

1885.

## NEW ZEALAND.

THE ORIGINATION OF THE SCHEME FOR INSCRIBING  
COLONIAL STOCKS

(CORRESPONDENCE RESPECTING).

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

## No. 1.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 6th August, 1884.

In the course of the investigation which I had to make immediately on coming to England, into questions connected with the inscription of stock and a conversion of our public debt, I necessarily had much communication with Mr. John Mackrell, and I then learnt from him, what was quite new to me, that the original conception of the scheme for creating a stock to be inscribed at the Bank of England was his. It seemed to me that if he was really the inventor of a method which has already borne such good fruit, and is destined to bear so much more, he ought to get credit for it; but he did not then wish his name to be brought forward.

Last March, however, circumstances happened in which Mr. Mackrell thought I might be of a little use to him, and it became necessary for the part he had taken in inscription to be mentioned in a high quarter. He thereupon waived his previous unwillingness to be specially named in connection with it, and gave me the memorandum of which I transmit a copy to you herewith. The Stock Agents are now bringing together a complete record of everything connected with the inscription scheme, to be incorporated in their final report upon the recent conversions; and, as Mr. Mackrell has now claimed the origination of the idea, it should not be omitted from that record.

I have, &amp;c.,

F. D. BELL.

The Hon. the Premier, Wellington.

## Enclosure in No. 1.

MEMORANDUM by Mr. MACKRELL to Sir F. D. BELL (in a private letter, 11th March, 1884, *re* "The Colonial Stock Act, 1877").

"THE Colonial Stock Act of 1877," which has proved to be of so much value and importance not only to the colonies but to the Imperial Exchequer and to the investing public at Home, originated in a suggestion made on the 11th October, 1875, to Sir Julius Vogel, the Premier of New Zealand, by Mr. John Mackrell, of 21, Cannon Street, the solicitor in England to the New Zealand Government.

He pointed out to Sir Julius Vogel the difficulty which he and other members of the legal profession felt in allowing clients, especially trustees, to invest in colonial securities, on account of these being payable to bearer, and the consequent difficulty of insuring their safe custody. He showed what a very large amount was available for colonial loans if the same could be made secure and attractive, and drew attention to the great confidence which the public felt in securities managed by the Bank of England; and urged upon Sir Julius the importance to his Government of making an arrangement with the Bank of England to issue the New Zealand loans, and to have them inscribed in the bank books. He pointed out to Sir Julius the necessity there would be for an arrangement with the Chancellor of the Exchequer as to a composition for duties on transfers, and for Imperial legislation for this purpose, and to enable the issue of certificates to bearer, &c., as well as for legislation in the colony.

Sir Julius realized the importance of the suggestion, and took up the matter; and succeeded in making an arrangement with the Bank of England, and in obtaining a promise from the Government to commute the stamp duties, and to obtain the necessary Imperial legislation.

A draft of a Bill was thereupon prepared and settled by Mr. Mackrell and the late Sir F. Reilly,

and submitted to the Treasury for their adoption ; and the draft of a Bill to be passed in the colony was in like manner prepared and settled.

Sir Julius left England about the end of the year 1875, and before anything further could be done ; and Mr. Mackrell (acting in concert with the Agent-General for New Zealand and the Agents-General of the other colonies, whom Sir Julius had got to take an interest in the matter) conducted the negotiation with the Treasury and the Bank of England, which was partly carried on through the Colonial Office and with the Commissioners of Inland Revenue.

The delay which took place on the part of the Government in dealing practically with the matter, and then in insisting on provisions being inserted in the Bill which the Bank of England would not agree to, carried these negotiations on to close upon the end of the session of 1876, when Mr. W. H. Smith, the Financial Secretary of the Treasury, told Sir A. Michie, the Agent-General for New South Wales, and Mr. Mackrell, that the Government found it impossible to deal with the question in that session ; but he promised that the Bill should be ready to be, and should be, introduced early in the next session, and be at once pushed forward.

In December, 1876, Sir Julius returned to England, and, as Agent-General for New Zealand, joined very warmly in the matter ; but a further protracted negotiation took place between the legal advisers of the Treasury and of the Bank of England, which Mr. Mackrell had to conduct, and it was not until the 20th July, 1877, that the draft Bill was finally agreed upon ; and then it became blocked by Mr. Parnell, and would not have passed in that session had not Mr. Mackrell succeeded, through the influence of a friend, in getting Mr. Parnell to withdraw his opposition ; and the Act was passed just at the close of the session.

Sir Julius Vogel has written the following with reference to Mr. Mackrell's exertions in the matter : " He devoted himself with untiring assiduity to arranging all the details of the measure for inscribing colonial stocks, and but for his personal exertions, extending over two years, I doubt if the measure would have been passed."

The first colonial Government to take advantage of its provisions was the New Zealand Government, who at the end of 1879 put out a loan for £5,000,000, to be subscribed for at the Bank of England, with an option to convert into inscribed stock.

All that Mr. Mackrell had anticipated was borne out by the result, and the value of the Colonial Stock Act was at once realized.

There are now eight colonies who have availed themselves of the Act ; about £30,000,000 of colonial stocks are arranged to be inscribed under it ; the Imperial Exchequer has benefited, or will benefit, by these issues or conversions to the extent of £150,000 ; and the English public have found investments which they can safely adopt, and which yield a fair rate of interest.

What the value of the Act may be to the colonies, to the Imperial Exchequer, and to the English investing public in the future, cannot be measured, but it must be very great.

It is perhaps only fair to mention that (irrespective of counsels' fees and other disbursements) Mr. Mackrell only received 250 guineas for two years' exertions in obtaining the Act, and otherwise in connection with the matter.

## No. 2.

### The PREMIER to the AGENT-GENERAL.

SIR,— New Zealand. Premier's Office, Wellington, 29th September, 1884.

I have the honour to acknowledge the receipt of your letter of the 6th August respecting Mr. John Mackrell's claim to be regarded as the originator of the scheme of inscribing colonial stock.

2. I do not see the necessity for your putting forward Mr. Mackrell's claim. If he had desired to approach the colonial Government, he might have done so directly ; or he might have availed himself of the privilege of addressing us through you or the Loan Agents. He does not seem, however, to have asked for your interference in his behalf, nor to have complained to you, as Agent-General, that the remuneration he received as professional legal adviser to the then Agent-General regarding the inscribing of stock was insufficient. It appears to have only been after some solicitation that he allowed you to use his private memorandum—a memorandum prepared not for submission to the colonial Government ; and what seems also somewhat surprising is, that, though his permission to use the private memorandum was given in March, it was not until August that you considered it fit to make use of it. I feel sure, from what I know of your generous disposition, that you did not delay so long because of any feeling towards Sir Julius Vogel and the position he was taking in the colony ; but I regret that you should have placed yourself in the position of allowing people who did not know you to assume that Mr. Mackrell's claims may have been put forward as against those of Sir Julius Vogel.

3. You state that the memorandum was handed to you because Mr. Mackrell thought you " might be of a little use to him, and it became necessary, for the part he had taken in inscription, to be mentioned in a high quarter." I fervently hope that the meaning of this is not that you, as Agent-General, were asked to request the Imperial Government to confer on Mr. Mackrell some Imperial distinction. I do not know anything that would be more unconstitutional than that the accredited agent of a Government, without consulting his Government, should ask that honours should be conferred on any one, however distinguished. By such an action the colonial Government is bound. If any one who has either served the colony, or been the means of conferring any boon on the colonists, desires that his services be recognized by the Imperial Government, and asks the aid of the accredited agent of the colony for that purpose, it is the bounden duty of the Agent-General to submit such an application to the Premier of the colony, so that he may consult his colleagues in the Government, and tender such advice to the Governor as may be thought advisable.

4. I can hardly believe that the Loan Agents are, without reference to others who may claim to be the "inventors" of the inscribed-stock scheme, going to "record" in their report that Mr.

Mackrell deserves that honour. According to Mr. Mackrell's memorandum, Sir Julius Vogel had, at the least, a great share in getting the scheme made law, and why should the Loan Agents proceed to make any record on the subject without asking him for a statement of his views? Feeling this very strongly, I submitted your letter and Mr. Mackrell's memorandum to my colleague Sir Julius Vogel, asking him at the same time to make a memorandum of his views. He has complied with my request, and I enclose a copy of the paper for your and the Loan Agents' perusal.

5. You will observe that in Sir Julius Vogel's memorandum there is no attempt to underrate in the slightest degree the good work that Mr. Mackrell did.

6. I may state that I have read the correspondence to which reference is made by Sir Julius Vogel, and I cannot help coming to the conclusion that, while Mr. Mackrell's efforts, as well as those of Mr. Westgarth and others, deserve a hearty recognition at the hands of every one who details the history of how colonial loans became inscribed, yet that, but for Sir Julius Vogel's persistence, untiring energy, and ability, colonial stock would still have been unincorporated. In my belief he is entitled to be called the author of the scheme. In using this phrase, I do not consider it equivalent to "inventor." Ministerial action is always more or less due to outside representation either of a want or of a means of satisfying a want. Indeed, the statesmanship of a Minister is shown by his sagacity in accepting or rejecting the suggestions or representations made to him. If, however, your view were the correct one—namely, that to one who may have mentioned the advisability of inscribing colonial stock was due the entire scheme, I am afraid our history would have to be rewritten. It is to the men who have successfully carried out a scheme that hitherto honour has been paid; not to one who may have made a suggestion which he had neither the opportunity nor, perhaps, the resources to make an accomplished fact. As a Minister of New Zealand, Sir Julius Vogel took up the measure, which, in my opinion, would not have been heard of yet but for his exertions. It is only natural to suppose that, before he pledged himself to such a policy, he took the advice of all those whose opinions he thought worthy of attention.

7. As it is no doubt usual for official correspondence to be, though in the name of the Premier, still that of the Cabinet, I have to state that, in writing this letter, I have thought it best not to consult Sir Julius Vogel on the subject.

Sir Dillon Bell, K.C.M.G.,

I have, &c.,

ROBERT STOUT.

Agent-General for New Zealand, London.

## Enclosure in No. 2.

MEMORANDUM by the Hon. the COLONIAL TREASURER.

The Hon. the Premier.

I HAVE read the letter of the Agent-General regarding Mr. Mackrell's share in the measure for inscribing stock, together with that gentleman's memorandum on the subject.

The Agent-General says that when he first came to England he discovered from Mr. Mackrell that he claimed to be the inventor of the method, but that Mr. Mackrell did not then wish his name to be brought forward. Subsequently Mr. Mackrell, he says, in effect, gave him the memorandum in order that he, Sir F. D. Bell, might be of use to him by mentioning it in a high quarter. It does not appear that Mr. Mackrell asked it might be sent out here. Be that as it may, Sir F. D. Bell says it is now the duty of the Stock Agents to record Mr. Mackrell's claim. It seems to me that in courtesy the Agent-General should have referred the claim to me, as I had been so much mixed up with the matters to which it referred.

With regard to the memorandum itself, it is stated to be "in a private letter, 11th March, 1884." As the copy is not signed or dated, it seems to have been part of that private letter, and there is no evidence it was meant to be made public. Grave exception might be taken to its use at all, since, in all the transactions referred to, Mr. Mackrell was acting professionally.

It is necessary, however, to consider how far the memorandum is correct. The subject of dispensing with debentures by registering them was one about which Mr. Westgarth had for a long period written most ably and warmly in his largely-circulated monthly reports. He also wrote to me and saw me on the subject when I was in England, at the time to which Mr. Mackrell refers. It was probably then, owing to Mr. Westgarth's communications, that I was talking over the subject with Mr. Mackrell at the interview on which Mr. Mackrell bases his claim. I remember that interview and the suggestion made by Mr. Mackrell to employ the Bank of England.

In my official communication with the Hon. Dr. Pollen (see B.—6, Appendix to the Journals of House, 1876) I gave the credit of the idea on which I acted to Mr. Westgarth, as I still think, quite properly. I stated, however, that "it was brought to my notice that a very large sum would have been invested in New Zealand securities if trustees had been able to divest themselves of the personal responsibility of holding the debentures." Again, in another passage in the same document, I wrote: "Indeed, I have been assured, by persons competent to give an authoritative opinion, that colonial securities, managed by the Bank of England as proposed, would become most popular with investors, that their value would be increased, and that there would be much less difficulty than hitherto in obtaining their approval by the Lord Chancellor as securities in which trust funds might be invested." These passages were no doubt meant to include interviews with, and opinions of, many persons with whom I conversed on the subject, including Mr. Mackrell. I suppose no Minister or person in authority embarks on a great operation or negotiation without consulting the most able men he can find; certainly I consulted many. There is, however, no doubt Mr. Mackrell was the first to suggest that Mr. Westgarth's object might be effected by an arrangement with the Bank of England. Messrs. N. M. Rothschild were, however, my principal authorities and aiders in the matter. They thought well of the plan, and introduced me to the Governor of the Bank of England. I had constant interviews with the latter, and he took a great interest in the subject. Undoubtedly from time to time I asked Mr. Mackrell's advice.

In the same document I state: "After making the arrangements with the bank, I desired to avoid legal difficulties. I therefore obtained the consent of the bank that their solicitors should indicate what legislation they consider necessary," &c. I personally attended Sir F. Reilly to give him instructions about the Bill. I have no doubt Mr. Mackrell was with me, but I was under the impression Sir F. Reilly drafted the Bill. Mr. Mackrell, however, is probably right in putting it into the shape of his assisting and settling the Bill. I secured also the assistance of the Chancellor of the Exchequer, and the Colonial Office took up the matter warmly, so that I thought there would be no difficulty in the passage of the Bill after I left England.

When I was leaving I placed the matter in Mr. Mackrell's hands, and he exerted himself most earnestly during my absence to overcome unexpected difficulties. Nevertheless, when I returned to England in 1877 to assume the office of Agent-General, the matter was practically at an end. Besides a very strong difference which had grown up between the Bank of England and the Treasury, concerning the right to examine the Registry of Inscription, a great constitutional question was raised concerning the rights of colonies to sue and to be sued. I believe I was solely the means of persuading both the Treasury and the Colonial Office that it was most inexpedient to allow that question to be raised. Mr. Mackrell, writing to the Agent-General of New South Wales on the 10th April, 1877, said: "When Sir Julius Vogel entered upon his office of Agent-General he found that the matter was practically in abeyance, and he exerted himself most strenuously to get it taken up again; and the result of his efforts is shown in the printed papers he has given you; and you will observe that he steadily kept in view the original object, viz., that the Bank of England should be enabled to carry out the arrangement into which it had entered." Both Mr. Mackrell and myself had from time to time very hard work. I smoothed over the political difficulties and he the legal ones. I can scarcely say more of Mr. Mackrell's exertions than I did in the passage which he quotes. It is quite true also that Mr. Mackrell asked a friend to speak to Mr. Parnell to withdraw his "block." I had received a hint that the Government would not proceed with the Bill if it was opposed, and I asked Mr. Mackrell to speak to a member who knew Mr. Parnell, to induce him to withdraw his notice of opposition.

Such, as far as the documents before me and my memory serves me, are the exact facts concerning Mr. Mackrell's connection with the measure. As regards payment for his services, he received whatever he asked; but I think that 250 guineas was a very moderate payment. I may add, it never occurred to me to draw special attention to his connection with the matter, beyond what the correspondence supplied, as he was acting professionally under instructions. The passage he quotes I believe occurred in a document which I gave Mr. Mackrell for a particular object he desired to effect, probably the same to which Sir F. D. Bell refers when his assistance was afterwards asked.

Wellington, 29th September, 1884.

JULIUS VOGEL.

### No. 3.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 30th November, 1884.

I had the honour to receive by the San Francisco mail your letter of the 29th September, relative to Mr. Mackrell.

It would be altogether out of place for the Agent-General to contest any views expressed by the Prime Minister; these, so far as their official bearing is concerned, must of course be taken as instructions for the guidance of the subordinate officer. But there are some points on which I think I may properly ask permission to set myself right.

Mr. Mackrell never asked me to bring any claim before the Government. I never put forward any for him. He never made any complaint to me of his professional remuneration. He never detracted in any way from the honour due to Sir Julius Vogel. I never made any solicitation of any kind whatever to him. I never said that the Loan Agents were going to record in any report of theirs that he was the inventor of the inscribed-stock scheme.

What I did say was, that he had told me that the original conception of a stock to be inscribed at the Bank of England was his; and this is now confirmed by Sir Julius Vogel himself. I also said that I thought, if this were true, he ought to get the credit of it; and I added that, as the Stock Agents were bringing together "a complete record of everything connected with the inscription scheme," I thought Mr. Mackrell's claim should not be omitted from that record. But neither Sir Penrose Julyan nor I would ever for a moment have thought it our place, in our capacity as Stock Agents, to presume to award any honour to Mr. Mackrell, or to any one else, for anything that had been done.

As to the date of my letter to the Government, it was the merest accident, arising out of much hard work during several months. I am very sensible of the generous feeling towards myself, which made you unwilling to believe I was capable of delaying the letter out of animosity to Sir Julius Vogel. But I should certainly have thought, supposing any one to have suspected me of such a motive, that it would have been impossible for him not to have seen that the very last moment I was likely to choose for the gratification of that motive was the 6th August, 1884.

So far from having ever had a thought of detracting from the merit of Sir Julius Vogel, I have invariably recognized his claim to the honour which belongs of right to every statesman who carries a reform into law. If I had ascribed to Mr. Mackrell the invention of inscription as a process, I should have been talking nonsense. To say nothing of Imperial consols, the principle had long been in existence (though in a cumbersome form) in a Mauritius stock at the Crown Agents', and Canada stock had long been inscribed at Baring's and Glyn's. The system had developed itself step by step, until the crowning work of the Imperial Stock Act gave the colonies a measure whose value will soon be counted by millions; and no one with a grain of fairness would ever deny that this crowning work was Sir Julius Vogel's.

I had been engaged for some time in the preparation of a paper, to form the sequel of one I read two years ago at the Colonial Institute, with the double object of inviting a good reception for your new loans, and of winning the favour of your consol bondholders to a conversion of their debentures into stock. I had described the advantages of inscription, and had assigned the chief merit of it to Sir Julius Vogel. Nor had there been any the less pleasure to me in the testimony I was bearing to the labour of others that by no possibility could any credit or honour for it ever come to me. In happy ignorance of the manner in which my letter was being received by yourself and by Sir Julius Vogel, I had allowed myself to hope that my paper might be of some service to the colony. It must surely be unnecessary for me to say that the reading of it is made an impossibility for me now.

I agree with every word you say about the Agent-General not meddling in Imperial distinctions. At no time of my life would I not have thought it a disgrace to ask for a decoration for myself; and, as for asking, in my capacity as Agent-General, for decorations for other people, I should not only think it a gross impropriety, but it would be looked upon here as a piece of vulgar presumption and impertinence. I am speaking, of course, of any act done by me as Agent-General. As a member of one of the great orders, and within my own order, I am not supposing the Government to claim that I should come to them for guidance.

I gathered it to be your desire that I should lay all the papers before Sir Penrose Julyan, and have accordingly done so.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

#### No. 4.

The PREMIER to the AGENT-GENERAL.

SIR,—

New Zealand. Premier's Office, Wellington, 9th March, 1885.

I had the honour on the 26th January last to simply acknowledge the receipt of your letter of the 30th November. My leaving almost immediately thereafter for a visit to the West Coast Goldfields has prevented me from replying earlier.

I may state that it is with no desire to continue the correspondence that I now reply. If, however, your letter were left unanswered there might arise misconceptions as to the meaning of my letter of the 29th September.

You say that "Mr. Mackrell never asked me to bring any claim before the Government. I never put forward any for him. He never made any complaint to me of his professional remuneration. He never detracted in any way from the honour due to Sir Julius Vogel. I never made any solicitation of any kind whatever to him. I never said that the Stock Agents were going to record in any report of theirs that he was the inventor of the inscribed-stock scheme." As to this I have to say that I did not state that Mr. Mackrell asked you to bring his claim. What I said was: "He does not seem, however, to have asked for your interference in his behalf, nor to have complained to you, as Agent-General, that the remuneration he received as professional legal adviser to the then Agent-General regarding the inscribing of stock was insufficient."

As to the statement that you never made any solicitation of any kind whatever to him, the paragraph of your letter of the 6th August was this: "Last March, however, circumstances happened in which Mr. Mackrell thought I might be of a little use to him, and it became necessary for the part he had taken in inscription to be mentioned in a high quarter. He therefore *waved* his previous unwillingness to be specially named in connection with it, and gave me the memorandum of which I transmit a copy to you herewith." And on that I based the statements I made. You say: "What I did say was, that he had told me that the original conception of a stock to be inscribed at the Bank of England was his; and this is now confirmed by Sir Julius himself." It seems to me, after a re-perusal of your first letter and Sir Julius Vogel's memorandum, that the point was that you said that the original conception of inscription of stock was Mr. Mackrell's. Indeed, the last part of your letter of the 6th August says: "And as Mr. Mackrell has now claimed the origin of the idea," &c.

I do not wish to derogate from any credit Mr. Mackrell has obtained for his long and arduous services as legal adviser to the Government of New Zealand; but I hardly think, if the only action of his for which he can claim credit is the suggestion of the bank for the purpose named, he would have desired it to be mentioned.

I accept to the full your statement that you did not mean to detract from the merit due to Sir Julius Vogel in starting the inscription of stock for the colonies, and regret if my letter should have seemed to accuse you of doing so. All I noted was that you delayed from March to August in forwarding your letter.

I hope you will pardon me if I fail to see the connection between our correspondence and the reading of a paper at the Colonial Institute. Your last paper was read with great interest by all colonists, and New Zealand was much indebted to you for the care and ability which the paper displayed. What has the reading of a paper to do with the correspondence between us? The reference to Mr. Mackrell was, you state, to be made by the Stock Agents in their report. There was nothing in your first letter about a paper for the Colonial Institute, but if there had been I do not see why, if I have to point out my non-agreement with some inferences I drew from your letter, that you should be restrained from reading any paper before the Institute.

As to the meddling with the granting of Imperial distinctions, I understand you to say that you agree with me that no Agent-General, as such, should recommend any one for Imperial distinction unless with the sanction or at the request of the Government he represents. We are thus agreed on this point. You, however, assume that, as a member of one of the great orders, and within your own order, you suppose the Government will not claim that you should come to them for

guidance. I do not know what the rules of the order are. It may be that it is customary for those who have attained distinction from Her Majesty to recommend Her Majesty to award the like or similar distinction to others who have done something for the Empire. If this is recognized I do not suppose any Government would seek to control any of its officers who might desire to exercise the privilege the order gave him. All I desired to point out was that a recommendation coming from an Agent-General was practically the recommendation of his Government and would be so treated, and that before such was made the Government should be consulted. Of course, in your private capacity, the Government had neither the right nor the desire to interfere in the slightest way with your action.

Let me add, in concluding this correspondence, that it has been furthest from my intention to write anything that would in the slightest degree interfere or seem not to sympathize with you in your many arduous labours as Agent-General. No one can recognize more fully than I do the care, the ability, and the loyalty to our colony that characterizes all your actions; and I feel sure you will see, on reviewing the correspondence, that my sole aim was to place on record my views as to the credit due to one who, as you justly say, deserves credit for the crowning work of the Imperial Stock Act.

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

I have, &c.,

ROBERT STOUT.

### No. 5.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 30th April, 1885.

I have the honour to acknowledge the receipt of your letter of the 9th March in further reference to Mr. Mackrell.

As I understand you to intimate that the correspondence is closed, I do not conceive myself to be at liberty to explain why I cannot but think your present letter adds to the injustice of the previous one. I should not, however, wish you to think that I am any the less sensible of the generous terms with which your letter concludes.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

### No. 6.

The PREMIER to the AGENT-GENERAL.

SIR,—

New Zealand. Premier's Office, Wellington, 24th June, 1885.

I have the honour to acknowledge the receipt, per ss. "Aorangi," of your letter No. 530, of the 30th April last, in further reference to Mr. Mackrell.

Sir F. Dillon Bell, K.C.M.G., Agent-General, &c.

I have, &c.,

ROBERT STOUT.