or other general interests. The execution of any such measure must be delayed till the decision of the Chancellor, with whom it rests.

7. As soon as the guarantee (Article 4) of the State expires and the Company has paid back all advances out of the guarantee, the clauses about the relations of the State to the Company cease to exist.

After what has been brought to my notice, I may assume that a consortium of respectable bank-houses, headed by the Prussian See Handlung, will undertake the forming of the Company in the national interest, and on the basis of the accompanying statute plan, as has been often done at the issue of Imperial and State loans.

I beg your Highly-well-born to inform the Minister of Finance, by official communication, of the contents of this Proclamation, under what conditions I am prepared to ask the assistance of the State, and to ask His Excellency whether the Royal See Handlung would be prepared to afford its co-operation for the realization of this project. As soon as the constitution of the Company is ensured I must beg your Highly-well-born to prepare the necessary proposal to the Bundesrath [Federal Council] to undertake the proposed guarantee on the part of the State. Your Highly-well-born knows the interest the State takes in the prosperity of German enterprise in the South Sea. I can refer in this respect to the memorial in which I laid the treaty of 24th January last year with the Samoa Islands before the Bundesrath and the Reichstag during the last session.

In consequence of a well-known Hamburg firm, for reasons which did not commence in their South Sea business, having got into difficulties which threatened the German South Sea trade with the loss of what forms its centre, the factories and plantations on the Samoa Islands, and the hope that those interested would succeed with their own means in averting, in the national interest, this lamentable calamity, I believed myself, in the interest of our transatlantic commerce, to be justified in asking His Majesty the Emperor to grant me the permission to propose to the legislative bodies to grant the endangered enterprise the necessary means of existence. I did so all the more readily, as lately recognized financial authorities, after examining the actual circumstances, have declared that if they are supported by the State they would undertake the forming of a company with the primary object of securing the mentioned lands and factories. The statute which has resulted from the various negotiations, and is here appended, offers to the smaller capitalist the possibility of participation, and, by doing so, expressing the national interest in the result.

The conditions regulating the relations between the State and the Company, which have been framed with the assistance of the Imperial Exchequer Office, give a guarantee of not only his but also the interests of the public.

Having received the Imperial sanction, I shall introduce a proposal to the Bundesrath which, under the above-mentioned conditions, grants a financial assistance by the State to the (on the basis of the accompanying Statute) about-to-be-formed Company.

VON BISMARCK.

To Highly-well-born the Imperial Under-Secretary of State,
W. Scholz, Berlin.

The AGENT-GENERAL to the PREMIER.

(Received 1st May, 1880.)

GERMAN Parliament rejected Guarantee Bill, Samoan Company.

VOGEL,
London, 30th April, 1880.