

1881.
NEW ZEALAND.

SIR JULIUS VOGEL:

PAPERS RELATING TO HIS RESIGNATION OF THE AGENT-GENERALSHIP: ALSO, AS TO HIS POSITION AND CLAIMS RESPECTING THE £5,000,000 LOAN, AND INSCRIPTION OF STOCK.

(In continuation of Correspondence printed in B.-4 and B.-4A, 1880.)

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

No. 1.

The PREMIER to Sir JULIUS VOGEL.
(From Wellington, 7th September, 1880.)

VOGEL, London.

Government request you now decide whether you will relinquish Directorship Agricultural Company, which they consider incompatible with Agent-Generalship.

HALL.

No. 2.

Sir JULIUS VOGEL to the PREMIER.
(Received 17th September, 1880.)

PREMIER, New Zealand.

Reply few days. Must consult Directors. Some away

VOGEL.
London, 16th.

No. 3.

The PREMIER to Sir JULIUS VOGEL.
(From Wellington, 17th September, 1880.)

VOGEL, London.

Please reply soon as possible.

HALL.

No. 4.

Sir JULIUS VOGEL to the PREMIER.
(Received 24th September, 1880.)

PREMIER, New Zealand.

As before stated, members Government aware organizing Company, and shareholders would complain my retirement. Will resign Agent-Generalship, if you wish.

VOGEL.
London, 23rd.

No. 5.

The PREMIER to Sir JULIUS VOGEL.
(From Wellington, 6th October, 1880.)

VOGEL, London.

As you are unable resign Directorship Agricultural Company, Government have no alternative but request you resign Agent-Generalship. Telegraph when you desire to be relieved, and Government will make arrangements.

HALL.

No. 6.

Sir JULIUS VOGEL to the PREMIER.
(Received 9th October, 1880.)

PREMIER, New Zealand.

In accordance with your wishes, authorize you tender my resignation to the Governor. Consult your own convenience as to relieving me.

VOGEL.

London, 8th.

No. 7

The PREMIER to Sir JULIUS VOGEL.
(From Wellington, 2nd November, 1880.)

VOGEL, London.

Sir Francis Bell accepted Agent-Generalship. Leaves Melbourne middle December.
HALL.

No. 8.

The PREMIER to Sir JULIUS VOGEL.

SIR,—

Government Offices, Wellington, 6th November, 1880.

The telegrams that have recently passed between us respecting your official position in London, will have shown you that the Government have felt bound to act upon the tender of your resignation of the Agent-Generalship, and that a successor to the office has been chosen.

2. The formal advice to His Excellency the Governor to accept your resignation, has been postponed until the arrival of Sir Arthur Gordon. His Excellency will at the same time be advised to appoint to the office Sir Francis Dillon Bell.

3. It had been arranged that Sir Francis should proceed to England by the "Liguria," to leave Melbourne about the middle of December; but, owing to public business connected with Native affairs, he has been unavoidably detained, and he will leave in the "Potosi," about the end of December.

4. It would be useless to recur to the circumstances that have led to your resignation: but my colleagues and myself desire to place upon record the expression of our great regret at the termination thus put to your official connection with New Zealand as Agent-General. We desire also to express our conviction that your services in that capacity have been honorable to yourself and highly useful to New Zealand; for that not only have the immediate duties of the office been discharged by you with ability and zeal, but that you have greatly served the colony whenever prompt and effective explanations as to the true position or claims of New Zealand have been of importance to its interests.

I have, &c.,

Sir Julius Vogel, K.C.M.G., &c., London.

JOHN HALL.

No. 9.

The PREMIER to Sir JULIUS VOGEL.

SIR,—

Government Offices, Wellington, 3rd December, 1880.

With reference to correspondence that has passed between us as to the appointment of Sir Francis Dillon Bell to be Agent-General, and as to that gentleman's assumption of office, I have now the honor to inform you that the new warrant will take effect only from the time at which Sir F. D. Bell shall give you notice that he is prepared to enter upon the duties—such notice being given within a week after his arrival in London.

2. The Government trust that this arrangement will not be in any way inconvenient for you.

3. The "Potosi," in which Sir Dillon Bell sails, is announced to leave Melbourne on December 28th.

I have, &c.,

Sir Julius Vogel, K.C.M.G., &c., London.

JOHN HALL.

No. 10.

Sir JULIUS VOGEL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 24th December, 1880.

I have the honor to acknowledge the receipt of your letter of 6th November, relating to my resignation of the Agent-Generalship, and to the steps taken respecting the appointment of my successor.

I am gratified to learn by your letter, that my services as Agent-General command the approval of the Government; and I desire to inform you that, although at some inconvenience to myself, as I was thinking of paying a visit abroad or to the colonies, I shall endeavour to await the arrival of Sir Francis Dillon Bell in this country

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Premier, Wellington.

No. 11.

The PREMIER to Sir JULIUS VOGEL.

SIR,— Government Offices, Wellington, 11th September, 1880.

In a letter which I have addressed to the New Zealand Stock Agents, informing them of the decision of Parliament respecting Inscription, it is stated that a condition as to payment of the Agents must not be understood as applying to the Agent-General.

2. You know that the Government have throughout the correspondence on this subject expressed the opinion that duties such as those of a Loan or Stock Agent for the colony when performed by the Agent-General, were to be regarded as incidental to his office. Such had been the rule, without exception, I believe, until the recent negotiation of the £5,000,000 Loan. The Government have been unable to see, in what has occurred respecting your possible resignation of the office of Agent-General, any reason why that rule should not be held to apply in your case. They have, therefore, been compelled to decline to recognize your claim for payment, whether as a Loan Agent or an Agent under the Consolidated Stock Act, in addition to your salary as Agent-General.

3. The correspondence on these subjects was laid before Parliament early during the past session; and you have no doubt received copies of the papers.

4. I now forward to you the *Hansard* report of the discussions upon the resolutions respecting Inscription of Stock, and upon the vote for the Agent-General's Department. That report shows how strong is the conviction in the House of Representatives, that the salary of the Agent-General covers any services connected with loans, &c., that may be rendered by the holder of the office. The same thing is shown by questions put and motions proposed by different members during the session.

5. It has, therefore, not been possible that effect should be given to your wishes. The Government know, of course, that you have strongly hoped that your claim for separate payment on account of services as Loan Agent, or as Stock Agent, would be admitted by the House, and they much regret the disappointment you will feel; but they have never—as regards extra payment to you while Agent-General—anticipated any result other than that which has been arrived at.

6. The Government have felt it to be their imperative duty to telegraph asking for a *See No. 1.* decision whether you prefer to resign the Directorship of the Agricultural Company or the Agency-General. The views of the Government as to the incompatibility of the offices have been endorsed by Parliament. The Government would very much regret the loss of your services on behalf of the colony; but the conviction that the two positions should not be filled by any one person is strongly held throughout the colony, and has not, I believe, been at all affected by your explanations, as given in the printed papers laid before Parliament. I shall doubtless receive your reply without delay.

I have, &c.,

Sir Julius Vogel, K.C.M.G., &c., London.

JOHN HALL.

No. 12.

Sir JULIUS VOGEL to the PREMIER.

SIR,— 7, Westminster Chambers, London, S.W., 30th November, 1880.

I have the honor to acknowledge the receipt of your letter of the 11th of September, enclosing to me copies of the *Hansard* report of the debate in the House of Representatives on the payment for Inscription of Stock; also the report of the debate on the Agent-General's Department. Your letter also refers to the subject of my claim for payment for the negotiation of the last loan, and to my tenure of the office of Agent-General.

It would be convenient that I should follow your example and refer to these subjects collectively; and, to enable me to do so, I append copy of the late telegrams which have passed between *See Nos. 1 to 7.* us leading to my resignation of the office of Agent-General.

The debate on the Inscription of Stock was so far satisfactory to me, that it included a recognition of the several facts, that I was the author of the arrangement made with the Bank of England in 1875; that it was through my exertions the Imperial Act authorizing inscription was passed; and that it was through the use of the inscription and the aid of the Bank of England that the Five-Million Loan was negotiated. The vindication of the action of the Loan Agents was also satisfactory. Mr. McLean is to be thanked for the generous manner in which he withdrew opinions previously expressed by him, and admitted without qualification that the Agents, under the circumstances, did the best they could. The publication by you of a number of communications removes a difficulty in which, when before communicating officially on the loan, the Agents were placed. There can no longer be any doubt that the negotiation of the loan was a matter of extreme urgency. The published papers show that the very credit of the colony was at stake; that obligations were maturing; that the banks had refused to make further advances; and, in your telegram of the 4th November, 1879, you virtually told the Agents the loan *must* be negotiated, and they must fix the price accordingly.

I may be forgiven for re-asserting, what has been so often said before, that the Agents did the very best they could under the circumstances. They could not have raised a simple debenture-loan without an enormous sacrifice. I doubt if the £5,000,000 could have been obtained on five per cent. debentures, at even as low as 92. The opportunity the Agents had of giving the option

to convert, whilst it enabled them to obtain nearly the full amount of money, made them also able to offer to investors, in conjunction with the management of the Bank of England, an attraction which made the loan a success. The Agents took the very best advice, and fixed the terms at what they believed to be the highest consistent with success. At nearly the last moment, they had to reduce the price 10s. per cent. in accordance with urgent advice; and after the announcement was issued, they had to give the assurance of three years' respite from borrowing.

It is unfortunate that the terms of conversion which we had to offer to attract persons to take up the loan, have been confounded in the colony with the terms upon which a conversion would be offered when no obligation to convert exists. It is not to be wondered at that, under this misconception, and in the absence of any specific information as to the exact benefit to be derived from the conversion of debentures into inscribed stock, the members of the House of Representatives decided not to allow it to proceed.

You will, I hope, forgive me for saying that, in the singularly able speech in which you admirably pointed out a number of indirect advantages to arise from conversion, you failed to deal with the main point on which the success of the operation depends. You were evidently puzzled by the consideration of how the conversion would benefit both the colony and the bondholders. The explanation is very simple. All conversions of high-rate-of-interest stocks to stocks bearing lower rates of interest, have a tendency to success in the London markets, because investors are willing to give a relatively higher rate for securities which, being at a discount, have apparently better prospects of increased value than premium securities which must be paid off at par sooner or later.

On the advantage taken of this fact by Mr. Fitzherbert, depended the success of the conversion in 1867, when for one class of debentures another was substituted. In the present case, a second element intervenes. You do not merely give low-interest debentures for debentures bearing a higher rate, but you give, for debentures, inscribed stock bearing a less rate of interest, with liberty, as often as the holder likes, to convert into debentures and back again into inscribed stock. This stock, moreover, is managed by the Bank of England. Rightly or wrongly, wisely or unwisely, English investors regard this inscribed stock as more valuable than mere debentures. It may be fancy or judgment, just as other stocks giving the same returns are of different selling values: but the fact remains that Inscribed New Zealand Stock, yielding the same annual returns, and making allowance for paying off on similar conditions, commands a higher value than debentures. This is easily substantiated by the relative values since the issue of inscribed stock. Under ordinary circumstances, a new loan is worth less than an old one, because the latter has become more placed in the hands of investors. Nevertheless a study of the monthly returns of prices sent to you will show you, that the five per cent. debentures of the last loan have always been worth more in the market, after allowing for the interest accrued in each case, than other five per cent. debentures of the colony. The only explanation of this is that, notwithstanding the loan is a new one, it is worth more because of the option to convert its debentures into stock inscribed at the Bank of England. This proof of the relative value of New Zealand debentures and inscribed stock was not put forward during the debate: whilst in the opposite direction, Mr Ballance argued most cogently that inscribed stock did not seem to be more valuable in London than debentures, because in the case of the Canadian loans the portions represented by debentures and those represented by stock were always quoted at a price within a small fraction the same. It is not necessary to explain this away by pointing out that Canadian stock is not inscribed at the Bank of England, and is not open to the advantage of exchange into bonds to bearer, and back again into stock; because the simple answer is that the difference in value between the two portions of the Canadian loans can only be fractional, as the power constantly exists to exchange debentures under each loan into inscribed stock. Mr Ballance was evidently unaware of this fact. He is much too conscientious a speaker to use an illustration in which he knows there is a flaw.

As you are aware, the Loan Agents had placed confidentially before you plans which showed how they proposed to make the conversion a profit to the colony. A significant proof of the estimation in which inscribed stock is held here, is to be found in the fact that the leading London brokers lately memorialized the Agents-General of the various colonies, urging them to move their Governments to convert a portion of their debentures into inscribed stock, and especially pointing out the increased value which would be given to their securities. I attach a copy of this remarkable document.

See Enclosure.

I must now intrude upon you some remarks concerning myself. You did not propose to the House to pay me for negotiating the loan, and you give me to understand that it would have been useless to do so, because, as I understand, you consider my position was similar to that of the previous Agent-General, who had acted as Loan Agent without extra remuneration. I cannot but believe that if you will view my position in its proper and true light, and if the matter were so placed before the House and the country, the justice of my claim to extra remuneration would be admitted. In order to make my position clear, it must be remembered that I was "rather holding office for the convenience of the Government." I use your own words in reference to a somewhat later period, the time of the elections, but they apply equally to the time when the loan was negotiated. At that time, I had definitely indicated I could not continue to be the Agent-General on the only terms the Government were willing to agree to, and had I not fully trusted to the Government, as I did, to see justice done to me, I might have secured myself.

I must refer to the case of Sir Penrose Julyan. I think it is a pity, for every one concerned, that in the voluminous papers you published you did not publish the telegrams which related to that gentleman, and thus allowed a misconception to grow up. Sir Penrose a few days before the loan was issued ceased to be a Crown Agent, and left it to the Government to decide whether or not he should continue to act as Loan Agent. His remaining an Agent was necessary to the success of the loan: the withdrawal of his name might, and probably would, have been attended with very evil consequences. The Government without any hesitation asked him to act. Sir Penrose Julyan required that the terms for his services should be settled beforehand. He did not indicate any mistrust of the Government, but pointed out that it was usual the terms for such services should be fixed in advance, and that it was the only convenient course. The other Agents had no ground for objection, and the very lowest rate known to commercial circles was fixed. That the amount was large is due to the enormous scale of the operations it related to. I observe in the debate some question was raised as to the payment to Sir Penrose Julyan. It appears to me he was perfectly justified in his action, and displayed judgment in taking it. His services were necessary to the Government, and why should they not pay for them? The experience, position, knowledge, and influence which made his services valuable were the test—not the hours occupied.

Without egotism, I may say my services were also essential to the Government. If at the date (November 10th, 1879) of your telegram, when, to use your own words, I was holding office for the convenience of the Government, I had declined to hold office unless terms were fixed for my remuneration with reference to the loan, there can be no doubt the Government would have agreed to such terms, for they could not have then done without my services in floating the loan; and, with the awful consequences of failure before the Government, they then would have thought little enough of according me an extra remuneration of an eighth per cent. I was, however, content to leave myself entirely in the hands of Government, and I am now told that my services were remunerated by the salary of Agent-General, as such salary covered services in respect of loans performed by my predecessor. If I had then before me the prospect of holding the appointment for some years, or if the services of my predecessor with regard to loans had been at all similar, there might be some force in the contention; but my Agent-General days were virtually numbered, and the services I rendered as to the loan were such as, I believe, no other Agent-General has done with reference to a loan. When it is considered that it was entirely owing to my untiring efforts in carrying the Inscribed Stock Acts, and to the statement which I prepared as to the position and prospects of the colony, that the Government were able to attract subscriptions and float a loan of such magnitude, and when it is considered that I receive less for my four years' services as Agent-General, including the work of the loan, than the other Agents received as commission on the loan only, can it be wondered that I feel I have not had justice done me? I cannot believe that the Government have had these considerations fairly before them, and I feel it a duty to myself to place them on record.

I may, I think, be excused for saying that my case is not an ordinary one. I am retiring from the Government service, not through any fault of my own, but in honorable fulfilment of engagements known to members of the Government at the time they were contracted, and not then objected to. I shall have completed eleven years of service of a most arduous description, during which I have held the highest offices, and have had to make three voyages to England. The best years of my life, and my health, have been sacrificed to the colony, and I retire without pension, and without recompense beyond the ordinary payments incidental to the offices I have held, and the actual expenses connected therewith. I have had, however, the happiness of witnessing during these years such a development of the resources of the colony; and such an advance in the prosperity of its inhabitants, as have taken place in no other colony, and I can refer with just pride to the important legislation I had the honor of assisting to promote, and especially to those measures which I had the good fortune to originate.

Since I have been in England, constant references have been made to me in debate in both Houses of the New Zealand Parliament, and with the exception of two or three gentlemen, who, if the recollection of old political comradeship had weight, might have acted more kindly to an absent man, I have no one to complain of. Not only have the bulk of my old friends adhered staunchly to me, but I have met with conspicuous consideration from many opponents with whom in days of old I had many rough encounters. I cannot too strongly acknowledge the high-bred courtesy which, in the case of nearly all my old opponents, has certainly made them say less in my absence than they would before me. I have been struck, too, by the justice with which the original policy of public works and immigration, as proposed by me, has been distinguished from the divergent channels into which it subsequently fell. It is not for me now, and here, to point out these differences, but it is satisfactory to know that there are many able public men, who, whether they were my opponents or supporters, understand the policy I advocated, which now to my bitter regret halts in its fulfilment.

I do not despair that ere long a more generous view will be taken of the services I honestly believe I have rendered to the colony, than is at present entertained, and I look forward with a hope that, quite independently of all party views, there will come a recognition of those services, with the full concurrence of both parties in the House, and of the colony generally.

In this my farewell official communication to New Zealand, I hardly know if I am justified in the observation I am about to make. If I exceed proper limits in doing so, I hope the conscientious feeling under which I labour may be held to excuse me. I wish most solemnly to

place on record that, but for the consent of the whole colony, the railway and immigration policy could not have been pursued; that that consent was obtained on the fundamental condition that there should be a trunk line through both Islands; and that justice requires from the statesmen of New Zealand the fulfilment of the obligation.

Let me add that, though I cease to be officially connected with the colony, no actions throughout my life will give me greater pleasure than those which enable me to be of service to New Zealand in every way in my power

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Premier, Wellington.

Enclosure.

To the Agent-General for New Zealand.

We beg to draw your attention to the great advantage which would accrue to the investing public, as well as to the increased value which would be given to the securities of the colony, if arrangements could be made for the conversion of a portion of its bonds into registered stock, in a similar manner to those of Canada and New Zealand. The system seems to have answered to the full, expectations which were held out by its advocates, and has brought the above securities within the reach of small investors, as well as of trustees, to whom investment in bonds to bearer is very often impracticable.

Brunton, Bourke, and Co.
James Capel and Co.
Ellis and Co.
Hichens, Harrison, and Co.
Linton, Clarke, and Co.
Mullens, Marshall, and Co.

Prance and Wedd.
Marshall, Paine, and Co.
Sheppards, Pelly, and Co.
J and A. Scrimgeour.
Spurling and Skinner.
Ward and Whitford.

No. 13.

The PREMIER to Sir JULIUS VOGEL.

SIR,—

Government Offices, Wellington, 23rd April, 1881.

I have the honor to acknowledge the receipt of your letter of the 30th November, with reference to debates in the House of Representatives on questions relating to Inscription of Stock and the Agent-General's Department, and also with reference to your own late position as Agent-General and one of the agents for the negotiation of the £5,000,000 Loan.

2. I do not propose to make any comment upon your general remarks as to the negotiation of loans, because, it seems to me, no good purpose would now be served by re-opening that question. But I feel bound to refer to the statement, which is twice made in your letter, that at the time of the negotiation of the loan you were holding the Agent-Generalship for the convenience of the Government: which statement you connect with words used by me in my place in the House. It is true that, when the statement is first made by you, you admit that my application of the words quoted was to a period subsequent to the loan negotiation; but, generally, as it appears to me, your manner of employing those words is calculated to convey an erroneous impression.

3. I think it right, in these circumstances, to say that, in my opinion, you were not at the time of the loan negotiations holding office as Agent-General for the convenience of the Government. You had been repeatedly informed that the Government considered it incompatible with the office of Agent-General that you should occupy the position of a Director of the New Zealand Agricultural Company (Limited): you had been requested to choose between the two: but you did not, until some months later, state which of the positions you elected to retain. So far as the Government were concerned, there was no reason whatever why you should not have remained Agent-General, if you had consented to relinquish a position which they as well as the previous Government thought the representative of the colony in England ought not to occupy. As it seems to me, there was no analogy between your case and that of Sir Penrose Julyan, to which you refer.

4. More than once I have had the pleasure of acknowledging the value to New Zealand of the services rendered by you, to which you make reference in the letter under reply; but when you remark that after eleven years of public service you are retiring without pension, and without recompense beyond the ordinary payments, &c., I feel it a duty, in justice to the colonists, to express my opinion that, in recognizing those services, they have not been either ungrateful or ungenerous towards you.

5. It was not unnatural that, in the circumstances in which you were writing, you should have put upon record the opinion you hold as to the prosecution of the Public Works policy with which you have been identified, that opinion being, that justice requires from the statesmen of New Zealand that there shall be completed a trunk-line of railway through each Island. The Government concur as to the desirability of completing railway communication throughout the colony; but it must obviously rest with those who are intimately acquainted with existing conditions to decide the time when and the means by which it shall be sought to accomplish so desir-

able an end. I feel assured that Parliament will make provision for this purpose, so soon as prudent statesmanship, and justice to all parts of the colony, warrant such a proceeding.

Sir Julius Vogel, K.C.M.G., &c., London.

I have, &c.,
JOHN HALL.

No. 14.

Sir F. DILLON BELL to the PREMIER.

(Received 19th February, 1881.)

PREMIER, New Zealand.

Taken charge to-day Vogel asks month's pay each year's service. Reply

BELL.
London, 18th.

No. 15.

The PREMIER to Sir F DILLON BELL.

(From Wellington, 26th February, 1881.)

AGENT-GENERAL for New Zealand, London.

Law forbids salary allowance Vogel.

HALL.

No. 16.

The PREMIER to Sir F DILLON BELL.

SIR,—

Government Offices, Wellington, 26th February, 1881.

I have the honor to forward herewith copy of telegraphic communications respecting an application made through you, by Sir Julius Vogel, for the allowance to him of one month's salary for each year of his service as Agent-General.

I believe that my reply would show you clearly the view taken by the Government; but I have to request that you will inform Sir Julius Vogel, that the only conclusion to which the Government could come was that, as his retirement from the Agent-Generalship was voluntary, his case is not one in which the law contemplates such an allowance as that for which he applied.

I have, &c.,

Sir F D. Bell, Agent-General for New Zealand, London.

JOHN HALL.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1881.

Price 6d.]

for this purpose, so soon as
I have received a proceeding
I have received
John H. Hall

to the President
(February 1861)

Dear Sir,
I have received your kind letter of the 14th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

I have received your kind letter of the 14th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

Hall

No. 10

John H. Hall

I have received your kind letter of the 14th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

I have received your kind letter of the 14th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

I have received
John H. Hall

I have received your kind letter of the 14th inst. and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

Washington