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HISTORICAL SKETCH
OF
NEW ZEALAND LOANS,

AN HISTORICAL SKETCH
OF
NEW ZEALAND LOANS

AND
OTHER MATTERS CONNECTED THEREWITH,
FROM 1853 TO 1886.

BY
C. R. CARTER.

TO WHICH IS ADDED
A SERIES OF LETTERS
BY THE SAME AUTHOR.

LONDON.

1886.

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AN HISTORICAL SKETCH

NEW ZEALAND LOANS

OF THE NEW ZEALAND GOVERNMENT

FOR THE YEAR 1887

BY H. J. HARRIS

OF THE NEW ZEALAND GOVERNMENT

A SERIES OF LETTERS

TO THE NEW ZEALAND GOVERNMENT

LONDON

1887

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LETTERS

ON

HOME AND COLONIAL TOPICS,

WRITTEN BY

THE AUTHOR OF "AN HISTORICAL SKETCH OF NEW ZEALAND LOANS,"

AND WHICH APPEARED IN

"THE NEW ZEALAND TIMES," WELLINGTON.

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AN HISTORICAL SKETCH OF NEW ZEALAND LOANS.

CHAPTER I.

ORIGIN OF THE FIRST LOAN. THE SECOND, A SMALL LOAN;
AND THE THIRD, A WAR LOAN. CONSOLIDATION OF LOANS.

HAPPY is the nation which has no history and no national debt. In 1853, New Zealand, as a Colony, was in that auspicious and enviable state; it had no fixed public debt and no real history. Its responsibilities began with the introduction of Free Institutions. This was accomplished by the passing of the New Zealand Constitution Act, by the Imperial Parliament, in the year 1852. In January, 1853, Sir George Grey proclaimed it to be in force, and so it came into operation—the Provincial Governments, contrary to general expectations, being first called into existence—and on the 24th of May, 1854, the First Parliament of New Zealand was opened at Auckland by Lieutenant Governor Wynyard, the officer administering the Government.

As a dependency of the British Empire, New Zealand,

in 1853, was insignificant, but it was solvent, and making progress proportionate to its population. It is true it had local debts, for the British Government, at the recommendation of Sir George Grey, had generously advanced it a few thousands, for road-making in Wellington, and the location and settlement of batches of pensioned soldiers in Auckland; but then it was believed, the Imperial Government would eventually waive its claims for payment on these heads, in favour of the Colony.

The New Zealand Company's hold on the Land Fund had not yet been released, nor sundry debentures paid off: but no regular Colonial debt existed. In those halcyon days no one of note proposed to borrow, because no one saw a clear prospect of the money being lent or repaid.

Early in March of this year (1853), Mr. Edward Gibbon Wakefield and Mr. Henry Sewell arrived in Wellington, in the good ship, "Minerva." The former was a very able man, but a fluctuating politician. He was one of the principal founders of the colony, and author of the "Sufficient price" of land system, which succeeded so well in the province of Canterbury. The latter was his bosom friend, whom he (Mr. W.) styled "a rare constitutional lawyer," an epithet not unworthily bestowed. In fact, Mr. Sewell was a sound and practical statesman of the first rank. He was of a sensitive nature, without pride, good humoured, and generally very pleasant in his ways to those he came in contact with. He died in England. Mr. Wakefield was a strong advocate for borrowing money for immigration purposes, while Mr. Sewell and others also wished to raise a loan for the purchase of Native lands; but their plans did not meet with general acceptance, and were kept in abeyance for two or three years.

SUPPLEMENT

TO AN

HISTORICAL SKETCH OF NEW ZEALAND LOANS.

THE PARLIAMENTARY SESSION AND FINANCIAL STATEMENT
OF 1887.

HAVING an unexpected opportunity of making a few additional remarks, and also adding a letter, as a Supplement to the above-named work, we now take advantage of it.

At the close of the Session of 1886, Sir Robert Stout's Government was still in power, with Sir Julius Vogel as Treasurer. So they continued till the following year, when the Session was opened and the Financial *Cléon* of New Zealand delivered his eleventh Financial Statement, on Tuesday, 10th of May, 1887. We may at once say it was not arranged in his usual systematic form. What was worse, though very lengthy, it was one of the most unsatisfactory and disquieting Budgets he had yet delivered. It was well put together; its composition, though rather inflated, was good, and the financial condition of the Colony skilfully and cleverly manipulated to suit his own particular views of financing. It was listened

to with attention but without any display of enthusiasm on the part of his auditors, and at its conclusion a feeling of alarm had been conclusively established. The Financial Statement gave what was called the "savings" of last year at £98,625; but the real deficiency in the year's estimated revenue was £291,191, a fact which the Treasurer was careful not to put in that plain form; besides the savings of £98,625, fortune favoured him with £100,000 "unexpectedly obtained" (borrowed) from the sinking fund—thus leaving an actual deficit for the year 1886-87 of £92,293. Candid readers must admit this was a sorry result of the Colonial Treasurer's promises, of "leap and bounds" of prosperity and reduced taxation, he made when he last took office. For three years extravagance has been the order of the day. During that period the Government had been squandering the proceeds of their plunder from the sinking funds; yet were now in a worse position than ever. The Colonial debt had reached a total of £34,192,337 (of this only about fourteen millions had been spent in directly reproductive works, namely, 1727 miles of railways, paying but £2 6s. per cent. on the estimated cost of the opened lines), requiring an annual payment to be met, of £1,727,203; but for the year 1887-89—£1,764,793, for interest and sinking funds, will have to be deducted out of an *estimated* revenue of £4,156,184, while the *actual* revenue for the year 1886-87 was only £3,882,428. The debts of the "Local bodies" in March, 1886, amounted to £5,616,273, so the higher and lower Governments of New Zealand had (in 1887) run into debt to the extent of over forty millions sterling.

Very important deficiencies and liabilities were passed over with very scant reference to them; though the Trea-

surer's Statement covered twenty-one pages. At page three the deficiency in the Land fund was referred to in *four* lines; while at page four the "Public debt and Loan Conversions" were dismissed with the equal brevity of *four* lines.

His deficit of £92,293 he cavalierly treated as he had done the £150,000 deficit he found when entered into office. In a rather pompous and self-confident way he said, "As regards the £92,300 (should be £92,293) of last year, though I hope to be able to pay it off this year out of the surplus and savings on votes, I do not like to undertake to do so; I propose asking that it stand over till next session." His talk, too, about his great efforts in the cause of economy, caused many a smile on the faces of some of his listeners.

The Treasurer's measures for the relief of the Financial pressure and necessities of the Colony may be briefly stated as follows:—He proposed a crude scheme of retrenchment, by a raid on the salaries of the civil servants. He recommended a large increase in the duties forming the Custom's Tariff, many of them being raised from fifteen per cent. up to *twenty* per cent.,—an addition of five per cent. Finally, he advocated and asked for complicated and invidious changes in the incidence of the Property tax and, on the major part of it, he proposed an increase of from thirteen-sixteenths up to one penny in the pound. The Financial Statement made, it was soon after debated, and on Major Atkinson moving that, "in the opinion of this House, the tariff and other financial proposals of the Government are unsatisfactory," the Government (May 27th) were defeated, by a majority of four. On the 31st it was announced that the Governor had

granted a dissolution, and the day after, the 1st of June, on the motion of Sir Julius Vogel, the new duties were rescinded. On Friday June 10th the House was dissolved.

It must be confessed that the general tenour of the Budget was such as so make it appear it was intended to catch votes at the coming August elections; and when the Premier, in addressing his constituents at Dunedin East, said,—“That his Government intended borrowing the sum of two millions,” it was seen that the cupidity of the electors was to be appealed to. It is true Sir Robert qualified his statement by saying it would be “spread over several years” and it would be the *last* loan: that is the Colony would cease raising further loans (?) If the two millions, just named, did not include, the one million already authorised for the North Island Railway, the real sum to be borrowed was *three* millions. Sir Robert Stout seemed to have abandoned his late cease-borrowing policy. At least he had postponed—to his discredit—his “*tapering off policy*,” in order that the downfall of Sir Julius Vogel might be succeeded by the continuation in office of himself and colleagues—of course including Sir Julius.

In concluding we may observe, that in increasing the Customs Tariff as well as the Property Tax, the Treasurer acted fairly and wisely. But why should any increase in taxation have been necessary when he had so decidedly promised a reduction—and also a new era of prosperity for the Colony—if he were only permitted to seize the sinking funds? We think it will now be apparent to all unprejudiced persons that the predictions of Sir Julius Vogel have been falsified and his promises left unfulfilled by the results visible in 1887. We believe the Treasurer thought that success would attend his financial measures

when many others—we think the majority—thought the contrary. Then, it may reasonably ask, why did they allow him to have his own way? Certainly they ought to take some share of the blame. This state of affairs comes of the people being lead and not leading. There is an excuse for an ignorant people being led; but not for a people who are educated.

The ultimate result of reckless borrowing in New Zealand, no one can truly forecast. Colonies are sooner depressed and sooner recover from depression than older countries, because of their youthful energy and greater undeveloped natural resources. In the long run equilibrium in the finances will be restored, and, in accomplishing this, it may be that London investors will refuse to lend the Colony more money; and the Colony (as a last resource) seeks relief outside by taxing the interest coupons of its public debt—as the Kingdom of Italy has done before it.



LONDON.

1887.

SUPPLEMENTARY LETTER.

(FROM AN OCCASIONAL CORRESPONDENT.)

LONDON, August 26, 1886.

THE VOLCANIC ERUPTIONS AT TARAWERA.

Quite a sensation was caused in England by the receipt of the particulars respecting the volcanic outburst in the Hot Lake District of New Zealand. People who had friends or relatives in your Colony were alarmed for their safety when they read the penny-dreadful accounts of the outbreak of "sixty miles of burning mountains," "hell broke loose," and the entombment of whole villages and their inhabitants by incessant falls of ashes, mud, stones, and fiery balls. I am pleased to be able to say the excitement is passing away and, if no further outbreak takes place, it will be remembered but as a nine days' wonder. Dr. Hector's scientific report, which has been noticed by the press, has contributed much to restore confidence and allay apprehension. So has a Wellington letter in the *Australasian* of July 1st. It was certainly the talk of the town for a few weeks. At a dinner party, given by one of the Exhibition Commissioners, an English gentleman observed that he thought the fearful volcanic eruption would seriously injure New Zealand; to which another gentleman, a colonist, replied with confidence as follows: "Oh, I don't think that, for it will give us something fresh for Vogel to mortgage."

THE MONEY MARKET.

There is but little to report on this head in connection with New Zealand finance. It must be admitted that the monetary credit of New Zealand is not so good as it was. For three months New Zealand inscribed stock bearing four per cent. interest, stood at from 98 to 98½; now it is quoted at 98½ to 99; yet there is £1 5s in the shape of accrued interest due on each £100 bond, so that the price, to the buyer, is but £97 10s. In fact this stock is nine per cent. below the value of New South Wales four per cent. stocks.

THE COLONIAL EXHIBITION—CANADA.

I have forborne writing you anything on the Colonial Exhibition, thinking that your New Zealand Press arrangements would provide you with more able pens than mine, but now that it is coming to an end and the New Zealand Court has been altered and added to, I think it may interest your readers if I make a few remarks respecting it and other portions of the Exhibition.

To commence with, I will briefly allude to the most important parts of the Indian and Colonial Exhibition, which—in grandeur, importance, interest, and the numbers that have visited it—far surpasses its three predecessors, the Fisheries, Healtheries, and Inventories. The present Exhibition is said to be the last one. Some few influential people want to make it a permanent Colonial Exhibition on its present site. This would involve buying the most of the present “exhibits,” and entail the great expense of constructing a permanent building. Add to this the cost of management and the expense of keeping up a little ring of officials, and you have another “Kensington job” to be paid for, mostly by the colonies. The scheme is not serviceable, and, like Federation, it would generally be for the honour, glory, and profit of London, and the Kingdom of which it is the wonderful, but overgrown, capital.*

The principal entrance to the Exhibition is through a large and lofty hall, gaily decorated. On each side of the two sidewalls are ten painted panels, representing towns and scenery in the various colonies. There are two New Zealand views, one of which shows Milford Sound, the other the White Terraces, now, alas! no more. From this hall you descend by a flight of steps to the middle or Indian Court. Here all is novel and strange to English eyes. The Court is different from all the rest of the Exhibition. There is nothing familiar in it. It is divided into a nave and aisles by two elaborately carved teak-wood screens, with arches and openings which run from end to end of its long length. The arches and openings form the entrances to the little, but well-stocked Indian shops in the aisles. The display of Indian manufactures is magnificent. They all look as if they came from the land of the sun, the land of spices, gems and perpetual summer, for they appear so bright and showy; out of place,

* Up to August 1887 it was estimated (if the Colonies gave £100,000) there would be £460,000 subscribed to build the “Imperial Institute.” In cash £320,000 had been contributed by means of systematic, but mean Royal begging throughout the British Empire in the four quarters of the globe.

perhaps, in this climate, but harmonious in India. The roof above this avenue is decorated with innumerable banners, rich in colour but strange and quaint in their shape and devices. To the right of the Indian Court we branch off to the gorgeous Indian Hall and the workshops where natives are at work at their various Indian handicrafts. Beyond and around these are the various Colonial Courts. My space will not permit me to give more than a glancing description of them. I begin at CANADA, with its population of over five millions. The most conspicuous exhibit is the arched and pyramidal structure with its apex touching the roof of the court. It is certainly the trophy of all the trophies of the Exhibition. It is admirably constructed of samples of preserved fruit in bottles, sheaves of wheat, seeds in the straw, bags of flour, barrels of sugar, condensed milk in tins, salmon ditto, trusses of hay, canned beef, Indian corn cobs, agricultural implements, &c. The display of cotton and woollen goods, pianos, organs, machinery in motion, and other exhibits are innumerable, and to catalogue them would fill a thick volume. Canada decidedly makes the best show. She will soon manufacture everything she wants within herself. I can assure your readers the English folk pull very wry faces when they here see all the various useful goods and articles of luxury the colonies can make for themselves, and mentally say :—"If the colonies go on like this they will soon manufacture nearly all they want ; and then what good will they be to us ?"

THE AUSTRALIAN COLONIES.

Alongside Canada is QUEENSLAND, with its trophy of twenty tons of tin ingots, and fine specimens of wool, tallow, preserved meats, and cabinet and timber woods. At the end of Queensland, SOUTH AUSTRALIA, though not quite so showy as Queensland, exhibits a practical display of each of its special products, which are somewhat alike in all the Australian Courts. Next comes VICTORIA, which shows up well in its manufactured goods and raw produce. Its gold trophy is artistic and effective to strike the imagination. It consists of three rusticated arches, the upper part terminating in a pyramidal form. The way through the court passes under the centre arch. After Victoria I visited NEW SOUTH WALES. The exhibits are not much of a manufacturing kind or so practical as those of Victoria. Still, the collection is very attractive, and its trophies of wine, biscuits, preserved fish and oysters, mutton, beef, woods, ingots of tin, copper, iron, and silver show how it abounds in wealth of many kinds. There is a column formed of coils of rope made from New

Zealand flax. WEST AUSTRALIA does not occupy a large court, but what she does exhibit is very interesting and instructive. There, a trophy of mother-of-pearl shells, and a wonderful set of pearls in the shape of a cross, is exhibited, and said to be worth £10,000 ! What adds much to the appearance and importance of all the Australian courts are the fine collections of photographs and paintings in oil and watercolours, skilfully arranged all over the walls and on screens erected in each court.

THE NEW ZEALAND COURT.

The New Zealand Court is in a rather out-of-the-way part of the Exhibition, but there is a large space allotted to it. The first thing that attracts attention is Dr. Buller's Maori Museum. It occupies the best part of the court. In fact it is a court of itself. I have heard complaints made about this arrangement. I do not desire to depreciate the value and antiquarian interest attached to this gentleman's valuable collection, which must, I should think, have cost him a large some of money to get together ; but I confess that I, and others, are of opinion that it is quite out of place here ; and if a transference of it to the upper gallery of the Albert Hall had been made, and the pictures now there had been removed to the New Zealand Court, the change would have resulted in a very great attraction being added to the latter ; besides, there would have been room for a coal or some other trophy. To the scientist, the antiquarian, and the lover of pre-historic remains of the latest pre-historic race—the Maoris—no doubt the Maori Museum would have attractions : but to the ordinary Englishman the sight of blocks of coal from seams, one 18ft, and the other 53 feet in thickness, would have been a more convincing proof of the resources and wealth of New Zealand, than the Maori collection (with its Maori *middens*), so much of which can be seen at the British, Kensington, and United Service Museums. The same may be said of the natural history specimens. The English, after all, are still an eminently practical people, and look to the substantial rather than the theoretical resources of civilization. As regards the New Zealand Court as a whole, the show is very good, but it is inferior to other Australian courts, considering the valuable and varied collection of exhibits sent Home. The furniture in the four enclosures is much admired. Auckland and Dunedin, which principally furnish them, are entitled to great credit. The beauty of the woods and the workmanlike finish and artistic designs of the various articles of furniture are equally commendable, and reflect honour on the workmen who made them and the artists who designed them. The

Kaiapoi and Mosgiel tweeds, blankets, and plaids surprise people, who did not think such woollen goods could be manufactured in your Colony. There is a good and creditable display of bookbinding from Lyon and Blair's and the Government bookbinding establishments. In a handsome case is a pyramidal selection of coffee and condiments from Wellington; also samples of soap and candles, which look as if they had done exhibition duty before. The same may be said of some tins of honey; but both, no doubt, are excellent when put to use. There is a case of very beautiful embroidery work. The model, in relief, of the Islands of New Zealand finds its admirers. There is an excellent show of boots, shoes, leather, and clothing, and numerous other exhibits, which I regret I cannot name and do justice so; my letter is already getting too long. In the New Zealand fernery, on a narrow border of earth, planted with shrubs and bounded by a narrow footpath, are the following exhibits:—Fire clay goods from Greymouth, sanitary ware from Wellington, brown coal from Otago, natural coke (a mineral wonder) from the Brunner, coal from the Heath Pit, the Buller, Wallsend, and Brookdale collieries. There are also mouldings and specimens of wood from Southland, and some fine specimens of New Zealand woods furnished by the Public Works Department. At the end of the fernery, in a corner, and out of the way, is a good show of preserved meats by the Gear Meat Preserving Company. I regret to say, comparatively speaking, but few visitors go to the Exhibition and see the valuable collection of goods in the fernery.

In the upper gallery of the Albert Hall, which you reach either by many flights of steps or a lift, I found to my surprise a fine and very numerous collection of photographs, prints, and watercolour paintings. The artistic and charming views of the mountains, hills, valleys, lakes, plains, homesteads, and towns, made one feel proud of New Zealand and its artists; but it seemed to me an error of judgment to place them out of the way up here, and hardly fair to the owners and artists who exhibited them. I went to see them by gaslight, and for half an hour I was the only person to look at them; yet the courts of the Exhibition and gardens were crowded with people to excess. There are some alterations in the New Zealand Court; a few, very few, of the pictures have been brought down and placed there. The most important addition to the Court is the erection of a gold trophy. I hardly know how to describe the gilt structure—it looks so strikingly strange. It is to show (in bulk) the value of the gold raised in the Colony. The idea is a good one; but I regret that I cannot say the same of the design of the trophy. Here I may be permitted to observe that, I fear, it comes too late;

it is hardly finished, and yet is a day after the fair. Already nearly three millions of visitors have passed the turnstiles. Thousands of people are now out of town and the Exhibition closes in October. School children are being admitted at a lower price, and there yet may be a million of persons to visit it. Probably the visitors to the Colonial Exhibition in all will number four millions; [the actual number was 5,550,745, every inducement was given to make this grand total, some classes of the people being admitted at three-pence per head], whereas in no one of the three previous Exhibitions did the attendance, in round numbers, exceed two millions and a half. I have said the trophy looks strikingly strange; the design is peculiar. What is the design? Well I may answer by saying that the Egyptians were the first great builders and architects. To them succeed the Grecians, who were famous for their classical style of architecture, and as temple builders have never been surpassed. The Romans came next and invented a composite order of architecture, but it was no improvement on Grecian designs. After the Romans, for a time, all was darkness in the arts, and remained so until the feudal ages became remarkable by their castle and cathedral building. Last of all arose the conglomeration of architecture, of all ages, which distinguishes the present day; but I can assure my readers that the trophy has no affinity, no resemblance to any of these ancient and modern styles of architecture. The grandeur is its apparent solidity, and its beauty is its simplicity of design. What does it resemble? I am afraid to say what I think, but I fear some people will say it resembles the frame of the children's swings in the parks—that is, two posts with a beam on the top of them; others may make the irreverent remark that it is more like a gallows. I decline to endorse these opinions, for it appears to me as a very good example of the style of architecture in use by the Ancient Britons and Druids. It is like a model of a fragment of Stonehenge, a *trilithon*, a Greek word, which means three stones, two upright and one horizontal. The jambs, or pillars, of the gilt trophy in question measure about 5ft. 6in by 2ft thick, and are about 20ft in height; the head or lintel is also 5ft. 6in. by 2ft., and projects nearly three feet beyond the outside of the pillars. The height and width of the opening is about twenty feet by eleven feet. The two pillars rise from two mounds of artificial pieces of rock, and on them and next the pillars are fringes of ferns and shrubs, which make the trophy look as if it had risen out of the ground, and in its rising, created two little embankments to support it. How did it come there? Perhaps, in the words of Topsy, "it grewed." It may be that it is the joint design of the twenty-one Commissioners. I don't know, but this

much I venture to remark, that the New Zealand Court is not what it ought to have been.* It might have been made a great deal more attractive, and in some degrees commensurate with the wealth and importance of the Colony. I do not wish to blame anyone, but there is a want of zeal and judgment shown somewhere. I am told your Agent-General worked hard to make it a success. It was a mistake to appoint so many Commissioners. As it is, the great majority of those appointed did nothing, or next to nothing, for the attentions, honors and feasting which have been lavished on them. I can quite believe that the good sense of Sir Robert Stout enables him to see this in its proper light. To him and his colleagues in the Ministry, I should think, it must be a source of regret that our New Zealand Court has not been a greater success, for they did what they could to make it one.

It is not likely that so grand and so extensive an Exhibition will ever be held in London again. It looks as if Old England will have as much as she can do to hold her own in the world without the troubles and anxieties of holding more National and Colonial Exhibitions for some years to come. The present Exhibition has been a marvellous success as regards the number of visitors; but I should say, the bands of music, the eating, drinking, and smoking saloons, the electric lights, and the red, white and blue lamps in the trees and on the architectural lines of the buildings [like Cremorne gardens in their glory on the banks of the Thames], had quite as much to do with attracting the visitors as the "exhibits" had. The middle and upper classes, the Government, and Royalty itself, have shown profuse attention and hospitality to a selection of the colonists. One colonist, a New Zealand Commissioner, told me that he had attended 42 banquets. He had eaten and drunk heartily. He looked seedy, and he and others have, I fear, injured their digestive powers for a time. The fact of the matter is that, though kindly meant, the receptions and feastings were overdone in many cases. A few colonists objected to partake of them, for they said they did not like being trotted about like a party of Cook's tourists, and as if they were poor relations. All classes vied with each other in showing the colonists honour and attention. In doing so it is probable that they thought it would promote a permanent good feeling and, perhaps, result in an increase of trade between the Mother Country and her Colonial Dependencies. Let us hope that they may not be disappointed.

* At the public sale of the old buildings and surplus exhibits of the Exhibition of 1886 (in 1887) the paltry sum of thirty-five shillings was realised for the precious New Zealand gold trophy.

In the year 1856, when the General Assembly met at Auckland, and Mr. C. W. Richmond was Colonial Treasurer, and Mr. Sewell Colonial Secretary, the first systematic and parliamentary borrowing began.

It was then found that the Colony was indebted to the New Zealand Company to the extent of £268,000, which large sum was a charge on the Land Fund of the Colony. "To redeem the New Zealand Company's lien on the Land Fund, upon the terms offered by the Company and assented to by the Imperial Government," and also to raise a sum of £180,000 for the purchase of Native Lands, it was agreed to borrow, in all, a round sum of half-a-million.

The Amount the New Zealand Company agreed to take in discharge of their claims on the Colony was £200,000, the principal and interest of which, when borrowed, the Middle Island Provinces were bound to repay as follows: £66,666 13s. 4d. was agreed to be paid by Otago, the same by Canterbury, and a like sum by Nelson.

Of the £180,000 for the purchase of Native Lands, allocated to the North Island, Auckland received £90,000, Wellington £54,000, and Taranaki £36,000; and it was enacted that each of these Provinces should be liable to repay the principal and interest thus placed to their accounts.

The balance of the half-million was appropriated to discharging other minor liabilities, not necessary to allude to here.

Four-fifths of the loan went to satisfy the Company's claims, and to purchase of Native Lands. In consideration of this settlement, it was agreed and enacted, "*That the administration of the Waste Lands of each Province shall be transferred to the Provincial Government of such*

Province, and the land revenue thereof made provincial revenue subject to the following charges :" These charges we have enumerated, as the payments to be made for Native Land purchasing, by the North Island, and paying off the Company, by the Middle Island, and thus arose the famous COMPACT, which made the land revenue Provincial, instead of Colonial revenue. This compact was founded on Mr. Sewell's eighteen Financial Resolutions passed in the House of Representatives on the second day of July, 1856, by a Majority of *nine* in a house composed of *twenty-nine* members.

The next step to take was to borrow the *half-million sterling*—bearing interest at the rate of four per cent., and its repayment provided for by a sinking fund of two per cent. What an enormous sum that appeared to us simple-minded Colonists of those days! There was a considerable amount of party asperity and opposition, in and out of the General Assembly, to this startling project of Mr. Sewell and his political friends: but eventually this gentleman went home to England, and after a little patriotic and pardonable equivocation, in his evidence taken before a Committee of the House of Commons, succeeded in inducing the British Parliament to guarantee a New Zealand loan amounting to £500,000. This was our first loan placed on the London Money Market. It was styled, "The Imperial Guaranteed Loan of 1857." As regards this loan, we freely admit its necessity and utility. It was judiciously expended, and of great service to the Colony—particularly to the South Island. This was a General Government loan, and quickly the Provincial Governments began to follow suit, and imitate the example set them by the Colonial Government, by borrowing largely on their own account.

The great Native War virtually commenced on the 6th of March, 1860. The beginning of the Taranaki war was, when the survey of the land at Waitara was stopped by the Natives on the 20th of February, 1860; soon after which our Colonial Government found itself short of money. It only wanted £150,000 to compensate the settlers at Taranaki for their war losses. So the six per cent. Loan Bill of 1861 for £150,000 was passed, and the proceeds of it were duly expended. Notwithstanding this, the war kept expanding, expenditure increasing, and altogether affairs, social and political, looked very threatening in the Northern Island. Money! Money! was asked for and wanted. Borrow! borrow more! was the answer of the bold and audacious. The cry was surely responded to on the largest scale, for a bill to raise—we hesitate to say how much, for the sum is so large for a Colony so young; enormous for so small a community. Still we must give the figures, and here they are—3,000,000! Three million sterling was the daring proposal that the General Assembly entertained, and eventually passed into law, firmly believing, that for some years it would be the last great loan it would be called upon to sanction, or that the public would view with favour. It was then expected by many that the war would soon be ended, and peace and prosperity guaranteed to New Zealand. The loan was styled, “War Loan of 1863.” A gentleman of common sense, an able and intelligent man—Mr. Reader Wood, the Colonial Treasurer—was sent to England, and arrived in London during the year 1864, at a most unfortunate period, for the money panic of 1866 was looming in the distance. Doubt and distrust pervaded the commercial community, the war was still going on in New Zealand, and the fortunes of the

Colony seemed at a very low ebb indeed. The result was that the first portion of this loan, namely, one million sterling, bearing interest at the rate of five per cent. per annum, was in July, 1864, offered to public tender, at the low minimum price of £90 for each £100 bond, at which sum it was calculated to yield the investor £5 11s. 1d. annually. It was a complete failure, for only £6,100 worth was applied for, and but £2,000 allotted; and succeeding portions of the same loan were raised at a ruinous sacrifice.

£1,000,000 of the first issue of this loan was a five per cent. loan; £500,000 (paid to the Imperial Government, and guaranteed by it) was a four per cent. loan: £1,500,000, was raised by five instalments, bearing 6 per cent. interest. Total, £3,000,000.

Notwithstanding the low prices obtained for the loan, there was plenty of cash to distribute. There was a little fighting and a great deal of spending. The Government and their friends hardly knew what to do with millions sterling. A trifle of it was expended in the Waikato district, in paving a road, deep with mud, with *bags of flour*, to make a passable way to a jetty. Mr. Weld was now Premier, and at the zenith of his power: he was more chivalous than prudent. Out of his treasury, full of borrowed coin, he made a virtual present of half a million sterling to the Imperial Government, as a contribution towards its war expenditure in New Zealand. That war was mainly the result of Imperial interference in Native Affairs and cost the colony over *two and a half millions sterling*. Therefore there was no just reason for presenting the British Government with *half a million sterling*. There were emigration jobs in London, and reported contract jobbing in

Auckland, to which province about 5000 emigrants were sent out. The latter proved a futile and almost useless scheme of immigration. These emigrants were shovelled out of England, Ireland and Scotland, and sent off in a hurry to New Zealand. Our financial credit was seriously damaged and deranged ; our bonds went a begging from one London firm to another, and the proceeds of the war loan were squandered like water. The whole three millions were soon absorbed—swallowed up is a more appropriate term—and there was but little left to show for it, excepting the immigrants from England, the men for the Defence Force, raised in Melbourne, and sundry public works, particularly the few miles of road near Auckland, which might have been constructed for a few thousand pounds.

Once more New Zealand is greatly in want of money, and is deeper in debt than ever. Stagnation in trade is general. What is the next move to raise the monetary wind ? It is the year 1867 ; the war is not yet ended. The Poverty Bay massacre has not yet occurred ; but still the financial credit of the Colony is in a precarious state—it is damaged by having so many loans of different denominations, and bearing different rates of interest. The various Provincial Loans have been negotiated in several ways : some bear six per cent. interest, one seven, others eight, and three ten—and their total amount is £1,959,000, with £400,000 not yet issued, and making a grand total of £2,359,000 authorised to be issued. There is a want of uniformity in the various issues, and concurrent with this fact, there is a desire for a homogeneous whole—one loan having a fixed period to run and bearing one rate of interest. There was nothing unreasonable in this style of argument—it meant consolidation of all our loans : but there was something

behind. It had other meanings, it also meant the perpetration of a great job, raising the wind again, and securing another loan of over a million sterling for the construction of public works, and paying off certain financial liabilities.

Under the circumstances just narrated, it was decided by an Act passed October 10th, 1867, to raise a loan of *seven million sterling*, for the purpose of converting and consolidating all our loans into one five per cent. loan, with a one per cent. sinking fund to be invested in annual drawings. In passing this Act, it was well known (and the result discounted) that the first effects of a Colonial guarantee would be to raise the value of provincial bonds, representing a vast amount of money, to the extent of from ten to twelve per cent. The Bank of New Zealand was expected to make £40,000 by the transaction. The Bank of New Zealand was well represented in the House of Representatives, and the foreign creditor was to gain immensely, though he had never asked for the golden gift. What was New Zealand to receive for this foolish liberality?—half the profits? It might have been arranged in that way, but it was not. The free gift of, say, about £300,000, was for the creditor. The debtor was to receive nothing but the prospect of his credit in the future being better on the London Stock Exchange, than it had been in the past. Dr. Featherston, in his place in the House, nobly and forcibly denounced this measure as “a monstrous fraud on the people of New Zealand.” Well, the various debts of the Colony were to be consolidated almost entirely in the interest of the foreign public creditor, and more remotely and vaguely in the interest of the home community in the Colony. The price to be paid for this was enormous. Holders of our bonds afterwards made very large sums

out of them. In 1867, "one large financial establishment in London," said the Crown Agents for the Colonies, "found the terms demanded for a temporary loan on New Zealand, five per cent. debentures—of which they were large holders—so onerous that they preferred to dispose of £300,000 worth at 40 per cent. discount." The price that could be obtained for these in 1874 was £103. Two years before this they were worth £100. Now supposing the parties who purchased them at £60 held them till their value was £100—here was the incredible profit of £120,000 on one single transaction. There can be no doubt about this large sum, or that an amount near to it was made, for in the year after consolidation, namely 1868, our five per cents. had risen to £98. Our agent, Mr. Fitzherbert borrowed at £97. Yet the donor of these magnificent gifts, poor New Zealand, received nothing out of this one-sided bargain. Granted the necessity of consolidation, we paid far too much for it. Consolidated or not consolidated, the Colonial securities, *i.e.* bonds of the General Government, though seriously depreciated in value, before and after the London money panic of 1866, would have recovered their value as did other Foreign and Colonial securities which were at the panic time equally depressed. It was the £1,959,000 worth of Provincial bonds which were the bugbear, for they were unmarketable in consequence of their being unquotable in the daily lists of the Stock Exchange; and well they might be, for the Provinces of Auckland, Wellington and Southland, were at this time in a chronic state of bankruptcy. These bonds were purchased at lower rates, as an inferior and less valuable security, and the Colonial Legislature we think, had no business, by its guarantee, to put them on a par with its

own bonds, and make them a first-class security—without receiving a money equivalent for so doing. If the holders of Provincial bonds would have exchanged their £100 bonds for others of £94, they would but have done justice to themselves and the Colony, the financial position of the latter being benefited to the extent of £141,540. The Bill, however, as we have said before, passed. New Zealand colonists felt comfortable in their reflections. The greatest of our loans was thought to be our final one, for at least several years to come. Provincial borrowing was to cease, and this loan was to put us all to rights, and place the Colony on a sound financial footing. We were to pay off old debts and not soon contract new ones. A gentleman was wanted to go to England to negotiate and float the new scheme of borrowing. Mr. (now Sir William) Fitzherbert—an experienced and able politician—being Colonial Treasurer, was chosen, and he went home.

Soon after his arrival in London he placed himself in the hands of the Agents for the Crown Colonies, who prepared the financial details and issued the prospectus for the new loan for carrying out the Consolidation scheme, and with the foolishly generous terms they had to offer and the easy state of the money market, they were pretty sure to be, and were fairly successful, though only a part (£2,735,550 out of £4,536,350) was consolidated, the latter being the total amount it was found possible to operate upon. Many holders, when they had secured the guarantee declined to come into the consolidation scheme, and thus complexity still remains. There are now (1876) as many different sorts of bonds as ever, and a separate account has still to be kept for each denomination, though the amount of each loan may be less than formerly. Mr. F. also,

without fuss and ostentation, settled some disputes between the Colony and the Colonial office, induced the Colonial Secretary to waive some old standing Imperial claims, said to represent a sum of £750,000, as owing by the Colony to the Home Government, successfully raised a loan of £1,114,000 at £97—the balance to help to make up the seven million loan—and returned to the Colony to be presented with £3,000 by Parliament, as a reward for his valuable services on this occasion.

Some objections were made to so large a sum being voted to Mr. Fitzherbert, on the grounds that his official salary, as Treasurer, and all his expenses, while absent from the Colony, were paid, and also that the Crown Agents really did the work; but he plied his claim well and was paid the money. In comparing the services he rendered with those given by Mr. Sewell—in negotiating the Imperial guaranteed half million loan—it certainly does appear a much larger amount than the circumstances of the case warranted.

CHAPTER II.

A GUARANTEED MILLION. MR. JULIUS VOGEL RISES TO THE SURFACE. THE IMMIGRATION AND PUBLIC WORKS SCHEMES.

AFTER what we have just related, some of our readers, we expect, will think that borrowing, for the present had come to an end. No such thing. The Colony had now tasted the sweets of loan expenditure, and it thirsted for more borrowed money.

Certain delicate questions have to be adjusted with the Imperial Government. Dr. Featherston and Mr. F. D. Bell (now Sir Francis Dillon Bell) are appointed as commissioners, and appear in London in the year 1870. Dr. Featherston takes the lead in negotiations with Her Majesty's Government, and succeeds in securing an Imperial guarantee to a New Zealand loan of one million sterling.

This guaranteed million was little thought of at the time; but afterwards it was of incalculable advantage to the Colony, for at any moment an advance on the bonds to their full value could be obtained from the Bank of England, at low rates. Several times the government was saved from financial straits by the use of these guaranteed bonds—almost equal to Consols.

Both these gentlemen returned to New Zealand, expecting to find the Colonists jubilant at their success. Not so! there were no grants of money for their services; a new opinion had taken possession of the Colonial mind; a new Prophet had arisen. The coming man had come, in the foreign-looking person of Mr. Julius Vogel, a member of the House of Representatives, and of no particular vocation. He had been on the Diggings in Victoria, and had migrated to those of Otago. In Otago he was known as the clever editor of a newspaper. As a politician he had been passed over, neglected and sneered at. He is a fluent, but not an eloquent or yet a forcible speaker, and seems imperturable in debate. Sometimes this may arise from his being deaf and not hearing what is said. He is facile and lucid in writing despatches, and being known to be fond of and addicted to games of hazard, he naturally exhibits the same gambling tendencies in his New Zealand polity, or rather financial schemes of polity. *En passant*,

we may observe that herein lies a danger to all countries, in employing gentlemen who, unable to conduct their own private affairs successfully, aspire to the management of public business—perhaps forgetting that prudence and business capacity are as necessary in the one case as in the other.

We name Mr. Vogel prominently, for he was the central figure around which the Colonists were to dance and certain portions of the Press were to pipe for a number of years to come, and as he looms large in the financial history of New Zealand it may be useful to glance at his early history. This gentleman of the Jewish faith was born in London in the year 1833, and emigrated to Melbourne, in Victoria, where he arrived in 1852. After an adventurous and chequered career in that Colony—which it would not be edifying to dwell upon—he migrated from Inglewood in Victoria to Dunedin in New Zealand—about the time that the gold diggings were discovered in the Province of Otago. Being a very clever press writer he soon found congenial employment in that city as a leader writer, on the staff of the *Colonist*. His ability in this literary line of business soon made itself known to the public and led to his becoming editor of the *Otago Witness*, which paper, at his suggestion, and with the assistance of Mr. D. Campbell, who had charge of it, was transformed into a Daily paper under the name of *The Otago Daily News*. Taking an active part in politics, Mr. Vogel became a member of the Otago Provincial Council, with a seat in the Provincial Executive, and by a singular accident he also was elected a member of the General Assembly. In the year 1863 a writ was issued for the return of a member to the House of Representatives, for a District of Dunedin. The

Returning Officer was there at the law appointed time ; but there was only one person present besides himself : that person was Julius Vogel, who was there in the double capacity of Editor and Reporter for *The Daily News*. Mr. Vogel seeing a chance of becoming a candidate, looked about and soon found two persons, one to nominate him, the other to second the nomination ; and there being no opposition he was declared duly elected—in the presence of six or seven individuals who formed the public meeting assembled. In due course—on the 30th of September, 1863—the official announcement appeared in the New Zealand Gazette, and stated :—That “a Member of the House of Representatives, for the Electoral District of Dunedin and Suburbs, North, has been returned with a certificate to the effect that Julius Vogel Esquire has been duly elected.”

With a politician such as we have described, and whose mind was imbued with wild notions of a go-a-head tendency, what was a million of money, the expenditure of which was to extend over five years, at the rate of £200,000 a year ? “Do without the Imperial guarantee, and borrow ten millions instead,” was the counter-proposal of our new-found financial experimenter. The Assembly was rather startled at his gigantic borrowing idea. However, it consented to a loan of five millions, four of which was to be a Colonial loan, and one million—just to oblige the British Government—was to be guaranteed by the Imperial authorities. This was the loan of 1870, £4,000,000 of it bearing five per cent. interest, and subject to a one per cent. sinking fund. True this was no new or novel proposal, for Mr. Fitzherbert said it was *his* policy, and Mr. Vogel had stolen it ; just as a Tory leader—Mr.

Disraeli—was once represented as running away with the clothes (the policy) of the Liberal leader, while the latter was bathing. The fact is that, on a small scale, Sir George Grey was the first to initiate a system of public works, and after him the Provincial Governments.

Ah ! Mr. Vogel is the man for New Zealand ! mentally ejaculated many New Zealand Colonists, who were only anxious for present advantages, and were wittingly blind to future consequences.

With the tacit, but not with the free and hearty consent of his colleagues, Mr. V. departs for the United States. There he has an interview with high officials of the Republic. He is next seen in London—it is the year 1871 : he appears in his carriage ; he goes to Court in cocked hat, supplemented with sword and unmentionables ; he is *semper felix* in borrowing ; he negotiates a loan of £1,200,000 at an average rate of £95 16s. 9d. for each £100 debenture ; lastly, he arranges a complicated contract with John Brogden & Sons and, a few hours after it is signed, he hastens back to the Colony to assist in squabbling over and undoing the very contract he had, apparently, so very seriously entered into on behalf of the New Zealand Government. Notwithstanding this, the announcement—given out in a pompous way—of his having made a great railway contract with an eminent English firm, and contracted a large loan in London, contributed to his financial prestige throughout the Colony.

Before Mr. Vogel returned to the Colony from his London mission, Dr. Featherston had been appointed Agent-General for New Zealand, in England, and had taken his departure for London ; so when Mr. Vogel again made his appearance in the political arena of Wellington,

he must have felt all the more secure in his position, from the absence of an orator and an able statesman, honest and a gentleman, like the "Doctor," who in every respect—in mind, character, and personal appearance—was his reverse, and was likely to prove one of his most formidable political opponents, if he had remained in the Colony.

In the year 1872, Dr. Featherston—whom we are ready to admit had great faith in public borrowing—raised one million, the second instalment of the five million loan, at the high rate of £100 10s. 5d. per hundred pound sterling bond.

The year 1874 dawned on New Zealand, when the fructifying effects of a great loan expenditure had begun to show themselves. Wool—a local product, not a foreign one like our loans, and therefore of far more consequence than the latter—had risen in value about thirty-three per cent. Wool, which three years before this time, was worth only about one shilling per lb. in the Colony, was now selling there for one shilling and fourpence : flax had become an important staple article of export : the price of labour kept rising and rising, each succeeding month made workmen more exacting and onerous in their demands : labourers, for a day's work of eight hours' could command from six to eight shillings : a letter from a labourer in Otago appeared in an English newspaper, in which the writer stated, "I have been having eight shillings a day of eight hours, and one shilling and four pence [per hour] for extra hours": mechanics demanded, and received, from ten to twelve and fifteen shillings for a day's work of the same duration : country mechanics went to their work on horseback, and returned to their homes in the same luxurious style : the gold-digger deserted his cradle, and the

auriferous miner dropped his pick : the shepherd left his sheep, and the ploughman his plough, to share in the great loan harvest resulting from the increased demand and high price of labour. The London *Times*, in its issue of January 17th, 1873, began a leading article as follows :—

“The letter of our New Zealand correspondent in our yesterday’s issue, tells a tale almost too good to be true,” &c. The *couleur-de-rose* Wellington correspondent of the *Times*, of February 20th, 1873, said “People we must have—people at any price. * * * the 7000 emigrants of the past year are but a drop in the ocean of our requirements * * * There never has been so good a time for working men, ample employment, high wages, cheap food, and land at a low price, on easy terms.” Well might the *Times*, in a leader on the letter I have just been quoting from, say :—“We ask for the thousandth time, why do not people go to this Paradise ?” [New Zealand.] Yet in this very year labour was so plentiful in Auckland, that it was being sent to Wellington to be employed on the Hutt Railway. Labour in the South became so scarce, in the estimation of those interested in Mr. Vogel’s projects, that the Colonial Government telegraphed home to the Agent General, to send out 20,000 emigrants in six months ; this was at the rate of 40,000 per annum : it also offered bonuses of from five to ten shillings a head, to persons in the Colony, to induce their friends to come out to New Zealand as emigrants. Higher premiums still were paid by the Agent General to 250 agents in England, Ireland and Scotland, and, in addition to assistance and free passages to emigrants themselves, small capitalists were tempted with the offer of “Free grants of land.” One hundred coal miners and fifty tailors, were telegraphed for, as

wanted for Otago ; the venturesome Superintendent of that Province and his friends, eager for population, sent home a Scotch agent to select men from all parts of Scotland ; and influential people recommended a Mrs. Howard, who went home to secure women from the South of Ireland. The sensible Superintendent of Canterbury was not to be outdone, so he despatched Mr. Duncan, to scour Great Britain for English and Scotch emigrants, male and female.

In the meantime stock owners seemed afraid that the sheep on their runs would remain unshorn, and farmers that the corn in their fields might stand uncut. Maories from the North were sought for to go and shear in the South. Gross Government mismanagement—in forcing on public works throughout the length and breadth of the islands—was everywhere visible during the *summer* of 1873-4 : while, at the same time, in England during the *winter* of 1873-4, the whole of the ship owners of Great Britain and Ireland were unable to supply ships fast enough, to carry off the clamorous crowds of emigrants of all sorts, sent for by the Minister of Immigration, who were waiting to be conveyed to New Zealand and to arrive just too late to assist in securing the double harvest of wool and of wheat. They would be there only “the day after the fair ;” but what of that ? there was money enough to pay for all escapades and mistakes, and still money left to throw into the New Zealand abyss of expenditure. What of this ? the Premier had done it, and nobody dared to complain. Public works was but another name for “Largess ! Largess !”

At this period (1873-4), so serious had the scarcity of labour become, that a Canterbury newspaper proposed a suspension of public works, until the harvest operations were completed.

Was there ever such an exciting demand for population ? but though population was scarce, money was abundant : there was a scarcity of the former, and a redundancy of the latter. Money—ah ! thou God of modern civilization !—went a begging : lenders were many ; investors few : the Bank of New Zealand* held deposits to the enormous amount of three millions sterling : down went the rates of discount, till they touched a four and a half and a five per cent. rate : four years before this they were eight per cent. : money lenders were glad to accept five to six per cent. for loans on landed estate, instead of as formerly eight to ten per cent. : a new bank, the National Bank of New Zealand, and the New Zealand Shipping Company were started, and a mania for the formation of new joint-stock companies sprang up ; so large were the proceeds of the land revenue in Canterbury, that its prudent Provincial Government hardly knew what to do with the money : with, at one period of the year 1873, a cash balance at its bankers' of nearly half a million sterling, and in one month, a revenue from land sales at the rate of almost a million a year, well might the Government, and the good folk of the Province of Canterbury, be sorely perplexed as to how they could expend so vast a sum to the best public advantage ? and also, in their joyous excitement, forget that their *land goose*—now laying them golden eggs, as large as those of the *moa*,—would year by year for the future have fewer eggs to lay, and a few years hence, like their traditional gigantic bird, would become extinct ; and thus would vanish fertile and saleable land, one of the principal sources of Canterbury prosperity.

* See Bank of New Zealand Balance Sheet, September 30th, 1873.

The wildest dreamers could not have dreamt of such a state of uproarious prosperity, existing and extending from the sunny lands of the Province of Hawke to the bleak shores of the Bluff harbour—as unfolded itself during the whole of the peaceful, prosperous and remarkable years 1873 and 1874. On one day no less than forty-seven ships were advertised in the *Times*, by three rival Companies, as engaged in the cargo and passenger trade of New Zealand. These prosperous times might be inflated, artificial and fleeting; but still there they were, and no one could fairly deny their existence, or—if they did not wish to be laughed at—venture to question their permanency, however much they might doubt their continuance.

This extraordinary and flourishing state of affairs seemed to bewilder sensible men, who could see through and who disapproved of Mr. Vogel's schemes, but who in their bewilderment began to doubt the correctness of their own opinions, to feel the instinct of self-interest, and say to themselves, "Perhaps Vogel may be right in his calculations; we may as well take our share—go in for the general scramble of this untold wealth, and share in what some people vulgarly call, 'the plunder.'" A country is never saved by weak-minded sensible people like these. They forget the Roman maxim:—" *Venenum in auro bibitur.*" Well might timid and retiring persons also become puzzled and, in conjunction with the heedless, thoughtless, property-less and future-less class of society, begin to look up to Mr. Vogel as the wizard, the foreign magician, who had conjured up all this good fortune; whereas they ignored the facts that there was a cessation of the Maori War, and that New Zealand, like the rest of the Australian Colonies, had begun rapidly to recover from a long period of

depression, in the natural order of things, and as the result of those economic laws which regulate the affairs of men in trade, commerce, and agriculture, Vogelian schemes to the contrary notwithstanding. In the years 1873 and 1874 New Zealand would have enjoyed solid prosperity, with the aid of the Imperial Guaranteed Loan of £1,000,000, and without Mr. Vogel's gigantic borrowing scheme. The worshippers of this gentleman will surely not venture to attribute the rise in the price of wool to *his policy*, which rise, we venture to assert, more than anything else contributed to the prosperity of 1873 and 1874. His contribution to the prosperity we have been remarking on, was his proposal to borrow largely and his success in borrowing. He is, and has been, a fortunate borrower. His great claim for credit as a New Zealand statesman, must rest on the simple, common, ignoble, and contemptible policy of incessant borrowing—reckless borrowing and extravagant expenditure. He entered the London money market, when the way was clear for him and any sort of borrowers—when money was a drug on the Stock Exchange, and so superabundant that poor and despised Tasmania, and the most corrupt and wretched of the South American Republics, could borrow with impunity.*

* It may here be observed that the author of this pamphlet resided many, many years in New Zealand, made eight voyages between that Colony and England, and was for four years attached to the office of the Agent-General in London, so that he had ample opportunities of gaining correct information on the subject of which he writes. That he gave satisfaction in the performance of his official duties, and left of his own accord, the following letters testify :—

The following forms part of the correspondence between the General Government and the Agent-General :

CHAPTER III.

THE SESSION OF 1873. LOANS OF 1873-4.

WE must pause here to take notice of the N. Z. Parliamentary Session of 1873. At this epoch it was more than

Mr. C. R. Carter to the Agent General.

7, Westminster Chambers, Victoria St., Westminster
1st Sept., 1875.

SIR,—I beg respectfully to resign my appointment on your staff. In doing so, I have to thank you for the kindness and consideration I have received at your hands during the four years that I have been in the service of the Government under you.

My resignation to take effect one month from the date hereof.

I have, &c, C. R. CARTER.

I. E. Featherston, Esq, Agent-General for New Zealand.

The Agent General to Mr. C. R. Carter.

7, Westminster Chambers, Victoria St., Westminster, S.W.,
1st Sept., 1875.

SIR,—I have received your letter of this day's date conveying to me your resignation of the office which you have held on the staff of this department during the last four years. I accept it with sincere regret. In doing so, I feel bound to record my sense of the zeal, energy, readiness, and capacity which you have constantly, throughout that period, exhibited in the service of the colony, as well as to testify to the complete confidence which in my own relations with you I have always had in your discretion and good will.

I have, &c., I. E. FEATHERSTON, Agent-General.

C. R. Carter, Esq.

Immigration Office, Wellington, Nov. 16, 1875.

SIR,—I have the honour to acknowledge the receipt of your letter, No. 601, of 1st September, conveying the resignation of Mr. Carter of the appointment he has held in your department, and desire to express the concurrence of the government with your favourable opinion of the services rendered by that gentleman, conveyed to him in your letter of the first September.

I have, &c, EDWARD RICHARDSON,

In the absence of Minister for Immigration.

The Agent-General for New Zealand, London.

ever necessary that caution should be the motto and watchword of the Treasurer of New Zealand, Mr. Vogel ; but marked caution was not a characteristic of the honourable gentleman in question, whose continuance in office depended on his being a continuous and successful borrower to a degree to satisfy both Colonial and Provincial cravings. The Provinces were amply represented in the Parliament by Superintendents and their followers. To conciliate them with monetary baits—for Provincial use—political bribery was the very political immoral expedient to be resorted to, and Mr. Vogel was the man for the occasion, in fact, the “right man in the right place.” Before Parliament met, Mrs. Gossip said “Vogel’s all right for the next session ; he has squared it all round :” “Vogel has made it all right with the Wellington Members.” In the session of 1872, Mr. Stafford and his friends had succeeded in ousting Mr. Vogel and his colleagues from the ministerial benches ; but Mr. Stafford having been deserted by two or three of his own supporters, Mr. Vogel resumed the reins of the Government. In the session of 1873, Mr. Stafford declined to attempt to form a party with the sole view of turning out Mr. Vogel and his followers. Up to this period the sober and sensible portion of the public of New Zealand had looked up to Messrs. Stafford, Gillies, Rolleston, Sewell, and a few other gentlemen in both Houses, as the “safe men,” whom the colony could fall back upon in an emergency, when the reckless career of Mr. Vogel, and his thick-and-thin supporters should be checked—if not arrested. This resolution of Mr. Stafford left Mr. Vogel, this session, master of the position, and in possession of all the power he could desire or grasp at, or that could be

conferred on him by the votes of log-rolling representatives of certain parts of the Colony.

“How did he use his powers?” could be fairly asked. “Of course he did not want to borrow more money when he had had five millions given him to expend and make the railways, &c. in 1870,” might be reasonably said. Well, on the 29th of July, 1873, he made his financial statement. It was a long speech, ably put together, prolix and elaborate, but far from being a lucid statement: for by a constant reference to so many trifling items, and self-congratulations, the effect was marred and the statement confusing: it certainly was a grand display of Mr. Vogel’s peculiar *fort* or talent for “financing” finance. The Treasurer once more did what? Did the mouse produce a mountain? no, but our great Financier once more performed another of his great feats of statesmanship—he produced a loan bill for a Colonial Loan of £2,750,000, and wanted to allow the provinces also to borrow over a million, yet almost everybody supposed that Provincial borrowing had been stopped by the Loan Consolidation Act of 1867. The first loan was passed. The latter—thanks to the independence and honesty of a large majority in the Legislative Council—did not pass, for by a majority of 19 to 12, it was thrown out by the Upper House.

Let it be clearly understood, that we readily acknowledge that our Provincial Institutions and Provincial borrowings did more than anything else to promote the early substantial prosperity and progress of New Zealand: but the mischief was in the Provincial Governments not knowing, or not caring, after they had commenced to borrow, when or where to stop; but going on and on, getting deeper and deeper into debt, until at last—as in

the case of several Provinces—the General Government had to step in to save them from bankruptcy. Here permit us to ask,—if the Colonial Government is ever guilty of the same folly, who is there to step in to save it?

The more these things are thought of, the more painful it is for us to make the foregoing statements. We have no personal dislike to Mr. Vogel. We write that the plain truth may be known hereafter and express our opinions just as other settlers, electors and Englishmen do, whose homes are in New Zealand, and whose interests must suffer, whose property must be taxed—along with the small and large farming properties of thousands of other Colonists—to a grievous if not ruinous extent, to carry out political schemes which they entirely disapprove of—because they are rash and premature. We have nothing to do with what Mr. Vogel was. Our business with him is as a public man. He must be judged from what he publicly says and does; by the results of which, eventually, he will stand or fall in the estimation of the public of New Zealand.

Had Mr. V. borrowed in a moderate way, say at the rate of £1,000,000 a year for ten years, introduced immigrants gradually, and made lines of railway near the *large* towns, where they would be likely to pay, and eventually become trunk lines, the Colony might have been a gainer by his policy: but he wanted to do in five years what ought to be done in twenty-five. He began by a five-million loan, knowing well, or ought to have known, he would require ten millions, even to construct his narrow gauged railways in a hurry and flurry, and in a way—as far as their construction was concerned—so flimsy and scamping, that portions of them have, or will have, to be strengthened,

added to, or be built over again, like portions of the monumental railway from Wellington to the Hutt. Had he been practical instead of theoretical; had he honestly told and instructed his engineers that they must send in truthful estimates for the proper construction of permanent and substantial lines of railways, the result would have shown that to have accomplished all that had been promised in the way of railways, including those over ranges of hills, a sum of certainly not less than twenty million sterling would be required to construct and finally complete them.

This policy was a forcing process, a hot-house policy; in short, like the frog in the fable, it was an attempt to swell out New Zealand to the proportions of John Bull—i.e., Great Britain. He wanted to make New Zealand the Great Britain of the *present*, instead of the future. We need not remind our readers, that it has taken Great Britain eighteen hundred years to be what it is; it has taken many generations to bring the land of England into profitable cultivation, and make it the garden it is, and nearly fifty years to construct her present perfect system of railways. The object of the Premier of New Zealand, was to commit the Colony to his loan and public-work policy. He completely succeeded in this *tracasserie*, and well might this shrewd and clever Israelite be considered the modern golden calf, and be worshipped and feted by thick-and-thin supporters, as if he were a financial genius. Still he was more feared than liked, and his continuance in power rested on the unstable basis of his being always able to borrow and able to spend. At the close of the year 1873, matters appeared to culminate, for he had been exalted to the position of Premier, Colonial

Treasurer, and Minister of Immigration. He had become a sort of Constitutional Dictator, a political Trinity—“*tria juncta in uno*.”

The system of *ad valorem* duties introduced by Mr. Vogel during the Session of 1873, a system which he so much lauded, and which he so much required to increase the taxation of the Colony—though he faintly argued it would not do so—was, soon after this alteration of the New Zealand tariff, virtually abolished by New South Wales, as an unwise and objectionable mode of taxation. The sound reason of these two contrary courses being taken, was that the latter country, at this date, was getting out of debt, while our Colony was sinking deeper into it.

Although Mr. Vogel had exceeded his instructions, muddled the great contract with Messrs. Brogden & Sons, and though his mail contract with Webb had broken down, yet at this time (1873) it was curious to observe (and not difficult to divine the reason) how certain newspapers, which formerly had denounced him and his schemes in vehement language, now fluttered about him, flattered him and belauded “his policy” with exaggerated and flatulent praise. Too true it was that Mr. Vogel was a very successful politician, but he was successful in a way that conscientious men would not have liked to succeed in. Any statesman with an overflowing Treasury can govern with success. He successfully manipulated a late Governor* of the Colony. He succeeded in manipulat-

* See remarks made in the House of Representatives, during the Session of 1873, respecting certain bills paid on account of Governor Bowen. Will some one tell us who recommended Mr. Vogel to be knighted?

ing, or rather, "nobbling," certain needy portions of the New Zealand Press, and the "Wellington Independent" became the "New Zealand Times" in 1874.

Notwithstanding these arrangements for making things "square all round," and we have more than gossip for our authority, as to their correctness—there were, towards the close of the session of 1872, and at the beginning of the session of 1873, rumours floating in the air, and rumours here, there and everywhere, "that all was not square." It was whispered in the streets; it was talked of in Bellamy's, and no doubt it was discussed in the Cabinet Councils, that there were still "*non-contents*," who might be made all right for running in the Vogelian political groove; but these "non-contents" did not want to be sent home on a visit to their friends in Ireland, in England, in Scotland, no, nor even in Wales or the Isle of Man—in the position of special Emigration-Agents, little Agent-Generals, even although Mr. Vogel had induced his dear friend, Governor Bowen, to send home a request to Lord Kimberly to have them presented to the Queen in court costume. No, these representatives of the People had souls above such political bribing transactions as these. If not land owners themselves, they had territorial friends and needy acquaintances, and neighbours who required something more substantial and costly. They resided in an unimportant part of the Colony, or in an out-of-the-way district where sheep and cattle were the most numerous inhabitants, and where the land being stony, or clayey, or hilly, the country was, from an agricultural point of view, likely to be unproductive, and therefore unlikely to yield much traffic for road or rail. Still they said "the land of selves and friends wants *opening up*; and votes being also wanted—

"Give them a railroad!" was the Governmental response which gave these gentlemen satisfaction, made them "contents," and added one more portion to the mountain of debt being piled up in New Zealand.

It is quite correct to say that these proceedings—even from a political point of view (and we must always be understood as speaking in a political sense) were highly improper, and from a constitutional aspect, demoralising and dangerous to the common weal of the community at large. It was discouraging to see honour and honesty languishing in the shade, while a few political parasites and unscrupulous adventurers were flourishing in the sunshine of an unhealthy public opinion, at a public cost of thousands a year.

Borrowing had become a disease, affecting the whole body politic—the whole Colonial community ; excepting, perhaps, Canterbury, and when the supporters of Provincial borrowing had been foiled in the General Assembly (in the way we have already mentioned at page 26) right or wrong, some of them still insisted on borrowing on Provincial account.

We are not unwilling to believe that Mr. Vogel desired, and worked to secure, a permanent state of prosperity for New Zealand, as well as himself ; but his grand idea, and his *one* idea was borrowing, with the Colony at the back of him to pay dearly for it if he failed. We are not unmindful of the fact that while in office he has exhibited untiring energy in penning state despatches, and state documents pleasant to read, but unsound and unsafe for a young Colony to rely upon. He too often wishes to appear a master of finance, which he is not, except of that sort of gambling finance that so much depends, for its success, on

what Lord Palmerston termed "a fortuitous concourse of atoms," which so seldom occurs that *financing* of that kind is a miracle of success, when for a time it succeeds; but it too often comes to grief at last. Not content with the settlement effected by the consolidation of our loans under the Loan Act of 1867, which loan had come to be known in the London Money Market as New Zealand Consols: "not satisfied with our five per cent. Four Million Loan of 1870, he, in 1874, introduced a new description of loan, known in the London market as the New Zealand Four-and-a-half per cent. 5-30 debentures for £500,000. These securities were redeemable in *five* or *thirty* years, and had no sinking fund applied to them.

Prior to this, the N.Z. Government's London Agents had offered, on the 11th of July, 1873, £200,000 worth of the Imperial guaranteed bonds, at £105 for each £100 four per cent. bond; but only £103 10s. each being tendered for them, no allotment took place; but eventually they were disposed of. During the same month, and on the 31st, the same Agents—the Agents of the Crown Colonies, conjoined with Dr. Featherston—invited tenders for half a million of the unguaranteed five per cent. bonds of the Four Million Loan. These were eagerly and largely competed for, and were disposed of at £102 10s., the highest price yet obtained for this class of securities. Next came Mr. Vogel's new financial feat, his Four-and-a-half per cents. we have just alluded to.

In January, 1874, half a million's worth of these debentures were offered at £98 for each £100, but only £370,000 was subscribed for on the application day; however, the balance was afterwards taken up: still this financial operation, or rather Mr. Vogel's financial tinkering, may be

considered to have received a slight check—if anything could check our New Zealand financier's incorrigible propensity to borrow. Borrow from Savings Banks: borrow from Life Insurance Funds: borrow from Sacred Trust Funds: borrow in New Zealand: borrow in Australia: borrow of the Bank of New Zealand: borrow from the Bank of New South Wales: borrow from the Bank of England: borrow publicly and privately, and borrow in the Colonies or abroad, has been the maxim and the practice of this Prince of Perpetual Borrowers.

CHAPTER IV.

MR. VOGEL'S FINANCIAL STATEMENTS. THE CUMULATIVE SINKING FUND.

MR. VOGEL'S Budgets dealt so largely and diffusely in figures that we fear they must be termed mysterious and incomprehensible to ordinary mortals. An old friend of ours, and one of the most experienced and Shrewd Bank Managers in New Zealand, once told us that he took home one of Mr. Vogel's financial statements and found that, after studying it the whole of the evening, he could not understand it; and when, soon after, he happened to be in Wellington, and mentioned this circumstance to a high financial officer in Mr. Vogel's Government, that gentleman remarked, "You would have been a cleverer fellow than I take you to be, if you had understood it." The honourable gentleman in question—Mr. V.—had a bad habit of ignoring

future financial liabilities. Only two days after he made his financial statement, of 1873—namely, on the 31st July, as we have before stated—the agents in London had floated another New Zealand loan of half-a-million sterling, which three days after his financial statement, made the indebtedness of the Colony £10,122,104, instead of £9,622,104, as he had stated. Of the raising of this half-million he would be advised by cablegram, in from ten to twenty days. Of course he could not state this in the budget, but he did not even allude to it then, or immediately afterwards. It is true that he had so many things to do, he might forget to mention some things which the public ought to have known. His Government was quite parental, and his genius versatile; the latter extended to the conserving of trees in the forest, as well as to establishing newspapers (Vogel's trumpeters). Dined and flattered as he was, it was not surprising that he looked upon his colleagues as so many instruments, or clerks in office, to carry out his behests, gratify his inordinate vanity, and give effect to the social and political whims of a restless and ever-changing mind.

At the banquet given to the Premier of New Zealand, in Dunedin, on the 5th of January, 1874, we wonder that he did not blush when—in the presence of his Excellency the Governor—he made a misleading statement about our loans. People wanted to know what was the total indebtedness of the Colony, at the time he was speaking of; but what did he tell them? He told them what we owed six months before, in June, 1873, namely—£9,622,000.* Yet, with what (£500,000) had actually

* See report of his speech in his own organ, the "Independent."

been borrowed in the London market since that date, and the amount he had instructed the Financial Agents of the Colony to raise at home, he must have known that the Colonial and Provincial debts would amount to at least £10,622,000 in January, 1874, did not this statement amount to a *suppressio veri*, if not a *suggestio falsi*? A Scotchman's delight is sometimes said to be figures, especially if they relate to *bawbees*; and on this occasion, we surmise, that the canny Scots of Dunedin must have felt both dazzled and dazed with Mr. Vogel's arithmetic, for he informed them of what we owed in the past and what we might owe in the future; but what was then the indebtedness of the Colony—which was most important to know—he carefully omitted to mention.

It was evident that he was beginning to feel uneasy about his position and schemes, or why all these frequent and laboured explanations, mingled with recriminations? He seemed restless in body and mind. Why should he be so? He had liberally distributed the proceeds of his loans to all parts of the Colony. He ought to have been happy, if large loans could make a needy statesman feel comfortable. Even quiet and virtuous Nelson—fearing to be left out in the cold—in February, 1874, offered up a public dinner, to propitiate the Financial God who presided over the destinies of New Zealand, and, after spurning political bribery from monies raised through loans, was not unwilling to do a little loan for Provincial use, to the extent of a quarter of a million sterling.

Borrowing from so many different sources was well calculated to keep the Colonists in the dark as to the real amount of the public debt at any one particular period, added to which people forgot that Mr. Vogel was not the

sort of person to remind them that the two per centum per annum sinking fund of the Imperial guaranteed loan of £1,000,000 was, in five or six years time, to add its weight to the burdens of the Colony in the shape of the small sum—speaking the language of spendthrift politicians—of *twenty thousand pounds sterling a year*. This Imperial act was passed in the year 1870. It provides that, as soon as the whole of the £1,000,000 is raised, the two per cent. sinking fund shall come into operation ; and if it is not all raised *in ten years*, still the sinking is to be applied at the expiration of that period—*i.e.*, 1880.

This liability applies to the future ; but as regards the obligations already incurred on account of our public debts, we are afraid they were not fully understood.

Many of our follow-Colonists imagine, that as a one per cent. sinking fund is yearly applied to the purchase and cancellation of a portion of our Consolidated debt, the annual charge for interest and sinking fund becomes less and less in each succeeding year ; yet how few knew the occult and abstruse working of the cumulative one per cent. sinking fund !

We will endeavour to explain it. The amount first proposed to be consolidated in the year 1868 was £4,536,350. Of this sum £2,735,550 was exchanged for new stock, representing a total of £2,987,000. The first year's fixed charge for interest and sinking fund on the latter sum was estimated at £179,220. Five per cent. for interest on this would be £149,350 ; and one per cent. as a sinking fund would amount to £29,870—total £179,220. Now, as by means of the second sum, bonds to the amount of £29,870 would be cancelled, the uninitiated might fairly conclude, that, as we had reduced the debt in question by

£29,870, there would be no *future* interest or sinking fund required to be paid on that sum : but this would be an erroneous opinion, for by a pure and simple sinking fund of one per cent., it would take nearly a whole hundred years to liquidate the debt in question ; whereas it is to be extinguished at probable periods of thirty-six, thirty-six and a half, or thirty-seven years. This extinction is accomplished by continuing the first annual payment of £179,220 year after year for a full period of, say, thirty-seven years ; the balance of such sum, after paying the annual five per cent. interest on the unredeemed portion, being invested in the purchase of the bonds of this loan at the annual lottery drawings, fixed to take place in March of each year of the thirty-seven named as the period, at the expiration of which the whole debt is calculated to be extinguished.

As regards this consolidated debt we may here state, that the total amount paid off through the annual drawings amounted in May, 1878, to £751,700.

If our present New Zealand five per cent. Consols represent a debt of say, £8,000,000, we shall have to go on paying £480,000 per annum for a period of thirty-seven years, for interest and sinking fund. Of course the period of thirty-seven years is shortened in the case of amounts consolidated in 1868-69-70.

Our Colonial debt is increasing with an alarming rapidity ; it is gaining on us, and pursuing us, and numbers of intelligent New Zealand settlers know the fact, but will not own to it. These settlers may therefore be likened to the poor ostrich, which when hunted, buries its head in the sand, foolishly believing that its pursuers cannot see it.

Throughout the year 1874-5 all went on smoothly.

High prices for everything. Loans when the Government liked to ask for them. Good appointments for certain political gentry—some of whom had ability but no character; others had character but no ability. Immigrants—the “keystones” of “Mr. Vogel’s policy”—arriving, and expected to arrive, at the rate of about 3000 a month, or say 36,000 a year.

How—when public works begin to fall off—this great and new population, these legions of emigrants without capital, are to take up their permanent abode in the Colony, will be the future difficult problem to solve.

“Settle the people on the land,” will be the universal cry; but this is really a more difficult matter than townspeople imagine. Auckland tried it and failed. The fact is, that, to cultivate land on a small scale profitably, requires the small cultivator to be placed on fertile land, to be near a good market, to be physically strong, to be steady, to have some capital, or a little income from wages or other sources, and even with these advantages he must work hard in all weathers, be thrifty and patient under the trying ordeal of unfavourable seasons—then, his land once under a proper cultivation, he will find himself comfortable, independent and charmed with being an owner of freehold land. Bringing a new and hilly country like New Zealand—with vast tracts of inferior land, intermingled with large tracts of fertile soil—under extensive and wide-spread cultivation, is a work of generations, not years.

It is far easier to make lines of railways, than to establish districts of well cultivated farms. We know how some of our friends—to their bitter experience—have failed, and lost money in attempting to cultivate too much ordinary land at once. Cultivation of the land must be

done, bit by bit, slowly and systematically, or what you do will have to be done over again and the fields, once apparently laid down in grass, will have to be re-ploughed and properly cropped and grassed to secure permanent pasture. Farming requires encouragement but not "protection," and nothing is more likely to create discouragement and impede cultivation than the excessive taxation which now threatens it. The fortunes that have been, and are being, made in New Zealand, have hardly ever been made by farmers, in cultivating the land: they have been realized from wool, gold, trading and speculations. In no other country is it more necessary than in New Zealand, that:—

"He who by the plough would thrive,
Himself the plough must hold or drive."

It is unwise, nay, more, it is foolish, to conceal these facts; the opinions just expressed are founded on them: were it otherwise, they would be unworthy of consideration; for opinions not based on facts are valueless.

It is equally true that while the proceeds of a loan are being expended, few persons care to inquire how the interest on the borrowed money is to be paid, or what effect a great annual drain of capital will produce on the future financial resources of the Colony.

It must be remembered that our Colonial debt is not like the national debts of England and France, where the vast bulk of the interest on such debts is paid to *residents* in those two countries, and by this means the money is naturally expended or re-invested in the country by which it has been borrowed. On the contrary, the payments we have to make to our foreign creditors leave New Zealand to be invested elsewhere. Even where the public works

are so reproductive as to pay the interest on the capital expended on their construction—these interest payments are so much capital lost to the Colony ; this loss we can afford to bear, but if the public works are quite unproductive, the loss is simply disastrous.

CHAPTER V.

THE GREAT LOAN OF 1874. MR. VOGEL MADE A KNIGHT.

SPECIALLY we wish now to confine ourselves to noticing the growth of our Colonial debt, which, at the end of the financial year 1874, had reached the formidable sum of £12,509,546, requiring an annual amount for interest and sinking fund of £777,796 4s. 10d. Our Parliament of 1874 then decreed that £4,000,000 more were required, and must be borrowed. It was a *five-thirty* loan.

“That will last us four years,” said some discreet persons ; “perhaps a million a year will be raised,” timidly remarked others ; but Mr. Vogel had his own ideas of what was best for himself, if not for the Colony. He loved big ideas and big figures and he wanted to go home, his strength was over-taxed, his health was failing ; and nothing but the foggy atmosphere of London seem likely to suit his complaint—which was an occasional attack of gout, brought on, at times, by over eating.

No one doubted his having worked very hard and requiring rest to recruit his health ; but very few persons thought a journey to England needful for that purpose—particularly when his Public Works scheme was in full

swing and approaching a crucial test. Still home he would hasten and there was an end to it. The Captain would leave his ship—when she was in danger—to the charge of the crew, and there was no one to prevent him doing so. Go he would, and go he did. He had decreed it, and who was there to oppose it? The handwriting was upon the wall. The finger of Mr. Vogel had traced it, and no one dared to obliterate it.

So Mr. Vogel departed for England with the Colony at his back, the Bank of New Zealand round his neck, a *carte blanche* in one pocket, and a bill for four millions in the other. He duly arrived in England towards the close of the month of January, 1875.

When Mr. Vogel was in New Zealand he held three portfolios. He seems partial to the number three. He introduced several loan bills: the last one he called “number three.” It was for four millions.

In London he arrived with a private secretary for himself; he also took home another secretary for the Agent-General. The latter had already a private secretary in his office. Thus Mr. Vogel made up his magical number three. His own private secretary was, no doubt, indefatigable in finding him information and was very useful in feeding certain London, and New Zealand journals, with matter explanatory and laudatory of the great things his Master did for the good of the Colony. The other Secretary was to spy into the management of the offices of the Agent-General. We cannot understand why all this extra expense was incurred. Neither Mr. Wood, nor Mr. W. Fitzherbert, were allowed private secretaries when they went on financial missions to England, and why Mr. Vogel? And we certainly do protest against any New Zealand

Minister having such close relations with the press as Mr. Vogel has had. To us it appears most unconstitutional and corrupting in its influences. More than this, how can we fairly forbid other gentlemen in our Civil Service from communicating articles or information to the newspapers, if their superiors are permitted to do so?

One would think that Mr. Kennaway, from Canterbury, whom Mr. Vogel selected and took home with him as Secretary to the Agent-General's Establishment in London, must have found his appointment a most unnecessary one, though it cost the Colony £800 a year, and the cost of his passage to England. He must have arrived in London at a time to find, as the result of past experience, the offices in good working order; but, that in both the Public Works and Emigration department there were signs of a coming to the end of their work—for the great bulk of the emigrants ordered had been sent out, and the greater part of the orders for plant and material were executed. It seems that the Agent-General had nothing for him to do: so he invented something for him to do, and then had him taught how to do it. This is but another instance how dearly the Colony has had to pay for the whims of one man who fancied himself a great statesman, but who, from want of practical judgment and business capacity, was extremely unsuccessful in managing his own private affairs, let alone those of the public.

We have here to chronicle the year 1874-5 as a super-satisfactory year for New Zealand. There were no Native disturbances, no political fighting and no want of money: the supply of the latter was very abundant; still it was hardly sufficient to meet the demand for it; but this was easily remedied by Mr. Vogel's appeal to the London

money market for four millions sterling, and the cities of Auckland and Dunedin's successful applications to the same quarter for several hundreds of thousands. Add to these brilliant feats of borrowing, that the Bank of New Zealand started agencies in Melbourne and Sydney to tap the golden treasures of Australia—our readers will be apt to believe that New Zealand had become, not exactly the money market of the world, but a market in which money could be disposed of more readily than in any other. Boys and girls will long remember this happy era, for it was the year in which Pa's and Ma's increased the number of their servants, and invested in four-wheelers. Labouring men will find comfort in thinking of a shilling an hour as fair pay, and mechanics at twelve and fourteen shillings per day of eight hours will do the same. Some Provincial Governments were not behind the age, for they were pleasantly employed in anticipating the future by getting rid of the public landed estates, and spending the proceeds as quickly as possible. The gentlemen composing some of these petty Parliamentary Governments—the champions of Provincialism—had the good fortune to be in possession of well-stocked shops and were adroitly employed in selling off their landed goods, living on the proceeds and leaving their successors without the means wherewith to pay future rent and taxes, and thus prepared the way for provincial abolition.

In continuing our remarks on Mr. Vogel's second mission to England, it is necessary to state that while he appeared friendly to Doctor Featherston, he allowed his colleagues in office to disparage and abuse that gentleman as Agent-General, for he secretly aspired to fill that office himself; but the "Doctor" was neither to be worried nor intimi-

dated into sending in his resignation, and thus play into the hands of crafty Mr. Vogel. It must also be kept in mind that the latter gentleman had always great ideas in his head. There was one idea bigger than all the rest. It was the four-million loan idea, the bill for which he had got passed by the New Zealand House of Commons; but there was a greater and grander idea to be achieved. His rule in our Colony had been long and triumphant—it might not last much longer, and why not do the biggest of the big things he had yet done, and crown his New Zealand loan edifice with a golden crown; a crown weighing 86,956 pounds troy weight, and worth four millions sterling? So he went home to do three things:—raise a great loan, negotiate for a new mail service, and contract for laying a submarine cable between New Zealand and Australia—all of which important services, the public well know, it was part of the business of our Agent-General to do, and all of which, we say, could have been done with much more honour, credit and profit to the Colony by Dr. Featherston (in conjunction with the Crown Agents for the Colonies) than by Mr. Julius Vogel.

It would seem that when Mr. Vogel had been a little time in London, he made up his mind to seek the services of the Messrs. Rothschild, as principal agents for floating all or any portion of our Four Million Loan, and to dispense with the services of two influential gentlemen—the Agents for the Crown Colonies, who in negotiating our recent heavy loans have acted for the Colony so well and economically.

No doubt Mr. Vogel consulted the Crown Agents and the Agent-General. Still the result was, the former gentleman had his way; a contractor to his liking was

found, and then Stock Exchange tactics and workings began as follows:—On the 24th of February, 1875, the city article in the *Times* contained the following announcement:—“*We understand that a leading financial house will introduce a New Zealand loan for about £4,000,000 upon this market at no distant date.*” On the same day, New Zealand consolidated 5 p.c. bonds were quoted at 104 to 105, and our five-thirties $4\frac{1}{2}$ p.c.’s at 96 to 97. On the next day, the 25th, the same securities, and in the same order, stood at 103 to 104, and 95 to 96. The money article of the *Times* of the 26th put forth a more important statement. It was as follows: “*The contract for the New Zealand Loan was signed last night with Messrs. Rothschild. It is, we believe, to be a $4\frac{1}{2}$ per cent. loan, issued at or about 94.*” During the 27th our 6 p. c. bonds fell one per cent. and the five-thirties receded $\frac{1}{2}$, and were quoted at the lowest point reached, viz. $94\frac{1}{2}$. The evening papers of the same day contained the advertisement calling for tenders for the four million loan at 94. The *Times* of the 1st of March gave a *précis* of the prospectus of this loan in the following terms: “*The prospectus of the New Zealand Immigration and Public Works Loan for £4,000,000 nominal has been issued to-day by Messrs. Rothschild. As we stated two days ago, the issue price is £94 per cent., or £93 if the whole bond is paid up on allotment, instead of in the six instalments.*” The prospectus stated that the subscription lists would be open on Monday, March 1st, and closed Tuesday, March 2nd. The *Times* of the 3rd made no statement as to the total amount applied for, but simply said, “*The new issue was very firm at $\frac{1}{4}$ premium;*” and it was understood that the whole of the loan had been liberally subscribed for. The terms on which it was offered were simply these: the price

of each £100 bond was fixed at £94, and a discount of five per cent. per annum was allowed on all instalments paid in advance, and, as it was supposed that by far the greatest portion of the whole loan was at once paid up in full, this transaction at once reduced the price to nearly £93. The reduction did not stop here, for there was the contractor's commission of two per cent. to be deducted, which expensive operation completed, left the price reduced, about 91. It was understood that the great and respectable financial house of Messrs. Rothschild took the loan "*firm*," that is, they guaranteed that the New Zealand Government should receive 91. At the same time it was reported that they had sold portions of it to sub-contractors at a lower price, which really means that they had "*sub-syndicated*" it at 92. Probably owing to this "*sub-syndicating*" a quotation in the daily lists was, at the time, refused to the loan by members of the Stock Exchange Committee, which action depreciated its value, made it unfortunate for the investors, and gave this great loan transaction an aspect one cannot contemplate with satisfaction. Besides, it was the first time that a New Zealand loan, of over a million sterling, has been taken out of the ordinary agencies for floating the same: and when New Zealand Colonists read the recent discreditable disclosures made before the Foreign Loan Committee—as to the strange relations that existed between some loan contractors and the persons who introduced loan schemes to them—they will hardly feel satisfied. We cannot say that there was anything wrong in this case; but we are of opinion that the public interests demanded that such business should be submitted to public competition, even though, as in this instance—the Crown Agents agreed to the course pursued, when they

were positively told that nothing less than four millions sterling would do, and that must be had immediately.

It is not right, it is not sound policy to be selling our loans to *any* contractors. It looks to me like following the bad example of semi-bankrupt States, like those of Turkey, Spain, Egypt, and nearly all the South American Republics.

On the other hand, it may be said the price obtained (£91) was not a very low one—as the money *must* be had *at once*. This latter reason, to me does not appear to have been the case, but at all events it is quite apparent that the market was taken by surprise and forced with a great New Zealand Loan.

Again, the whole of the instalments of the four millions were paid into one bank, the Bank of New Zealand. Was this prudent? Mr. Vogel's colleagues, Dr. Featherston and the Agents for the Crown Colonies, did not think so. That did not matter, Mr. Vogel had his way.

But what concerns us most is the results of the Loan. Let us examine them in an impartial spirit. Let us critically submit the loan-figures to a scrutiny, and see what credit or discredit is due to our Financial Negotiator and Premier.

According to a printed report of a statement made by Mr. Vogel during the Session of 1874, the million and a half (borrowed in 1874) was offered to the public in London at 98, but with allowances, deductions and concessions, it netted only £95 14s. 2d.* Now is it not fair to assume that this testing of the market made our £100 4½

* The Loan Agents, in their report of March 19th, 1875, give the sum of £95 4s. 2d. as the price realized on each £100 of this loan.

per cent. bonds worth £95 14s. 2d., and that if we had asked, say, for only two millions, we might have obtained from further borrowing for twelve months, we could then have easily obtained a similar amount of two millions at the same price, or at all events 93 ?

But a contrary policy was pursued by our principal Financial Agent. The investing public, brokers and holders of our bonds, were startled by the boldness—it might be termed audacity—of a population of about 350,000 persons proposing to raise a *loan of four millions sterling in one year*. On good authority we were told that an eminent City broker asked, “Why will two millions not do for you?” The answer was in effect, “I *must* have four millions.”* This was conclusive. The floating of the Four Million Loan was effected at a price much below what might have been obtained if it had been divided into two equal parts and a year had elapsed between the raising of the two.

We will now, briefly, endeavour to show the loss the Colony has sustained by the way Mr. Vogel raised the loan in question. We appraise its value at £94 the £100 bond.

In the first place, the Bank of New Zealand probably had, on an average for one year, a sum equal to at least £1,000,000 to invest in good bills, or what they liked on their own account. For the use of this large amount they were to pay the Government the current Bank rate, less $\frac{3}{4}$

* The Crown Agents, in the Loan Correspondence of 1875, state that he (Sir J. Vogel) used a more damaging expression than this, which was as follows, “In fact the Government was in a *mess*, and must get out of it as best it could.” It is but fair to say that Sir Julius denies the truth of this statement. Notwithstanding this, we believe in its correctness, and have a higher authority for our belief than the gentleman just named—whose policy had got the Government into the “*mess*” in question.

per cent. allowed them as their commission (which was rather low than excessive); consequently with the Bank rate at $3\frac{1}{2}$, the Colony would be paid $2\frac{3}{4}$, at 3 it would receive $2\frac{1}{4}$ per cent., and at 2 it would net only $1\frac{1}{4}$ on money it had borrowed on 5. This, we think, showed a loss of, say, 3 per cent., equal to £30,000.

Then as the loan should have brought 94, but was sold to yield 91, there was a second loss of £120,000, and an increase in the annual charge for interest of about three shillings per cent.

More than this, each £100 bore interest at the rate of $4\frac{1}{2}$ per cent. per annum: but the interest the Colony had to pay on the amount it was to receive, viz. £91, was £4 18s. $10\frac{3}{4}$ d. or say £4 19s., nearly 5 per cent. Besides this annual charge for thirty years (at the expiration of which this loan must be redeemed), there will be a bonus of £9 to pay, to make up the difference between £91, the sum lent, and the £100 to be paid at the end of the term just named. This £9, spread over thirty years, is equal to a yearly payment of six shillings, which added to the interest, £4 19s., makes a total of £5 5s. as the annual charge on Mr. Vogel's loan of four millions sterling.

The price, £91, on which these calculations are based, is too high by 10s., as it was afterwards found, when all the charges for raising the loan were brought to account—the sum actually received by the New Zealand Government was only £90 10s. The general result of the transaction was most glaringly unsatisfactory; the Colony wanted £4,000,000, but was obliged to submit to a discount of $9\frac{1}{2}$ per cent., and received only £3,620,000.

Probably Sir Julius, not being a cautious man did not trouble himself about the future value of money on the

London Stock Exchange. He did not contemplate that, in August, 1875, the Bank rate would be two per cent., that the amount of coin and bullion in the Bank of England would be £29,393,000, a sum greater than was ever known to be lodged there, and that of money there would be a glut, instead of a scarcity. If he did anticipate these results, he was foolish to ask for four millions all at once, and was also in a hurry and a state of flurry: if he did not, it is a sad proof of how completely he failed to estimate and gauge the future of the London Money market as it developed itself in the year 1875.

The floating of our £4,000,000 Loan lowered our credit in the London Money Market greatly: for we find the Cape of Good Hope raising £1,000,000 of a $4\frac{1}{2}$ per cent. loan, in 1877, at £101 11s., or *eleven per cent. more* than Sir Julius Vogel secured for ours in 1875. Even South Australia, in 1877, managed to get £500,000 at £97 7s. 11d. for each £100, and this was only a four per cent. loan.

The height of Mr. Vogel's ambition was reached when he was knighted in London, in 1875. Sir Julius was a considerable time in London before he was made a Knight: on the best of authority, we were informed that great pressure had to be used to secure it before the celebration of the Queen's birthday took place.

We think it would have been better if he had waited a little while longer, until his Public Works and Immigration schemes proved a financial success, and then he would have earned honours which we should not grudge him, although we might disapprove of Imperial titles being conferred on Colonists; for some of the latter leave the Colony to air their honours abroad—and sometimes, to aid their incomes by becoming Chairmen of London Joint Stock Companies.

If a Colonist is deserving of honours for good service rendered to the public, let him receive his honours from the hands of the people whom he has benefited, and not from an Imperial Colonial Secretary, whose opinions and power in bestowing such honours are, too often, influenced by subordinates, and by the disreputable means of *back-stair* influences. Besides, what does New Zealand want with titles for her worthies? A spurious aristocracy would be out of place in a young country like New Zealand, whose political institutions are likely to be of democratic character—which is compatible with perfect loyalty to our Queen.

There might be less objection to these honours being conferred, if the recipients thereof were obliged to drop their titles on their leaving the Colony, and resume them on their return to it—as is the case with the gentlemen who are made Justices of the Peace in New Zealand. Bishops, too, might come under the same rule, for some clergymen, once made Bishops, soon take flight to more congenial realms.

On this head, a London evening newspaper made the following pertinent remarks :

“When Her Majesty, with the best of intentions, sanctioned the creation of the new order of St. Michael and St. George, it was very early foreseen that the introduction of a distinctive Colonial Knighthood would only end in setting the Colonists by the ears. Already these prognostications are coming true. The ‘honour’ has been distributed with such wholesale liberality that it is beginning to lose any distinction it ever possessed, and in some cases, from the ludicrous incongruity between the equestrian rank and the recipient of it, has become a subject of ridicule. In Canada, for some years past, ‘a Michael and St. George’ has become, at the hands of the Government, a convenient method of bribing unstable politicians, who had shown an inclination to kick over the traces. More especially during

the Confederation trouble, the refractory Provinces were 'railwayed' and 'Michael-and-Saint-Georged' into the bosom of the Dominion. Indeed so little is it valued by the best men in the country, that recently two well known statesmen in the Dominion declined it, on the plea that Old World titles were unsuitable to the prosaic condition of a 'new country.' In Australia the wholesale knighting is creating great dissatisfaction. If the honour is not to become altogether contemptible it should be given sparingly, or not at all. An uneasy feeling has taken possession of the minds of some of the popular leaders, that the new knighthood has been established with the design of cajoling the Colonists into being respectable citizens, or into an excess of frothy loyalty to the Crown. Quiet folks laugh consumedly at some of the new knights—the man and the handle not being always in keeping. Only recently, Mr. J. G. Francis, a former Chief Secretary of Victoria, declined the distinction of a 'K.C.M.G.'—and his example is likely to be extensively followed—much to the satisfaction of most sensible people."

As regards the lower grade of German titles—academical or monarchical—which are so easily and cheaply obtained (£5 for a doctor's degree),* they are, in England, looked on with a feeling allied to contempt; and, in New Zealand, if we are not to be considered like a lot of children pleased with toys, a similar feeling ought to prevail: still, we suspect there will always be a few silly and pretentious persons who will make themselves ridiculous by accepting them.

At all events Sir Julius went on the Continent at the end of June, perhaps, to air his title in the company of

* This was the sum that *Doctor W. L. Buller* paid at *Württemberg* for his German degree, with which he passed muster among the learned in London, while second in charge of the New Zealand Maori "Exhibits" at the great Colonial Exhibition held in the Metropolis of the Empire, in the year 1886.

petty German Dukes, at celebrated German watering places, like those of Wilsbad and Homburg. We do not object to even this: but, in the meantime, his colleagues and the General Assembly were seriously inconvenienced by his unexpected absence, for it was of vital importance that he should be in the Colony, to make his financial statement in July, 1875, or even in August or September.

Had he not been permitted to go to England this would not have occurred. The cost to the Colony of this journey was excessive. In fact, Sir Julius Vogel's bill for going home for sixteen months was an outrageous one: it amounted to £8,627 6s. 8d. It had a truly lawyer's-bill ending of 6s. 8d. No one we knew of believed he could have fairly spent so large a sum. His official salary for the period we have indicated was £2,333. Besides this, he was actually allowed £4 4s. per diem for his travelling expenses. These allowances, taken together, we venture to think were extremely liberal, and ought not to have been exceeded: but it seemed as if his colleagues were afraid of him, and stood in awe of his awful genius for loan-raising and loan-squandering. We feel perfectly humiliated when we think how this man has been able to rule, use, and trifle with the people of New Zealand, who have hitherto borne a high character for prudence and intelligence. Thoughtful men might well have exclaimed, "When will the Colonists open their eyes to his true character, and the spurious statesmanship palmed upon them by a Jewish adventurer? the *alpha* and *omega* of whose political creed has been, reckless borrowing and reckless expenditure?"

CHAPTER VI.

THE SESSION OF 1875. SIR JULIUS VOGEL RETURNS TO THE COLONY—IS FÊTED, DELIVERS HIS FINANCIAL STATEMENT FOR THE YEAR 1876-7—IS MADE AGENT GENERAL, AND DEPARTS FOR ENGLAND.

THE Parliamentary Session of 1875 was duly held. It will be recorded in the Constitutional History of New Zealand as an eventful one. In the absence of Sir Julius Vogel, Major Atkinson was treasurer, and *read* the usual financial statement. Soon the members of the General Assembly discovered the financial *situation* to be most unpleasant to contemplate. For the service of the financial year, 1875-6, a great deficit stared the Government in the face. What was to be done was soon decided; and abolish the Provinces and *seize their Land Funds*, became the motto of the majority in the House of Representatives. One man's pockets contained money; another man's was empty. This inequality had to be adjusted; so a legal transfer of the former to the latter was proposed, and *virtually* effected, and thus was equal justice meted out—for the man that was rich became poor, and the man that was poor became rich. This accomplished, a large surplus of income over expenditure was trumpeted forth to the world as a great fact, and an act of consummate statesmanship.

Thus were Provincial Institutions hurriedly, indecorously, and virtually consigned to their grave, after a chequered, but, on the whole, beneficial existence of

twenty-two years. The Bill for their abolition was, on its second reading, carried by a majority of 52 to 17. We do not see what else but the abolition of the Provinces could have been done to increase the revenue—except the imposition of a Land, an Income, or perhaps a Sheep Tax. But after this act of legislation, it was folly to talk about the Public Works and Immigration Scheme being a success, when it was plain to the commonest understanding that, when the time had arrived for it to increase our resources, it was diminishing them; *vide* the proposed absorption of the Land Fund from imperious necessity, but also under specious pretence which will not bear the test of a scrutiny.

As regards the Financial Statement, though by some persons it might not be regarded as an able one, yet it should be considered to be an honest attempt to place before the public a truthful exposition of the Financial affairs of the Colony, and a patriotic endeavour to smooth down the difficulties and faults of the Public Works Scheme. We wish we could take the same rosy view of the financial future as did the Honourable Major Atkinson. He was too enthusiastic, and—making due allowances for the disadvantages he laboured under, in being suddenly and accidentally called upon to fill the high and responsible position he occupied—he appeared to us to blindly follow in the footsteps of his predecessor in office. *Economy* and *retrenchment* found no place in his budget. Important and *unimportant* Public works were to go on—though, perhaps, at a slower pace. Immigration was to be continued. He announced the public debt to have reached a total of £17,671,106, and he was very hopeful of the future. But after all Parliaments may decree, still, eventually, it

is the question of ways and means—finance—that decides. Enthusiasm will not replenish an exhausted treasury.

The year of our Lord, 1876, was a remarkable year in the City of Wellington, for in the beginning of it Sir Julius Vogel returned to New Zealand, and towards the end of it he took his departure from the Colony for England.

On the 10th February, 1876, Sir Julius once more landed at Wellington, and received a grand and fulsome ovation from a large number of Wellington citizens, and on the 17th he was entertained at a banquet in the Odd Fellows Hall, when over 300 guests were said to have been present, and the Chairman, the Mayor of Wellington, fairly topped the pinnacle of adulation when he compared Sir Julius Vogel to Lord Brougham, who (said the Mayor) “found time to do everything.” When these rejoicings were reported in the newspapers of other parts of the Colony, the comments on them were far from complimentary to the City of Wellington, and its servile adulation of the golden calf of Judah. However, it is some consolation to think that the hospitality, on this occasion, was principally evoked by contractors, tradesmen and civil servants. The salaries of the latter Sir Julius had caused to be raised ten per cent.

It would not have surprised us if Sir Julius Vogel had “lost his head” at the time, so puffed and fêted was he. We dare say it was very agreeable to him—for he loved display and notoriety; and his inordinate vanity was only equalled by his want of common sense. As nobody had publicly subscribed to purchase a marble bust of him, he had, just before leaving London, paid an eminent sculptor

to privately execute one of himself. He could be very agreeable to those he used or wanted to use. To others and to those he could not use—he was often flippant, or exhibited a sullen reserve towards them. He was called liberal in pecuniary matters, because he was lavish with public monies. His love of card playing was equal to that of a gambler. He was a thriftless man, and his habits were like those of a soldier, who was said to receive one shilling a day and spent half-a-crown. Neither in mind, manners, nor person, was he an attractive man. Well might a leading Canterbury newspaper (*Lyttleton Times*, in 1876), in alluding to Sir Julius Vogel's correspondence with Sir George Grey, say :—

“The whole correspondence will now, we suppose, be seen by the Secretary of State for the Colonies; and whatever conclusions he may come to on the merits of the case between the two parties to the dispute, he will feel instinctively—and it is with shame we say it—that nothing can make a gentlemen of the present Premier of New Zealand.”

From the month of February we must now pass on to the Session of 1876, when in that theatre-like chamber, so profusely hung with drapery, so highly decorated, and so deficient in acoustic properties—called the House of Representatives—Sir Julius Vogel, as Premier of New Zealand, delivered his Financial Statement for the year 1876-7.

At about eight o'clock the Premier entered the House, looking dark and impassive. As he did so, we noticed that no ovation waited his arrival: no cheer greeted his entrance. When he approached the ministerial benches, Sir Donald M'Lean vacated his seat at the head of the table, where the Ministers sit on the right of the Speaker, and the Premier

at once occupied it. There he sat, looking stolid, and apparently not well pleased with himself. Not a smile illumined his dark visage. For a short time he sat there, sometimes musing, at other times looking over the large folios on which was printed his Financial Statement. Large margins encompassed the printed matter in question, on which he wrote, and then carefully blotted his newly-written marginal notes.

At nearly a quarter past eight p.m., he rose; as he did so there was slight cheering: cheers they were, but they were few and far between. In a few words he craved the indulgence of the House for any shortcomings in the statement he was about to make, for he had felt unwell that day. He began his task with a thick fluency of speech, and as if rather short of breath, yet that capacious chest, those broad shoulders and wide back—notwithstanding shortness of stature, and a very visible tendency to obesity—gave evidence of great strength and physical power. He stood firm on his feet, and looked self-imposed. No signs of pallor or nervousness were visible to us; but with the stray and straight locks of black hair hanging over his rather narrow forehead, which surmounted a swarthy face, he did not present an intellectual appearance. Besides this, he exhibited symptoms of uneasiness of both body and mind. There was no pleasantry in his words or manner, except a feeble attempt at wit when he looked over to where Mr. Reader Wood was sitting, and in a short sentence, referring to the unity of the Colony, he, with a sardonic smile, uttered the word “Dominion,” as if in derision of Mr. Wood’s, we think, futile proposal to form the Islands of New Zealand into a Confederation of States, somewhat similar to the dominion of Canada. The Premier having to

read his Statement did so very well. Sometimes he did it in a stooping position, and his head near the desk as if he were rather short-sighted. At times he turned his head to the left, and jerked out a word or two to his colleague, the Hon. the Minister for Public Works, who, in white-headed contrast, sat by his side reading a copy of the Financial Statement, and acting as prompter to the Premier as occasion required. There was but little necessity for this, for Sir Julius Vogel kept his copy well before him, and sometimes recited short passages without glancing at it. Cheering very properly greeted him when he referred to the land purchasing from the Natives, and announced that a stop would be put on anybody, but the Government, being able to purchase Native lands.

Twice the Premier endeavoured to be forcible and impressive—once in his remarks on the purchase of lands from the Natives, and during his peroration. In both cases he failed. There was no enthusiasm in himself, nor his hearers; no, not even his own supporters. He had, this year, no surplus to flaunt in the face of the Colony, or flash by the wire to the London money market. He had to admit the discouraging truth, that the estimated income was less by £119,000 than the estimated expenditure, and worse than this, he had to acknowledge the damaging fact that our bonds,—the unraised debentures—were just then unsaleable at a fair price at home. We suspect he felt himself in the position of a sort of *Khedive* of New Zealand, and he must do something after the style of the African potentate who reigns absolute in Egypt. So our *Khedive* informed the House that, as the £1,250,000 Loan was unsaleable at previous rates, the Crown Agents had

been instructed to effect a temporary loan for £1,000,000 on the security of these debentures. Fortunately, shortly after the statement this loan was taken up at a fair price, and the borrowing of the £1,000,000 was avoided. Still the floating debts and liabilities of the Colony, Khedive-like, were very large and growing fast.

Sir Julius announced the public debt—after deducting sinking funds—to be £18,313,994, and proposed to borrow two millions. Of course a Vogel's budget would not be complete without a loan: but at this time it was a sense of relief to think that this Financial Statement was likely to be the last he was to deliver in a New Zealand Parliament for years to come, or perhaps never again.

Thus ended the Financial Statement delivered by Sir Julius Vogel, in Committee of Ways and Means, on the 4th of July, 1876. By this time he had become unpopular inside and outside the House, and must have broken up the Ministry if he had remained in it.

There were good reasons for these changes of opinion, for nearly all his grand schemes had been failures. His beetroot-sugar plan had fallen through. His scheme to conserve forests was a failure. His grand South Sea Islands Company had passed into oblivion, and instead of, as he proposed in his Public Works Scheme, spending *ten* millions in ten years, he had in six years got rid of eleven millions, and by his public Works projects had virtually committed the Colony to a future expenditure of six millions more. He made a mess of the Brogden contract, and his first attempts at establishing a Postal Service, *viâ* San Francisco, were most unsatisfactory. Even the important service he rendered in connecting New Zealand, by cable, with Aus-

tralia, would—we have unimpeachable authority for saying so—have been another *mess*, but for Sir Daniel Cooper (his New South Wales colleague) who resisted Sir Julius Vogel's wild proposals for laying the submarine cable from *Cape Ireland* to *Norfolk Island*, then on to *New Zealand*. From the latter place it was to be extended to the *Fiji Islands*.*

Notwithstanding these failures he was still to be lucky : he was still to retain place, power, and emoluments. An event was impending. It was a mournful one, it is true ; but, nevertheless, it was favourable to the gentleman about whom, we are sorry to say, we are discoursing so much. That event he was not slow to grasp at. He had been waiting for a dead man's shoes, and would have taken them off the feet of the owner while living, if he could. And now the goal he had been long striving to reach was at hand, for Dr. Featherston was dead, and the office of Agent-General was vacant.

From the rear of the speaker's chair, on the evening of 12th of July, 1876, we heard Sir Julius Vogel read a telegram, from London, which announced the death of Dr. Featherston. We need hardly remark that the intelligence was received by the members present with sincere sorrow and regret, and that the House at once adjourned.

On the 19th of June, 1876, Dr. Featherston, aged 63, died at Brighton, and was interred in the mural cemetery of that town. In reference to this matter, we received a letter

* The writer was a fellow passenger with Sir Daniel Cooper *via* San Francisco to England, when that gentleman supplied him with the information given above.

from an old friend* of ours and also of Dr. Featherston, and who once held a high official position in connection with the Government of New Zealand. The letter was dated London, 29th June, 1876, and the following is an extract from it :

“ It will be generally known before this mail arrives that Featherston is no more. He sunk after two months’ illness, regretted and mourned by all who knew him here ; and now in the Colony, I apprehend that his most inveterate opponents must feel remorse at the cruel and systematic persecution with which they embittered his latter years. Apart from domestic trials I have had to bear, no death has caused me more deep sorrow. His warm, stedfast, sterling manner, endeared him to his friends ; as much as his unflinching devotion to the best interests of the Colony embittered those against him who could not mould him to suit their own purposes. It is a national loss to New Zealand.”

To the vacant office of Agent-General Sir Julius Vogel was duly and quickly appointed, as if it were a good means of getting rid of him as an incubus on the Government. The Speaker of the House of Representatives, Mr. Fitzherbert—now Sir William Fitzherbert—would have accepted the office, and was much more fitting for it than Sir Julius Vogel ; but the latter succeeded in securing the prize.

On the 29th of August Sir Julius Vogel stated to the House that he had accepted the post of Agent-General. In his remarks thereon he tried to be pathetic, and spoke of his children ; he looked downcast, and hesitated and revived

* John Morrison, formerly General Government Agent for New Zealand.

as a slight murmur of applause greeted his concluding observations.*

By the end of the following October Sir Julius was on his way—*via* San Francisco—to England. Previous to his leaving the Seat of Government, the courtly Wellingtonians got up a subscription, which finally amounted to about £1,000, and presented it to their city patron. Very

* On the 30th of August the Wellington *Evening Post* published a trite and true article on Sir Julius Vogel, of which the following forms the first part :—"The Colony has been at length rudely startled from the delusion under which it has been so long labouring, and can now perceive clearly in all their nakedness the difficulties and dangers of the position which it will be compelled to face. The man Julius Vogel now stands revealed in his true colours, and every charge which has been made against him by those who had the real interests of New Zealand at heart, is more than justified by his own voluntary utterance. When he declared to the House yesterday that he had resigned the Premiership and intended in future to devote his attention to his own private affairs, men scarcely at first fully realised all that this announcement implied. It means that Julius Vogel, having committed the Parliament and the Colony to a reckless and extravagant scheme of borrowing, having raised the Colonial debt to upwards of twenty millions, having initiated and partly carried through a gigantic scheme of public works, which will take about ten millions more to finish, having plunged the Colony into financial difficulties of the gravest character—now coolly declares, on the first symptoms being discovered of an approaching financial crisis, that he is about to desert his post and leave New Zealand to sink or swim as fate may determine. We say that such an abandonment of duty, at such a time, is selfish, cowardly, and treacherous in the highest degree, and that the public man guilty of it deserves execration and contempt at the hands of all true colonists who have cast in their lot with New Zealand and resolved to share its fortunes, through sunshine and through storm, through prosperity and through adversity. The monstrous selfishness and ingratitude displayed by Julius Vogel become all the more manifest when all the circumstances of the case are taken into consideration. What does he not owe to New Zealand? The obscure Victorian Apothecary and amateur journalist came to this Colony as a penniless adventurer. By a lucky accident he got elected

different was the reception of the illustrious man on his Arrival at Auckland, *en route* to England. He was afraid to land there for fear of an unfavourable reception, as may be noticed from the accompanying extract from the *New Zealand Herald*:

"There was, last night, a very large gathering on the wharf to see those who landed from the mail steamer 'Australia,' it being expected that Sir Julius Vogel would come on shore. It is estimated that about 600 people were on

to the Assembly, and worked his way up to place and power. The Colony was quick to recognise the ability he possessed, and never in any previous instance had such been so generously and even lavishly rewarded. The highest offices in the State were conferred upon him; his emoluments were on a scale of unexampled liberality; he was allowed almost absolute sway in the administration of the policy he had promulgated, and twice he visited England as a self-appointed colonial ambassador, travelling almost in princely style, and living on a scale of reckless personal extravagance—for which the Colony is now asked to pay—such as no precedent can be found for in the career of public men in New Zealand. In England he made the Colony the stepping-stone by which he ascended into distinction, and thus acquired the knighthood he now possesses. And while there—as we now positively learn for the first time—he, while declaring "that New Zealand had got into a mess, and must get out of it as best she can," was yet quietly negotiating to secure to himself a certain position, which he might, after a brief visit to the Colony, return and take up. He told the House last night "that he had great inducements held out to him to remain there, but that he had considered it his duty to come out again." Then, in a later part of his statement, when referring to the Agent-Generalship, he said "that if he did accept it he would only hold it for twelve or eighteen months, because he considered attention to the duties of that office would be incompatible with the duties he owed to himself." The meaning of all this is quite clear. Julius Vogel, while in England, evidently made some arrangement with some of the great financial houses, by which he would be enabled, when the bubble burst in New Zealand and the loans were exhausted, to fly from that embarrassed and distracted country, and assume a lucrative position in London, from which he could laugh at the people whom he had deceived and deserted." * * *

the wharf near to the place where passengers usually land. We do not think there was anything like an organized movement to get up a gathering to give Sir Julius Vogel an unfavourable reception, but there can be no doubt that if he had come on shore he would have been received in a manner very unpleasant to himself."

After the departure of Sir Julius Vogel the Ministry was reconstructed, with Major Atkinson at its head. He made a good Minister, but was wanting in tact and temper, and inclined to be overbearing. Towards the close of the Session the House of Representatives demurred to pay the balance of Sir Julius's great bill for expenses, which balance he had not drawn, viz., £2,750. The item asked for was called "Balance of Honorarium to Sir Julius Vogel for services in England." The amount, £2,750, was put to the vote, and rejected by a majority of eight. We may note here that in the next Session of 1877, the matter was again brought before the House, the sum this time being £3,000, which was voted by the House.

The Session of 1876 was one of long duration. It was more remarkable for party conflicts, violent opposition to the abolition of the Provinces, bitter speeches, late sittings, strong language, discreditable conduct, glaring cupidity of some of its members, slow progress of business, and unqualified and persistent obstruction to the work of the House—by speaking against time—than any of its predecessors.

As a fitting ending to a Session of extravagance, the major portion of the Members of the House of Representatives for the Session of 1876 voted themselves an extra £50 each; thus increasing their allowance, or salaries, from £150 to £200, and that, too, without consulting their constituents. The financial result of the deliberations of

this Parliament, that preached economy, but practised extravagance, was, that its total cost for this Session amounted to the enormous sum of £40,062 12s., which was duly voted, and duly extracted from the pockets of the taxpayers in the Colony.*

CHAPTER VII.

THE BUDGET OF 1877-78.—THREE HAPPY YEARS.

ON the last day of July, 1877, the Colonial Treasurer, the Hon. Major Atkinson, made his Financial Statement, in which he said that the Customs Revenue showed a deficiency of £40,621, and claimed that, notwithstanding this, there was a balance of £148,220, forming a surplus with which to commence the financial year of 1877-8. Strange to say that, at the same time, he admitted there was a great falling off in the total of the Land Fund, and that treasury bills had been issued to meet it. In fact, the Treasurer had a surplus in his left pocket, and a deficiency in his right one. The Public Debt was set down at £19,541,749, including treasury bills, loans authorised, and deducting accrued sinking funds.

From his Statement it was evident that the Government was dependent for money supplies on heavy bank advances, made upon debentures and treasury bills. In fact, there existed a critical and unsound state of finance. It was

* When the writer of this was a Member of the House of Representatives in 1863, £1. per day (of attendance) was considered ample payment, and the *honorarium* for the Session seldom reached £100.

now quite apparent that Sir Julius Vogel's Public Works Scheme, as regards its financial results at this time, was a bitter failure. In 1875, a large slice of the Land Fund was taken to pay the interest on the Provincial debts; now it looked as if the remainder must be thrown into the insatiable maw of the Public Works Scheme Fund. People were, at first, assured by the, then, plain Mr. Vogel, that the railways would soon pay a large per centage, and he never hinted that the Land Fund would be anything but sacred to the Provinces, to which it had been, as it were, solemnly allocated in the year 1856. The people believed him, and now—in 1877—seven years after the inauguration of the Public Works Scheme, the current revenue would not pay the current charges (interest on loans the biggest) placed upon it.

What course was now to be pursued? Major Atkinson had for some time been nibbling at the Land Fund. This Session he wanted to nibble again. He proposed that the Land Fund of the two Provinces of Otago and Canterbury should be nibbled at, and eventually it seemed he would nibble the whole away.

The House was not satisfied with the Ministry. Sir George Grey headed a powerful opposition, and finally—by the casting vote of the Speaker he succeeded in snatching the reigns of government from the hands of the rather imperious Major Atkinson. Sir George Grey's Ministry then, instead of nibbling at the Land Fund, boldly laid violent hands upon it, and passed a bill making it Colonial, instead of Provincial revenue. This measure was termed the "Colonialization of the Land Fund," which source of revenue thus passed away from the control of the Provincial Districts, and went into the treasury of the Colony—amidst

the sighs of Canterbury, the wailings of Otago, and the rejoicings of the rest of the Provinces which had no surplus land fund to be taken from them.

An Act was also passed raising the price of Crown Lands from £1 to £2 an acre in all the Provincial Districts of the Colony, except that of Canterbury, where the upset price of land was already £2 per acre.

Sir George Grey's Government held on to the end of the Session, to the astonishment and discomfiture of his opponents. The measures he most needed he carried, including power to raise a loan of $2\frac{1}{2}$ millions, which, with the one million authorised by the Bank Loan Bill of 1876, made a grand total of three and a-half millions sterling. With this, and a democratic platform in politics, Sir George Grey felt prepared to encounter the unknown future.

The Session just closed had been an exciting one, like its predecessor, and there had been much unscrupulous voting, and unprincipled and corrupt means used to secure the votes of certain members. If the following telegram, which appeared in a Wellington paper, was correct, and we have no reason to doubt it, the first reform needed was required inside the House of Representatives :

“ NAPIER, *Monday.*

“ Last night the Rev. Mr. Barry preached at the Wesleyan Church about the disgraceful conduct of Members of Parliament being made drunk to keep them from voting, etc.”

Sir George Grey's advanced opinions may seem inexplicable to some persons, particularly when so able, so liberal, and so distinguished a Colonist and Statesman as William Fox did not believe in them : but—though we cannot agree with some of his ultra opinions—we think Sir

George Grey saw the time had arrived for popular rights to be fairly established; and the opportunity for doing so would soon pass away, for the landed interest and the influence of capital were becoming all powerful—too powerful in a Colonial community and a rising nation. Sir George Grey's ability, sincerity, and patriotism, few could doubt, for it had often been witnessed in his career of Governor, ex-Governor, Superintendent, and Member of the House of Representatives. He had often been the staunch friend of the true Colonist, and opposed the grasping tendencies of great landholders and plutocrats, whose influence in the *nominee* Upper House—the Legislative Council—was at this time unduly prominent. On this occasion he had to assume the responsibilities thrown upon the Colony by his predecessors. The public debt was heavy: but the public works in hand must be completed. Sir Julius Vogel's borrowing machine was in rapid motion, and nobody would venture to stop it, lest a financial collapse should ensue.

We now purpose calling the attention of our readers to three happy years. As we have already stated, the years 1874 and 1875 were remarkable for their prosperity, consequent on the full development of loan expenditure; but the years 1876-77-78, from the maturity of loan disbursements, were still more striking. The year 1877 must have been a glorious year; for a writer in the *New Zealand Times*, in reviewing it, was pleased to say, "The year 1877 must be regarded as one of the happiest periods in the history of the Colony." It certainly must have been a happy year, for not only was the Government spending immense sums, but nearly every village by the sea shore, with a local Government, and with a shallow

river, or an indentation in the coast, wanted fine harbours made, and some were having them made. Corporate towns having a population of from 1000 to 25,000 were eager to borrow, or had been successful in borrowing, for gas-works, water-works, and town improvements in general. So that by this time over a million and a-half had been raised, and nearly all expended by the various Local Authorities, Municipalities, and Harbour Boards: still the cry was for more. Dunedin, with a water-way for small craft, a railway for general traffic between herself and Port Chalmers, and a fine natural harbour at the latter place, was busy sinking vast sums of money in forming a canal to, and an artificial harbour at Dunedin. Auckland wanted a dry dock, and raised a loan to make it. Napier was trying to make a shallow entrance to a shallow harbour a deep one. Wellington, not content with reclaiming many acres on one side of her fine harbour, which were yet unsold, was ambitious to reclaim many more at the end of it. Lyttleton—in this case wisely—was engaged in the formation of an inner harbour; and at Greymouth, on the West Coast, a mountain stream was being deepened at its embouchure by means of a costly breakwater; while on the East Coast, at Timaru and Oamaru, a gigantic pier and other works were in course of construction, to form ports in the open sea.

If the expenditure of millions of money would make people happy, then these were happy years indeed. There might be some people to indulge in gloomy anticipations of the future, yet undoubtedly general prosperity prevailed, during these three eventful years, in a higher degree than had ever been known. This epoch was New Zealand's high tide of prosperity: the golden autumn of loan expenditure had arrived.

Now she was reaping her harvest from borrowed wealth. Civil servants revelled in high salaries. The Premier, beginning with Sir Julius Vogel, was provided with a palatial residence, and an income and allowances fit for a petty prince. A Conservator of State Forests (in 1876) preferred showing his skill in driving an elegant buggy-and-pair through the streets of Wellington—while the Parliament was sitting—to teaching forestry, and walking the woods in the country. The merchants of the Capital, and its sister commercial cities, rubbed their hands together with glee, felt their pockets, and found them full of gold. The publicans chuckled and laughed as they saw their bars filled with customers, who quaffed and drank deep of diluted, if not adulterated spirituous liquors. Hotels, theatres, and public halls arose here, there, and nearly everywhere as if by magic ; and a host of theatrical managers and their attendants flourished on indifferent dramas, operas, and sensational sights.

The City of Wellington was a notable and exaggerated example of the unprecedented prosperity of the whole Colony. Once it was a much abused and decried city. In very early days (in 1842) it was almost consumed by fire. Later on it was shaken by earthquakes : but now it had risen from the ashes of the former, and by long freedom from their violence had learned to ignore the latter.

In 1878 it was at the height of its glory. In four years its population had nearly doubled itself ; for while in 1874 it contained 10,547 souls, early in 1878 it counted 19,191. Its town allotments brought fabulous prices. In one case a plot of land with a frontage to Lambton Quay, and a church on it, which ten years before was hardly worth £1,000, was now sold for the site of a bank for

£10,000 : more remarkable still, a block of land close to it, with the late supreme court and police offices on it, formerly worth about £12 a foot, actually brought, at auction, £153 per foot frontage. One sage member of the Municipal Council ventured to predict that in five years' time (in 1883) Wellington would contain 40,000 people. So gigantic sewage works were planned, to cost £146,000, and water works were projected suitable for a city of 100,000 inhabitants. A Councillor in the City Council proposed to borrow half a million sterling for municipal requirements. New towns and villages were laid out, and environed the old city in all directions. Not content with a steam tramway through the heart of Wellington, a railway up to the Hills of Karori, where was a little village once noted for its lunatic asylum, was seriously proposed ; and woe be to the man who doubted the greatness of the immediate future of Wellington—for even to the doubtful it seemed assured. Meanwhile, Wellington, from being the stronghold of our free institutions, and the home of freedom, had become the seat of extravagance, luxury, and frivolity. Men with wealth and men without it flocked to the City of prosperity. Homely ways, and true democratic feeling retired into obscurity ; while love of display, and sham aristocratical notions rushed to the front, and the independent tone of the Press (saving the *Evening Post*) and the people of the " Empire City " disappeared under the golden mantle of the Seat of Government, and the distinguished patronage of the Civil Service.

The large Landowner everywhere rejoiced, as his cheaply-bought broad acres rose higher and higher in price. The great Importer of merchandize had an eye to business, and proclaimed himself a great free trader. The rich

Absentee was happy at his ease in England, and he received his large income from his untaxed land, or sheep, with complacency, and without being grateful to the country that protected his property, or for an enormous loan expenditure which had quadrupled its value.

Such happy days and prosperous times New Zealand may never see again. The optimist proclaimed their long continuance. The pedantic man exclaimed, "*Dum vivimus vivamus!*" Unscrupulous persons whispered to their confidants. "Make money, my friends; honestly if you can—but make money!" Jolly people cried out, "Eat, drink and be merry, for to-morrow we pass away." "Hurrah! hurrah!" for Sir Julius Vogel, the luckiest of great borrowers," shouted the contractor and land-jobber. The shallow politician said, "We have been hearing of reaction, a day of reckoning, of panics, depression, and a coming crisis, that are to come: but they don't come, and I don't believe they will come." So all went merry as a marriage bell; and all—excepting the sober-minded, the silent thinker, the honest patriot, the croaker, and the pessimist—made merry at the expense of the future, were unanimous in discounting the resources of generations to come, and busy drawing bills to be paid by their posterity of the Twentieth Century.

CHAPTER VIII.

SIR GEORGE GREY'S PROCEEDINGS. THE FINANCIAL AND PUBLIC WORKS STATEMENT FOR 1878-79. AN EXPLANATION.

As we remarked in the last chapter, Major Atkinson's successors in office had to continue Vogel's Public Works policy, whether they liked it or not. They were begun, and must be completed. Besides it was the most powerful means to gain political support—in the Parliament or out of it. To impart additional strength to the Government, Sir George Grey—having taken a new political departure—felt it incumbent on himself to seek the aid of the constituencies, by holding public meetings in the most important parts of the Colony. This he did with marked success, and political opinions of a very advanced type became the order of the day. So much so, that as soon as the electors of the city of Wellington found out that their retention of the Seat of Government was secure—even after the advent of Sir George Grey and his Otago colleagues to power—they were the first to elect a radical lawyer to support him in his new political creed. The example of Wellington was soon followed by constituency after constituency, till Sir George Grey had at his back a compact and powerful majority instead of a virtual minority as when he took office. The election of a radical member for Wellington seemed to indicate that, though Wellingtonians knew the advantage of worshipping the rising sun, yet that the ancient love of constitutional liberty and popular rights was not quite extinct in the oldest Settlement of the Colony.

At this time Sir George Grey used his latent and surprising influence with the still disaffected Natives with great success, and future peace and friendship between the two races seemed almost assured. All these things contributed to the stability and strength of the ex-Governor's Government, though it was not so strong in ability as desirable, and was theoretical rather than practical. In fact it must be admitted that some of the proposals of Sir George Grey, in his capacity of a Colonial Minister, for ameliorating the condition of the working classes, depended too much on the goodness of human nature for their success. Mr. Larnach proved himself a very indifferent Treasurer, and Sir George Grey was its main support, though not a good financier. However, Mr. Larnach was sent to England as a Loan Agent, to act in connection with Sir Julius Vogel and the Agents for the Crown Colonies in raising another great loan of three and a-half millions sterling.

Although a financier and statesman below par, Mr. Larnach—with Sir Julius Vogel—had the wisdom to get the Crown Agents for the Colonies to do the business part of the negotiations—in floating the five per cent. loan of *three and a-half millions sterling*. The Loan Agents had been instructed by the New Zealand Government to offer the Loan at $4\frac{1}{2}$ per cent., but with a discretionary power to increase that rate of interest if they thought it desirable to do so. They found the credit of the Colony impaired: so they offered five per cent., and put their trust in the Crown Agents for the success of New Zealand's second great loan. It was well they did so, for the influence of the Crown Agents with the Directors of the Bank of England mainly induced the latter to lend its great name and *prestige* to raising a loan of $3\frac{1}{2}$ millions for the Colony of New Zealand.

The issue price was at the rate of £100 in money for every £100 expressed in debentures. In short, it was offered at par, and as the Bank of England had, for the first time in the case of a Colonial loan, been secured to act as bankers for the Crown Agents, it proved a great success: for when the "Governor and Company of the Bank of England" invited tenders to be sent in on the 3rd of June, 1878—notwithstanding the adverse, but fair criticisms of the *Times* and the *Economist*—more than twice the amount was applied for. Three and a-half millions was asked for, and nearly *eight and three-quarter* millions were tendered. The "Old Lady of Threadneedle Street," for its invaluable services on this occasion, received $\frac{1}{2}$ per cent. commission, which represented the comforting sum of £17,500.

After this lucky financial operation it was understood, in City circles, that in future, a like experiment was not likely to meet with a similar success: for the Bank of England in its eagerness to compete with other banks, and in its anxiety to make up for diminishing profits (in accepting a commission to receive subscriptions for a Colonial loan) had, they said, somewhat lowered its standing in the money market of the world—London.

Soon after the raising of this loan it was quoted at a premium of $1\frac{1}{2}$, but, as if to show the hollowness of the first quotation, and the then fictitious value of this loan, in the October following it was marked on the Stock Exchange lists at 96 to 98; business was done in it at 97, and our latest loan was selling at three per cent. discount. It is true the City of Glasgow Bank had just then failed, and caused consternation in monetary circles; but, for all that, the quotations we have just named were its true

value. Higher values had been put upon it by dealers in it from the facilities offered by the Bank of England, and other banks, in lending money on these bonds at their market-quoted price : but about this time the Bank of England changed its tactics. It demanded a margin of five per cent. So that if a bond was quoted at £100, the Bank would only lend £95 on it, hence a fall in New Zealand Bonds of from 4 to 5 per cent.

The Session of the General Assembly of 1878 opened with Sir George Grey occupying the Premier's place in the Government ; and the borrowing chariot of Sir Julius was now being driven by Mr. Ballance—the new Colonial Treasurer. There was no abatement in its running (borrowing), and as Sir George Grey and his Ministry were pledged to a continuance of the Public Works Schemes of their predecessors, and their concomitants—fresh loans—he had gained by the election of many new members to support his policy, the support he would have lost if he simply had adhered to his democratic platform, and slackened the Colonial pace of getting into debt. It then appeared to impartial observers that the people of New Zealand, as a rule, cared far more for new loans than essential reforms.

Mr. Larnach being absent from the Colony, Mr. Ballance, a plain and shrewd man, with considerable ability, had taken his place, and, as stated above, had become Colonial Treasurer.

Mr. Ballance delivered the usual Annual Statement of the Finances of the Colony on the 6th of August, 1878. Immediately after its delivery he caused a summary of it to be telegraphed to London, and it appeared in the Metropolitan papers on the morning of August 13th—seven days after its delivery in Wellington. It gave an uncom-

monly favourable view of the finances of the Colony. It was well calculated to impress strangers, who read it, with the belief that New Zealand was in a very sound financial condition, and the most flourishing Colony in the world. The telegram stated the total revenue from land, customs, and other sources to be £3,900,000. This included £1,500,000 territorial revenue. The railway receipts showed a profit of £145,000, and the surplus revenue for the year was £120,000 : £100,000 of the surplus was to be placed to the credit of the Public Works Account. A Land Tax was to be imposed so as to yield £100,000 ; a tax on Joint Stock companies was to bring in £10,000 ; and an impost on Colonial Beer was to supply £30,000 : at the same time custom duties were to be remitted to the extent of £117,000. The exports were given at £6,300,000, and the Public Debt was quietly set down at £20,000,000.

The Financial Statement itself was clear and candid in some parts, and obscure and difficult to understand in others. The paragraph relating to the £832,000 worth of Treasury bills, and the conversion of them and other Colonial securities into Inscribed stock, was difficult to understand, and perplexing to ordinary readers. No doubt it was an improvement on its predecessors, still borrowing was the backbone of it ; and the Government had brought into operation the provisions of the Consolidated Stock Act, which enabled New Zealand debentures to be inscribed in the books of the Bank of England, instead of, as formerly, being payable to bearer, and passing from hand to hand. There was nothing novel in this mode of dealing with stock. Other stocks had been dealt with by other parties in the same manner, but astute Sir Julius had

forwarded this new scheme, for it promised to give additional facilities for borrowing. Apart from this question, the Financial Statement gave a most cheering account of the condition of the Colony, as shown in the increase in the estimated revenue for the following sources :

Customs	(increase)	...	...	£72,961
Stamps	"	...	...	27,068
Post Office	"	...	...	6,358
Telegraphs	"	...	...	2,361
Land Transfer	"	...	...	7,078
Miscellaneous	"	...	...	15,074

Ordinary revenue showed an increase of £423,919, and Territorial yielded an extra sum of £580,707, making a very grand total increase of £1,004,626. The total revenue for the year, derived from the sale and leasing of the Public Lands, reached a higher amount than was ever before known in one year. It amounted to £1,586,562 19s. 5d. With all these large and unexpected additions to the revenue for 1877-78, there were so many set-offs and liabilities to meet, that the vast increase of over one million sterling dwindled down to a surplus of £120,468 13s. 2d. The Public Debt, "exclusive of the guaranteed debentures," was given at £20,996,118, and the annual charge for interest and sinking fund was put down at £1,195,318. Yet the treasurer had the hardihood to send a telegram to the London newspapers giving the debt at £20,000,000, as if the difference between the two sums, of nearly £1,000,000, was a mere bagatelle—a trifle not worth mentioning. It might be that our credit on the London money market was improved by an incorrect statement like this, and though reprehensible, it was quite on a par with Sir Julius Vogel's policy, who now, as Agent-General for the Colony in London, was continually "rushing into print,"

and making exaggerated and gushing statements respecting the condition and resources of New Zealand. This all added to the undue and untrue expectations formed by the British public as to the wealth of our Colony. The *Times*, in a leader, made fun of the remarks of the Agent-General uttered at a dinner given by friends of the New Zealand Colonial Bank. Old Colonists laughed in their sleeves when they read the one-sided and puffing statements so often and so seriously made by our inflated Agent-General, and thought it would be unpatriotic to contradict them. As for Sir Julius himself, he was always thought to be a poor man, but now he seemed rich, for he lived in a grand house on Cromwell-road, in the fashionable purlieus of the West End, at Kensington. His mansion he furnished sumptuously—his servants and appointments were all that could be desired. A Tory at heart, he became a member of St. Stephen's—an aristocratic Tory club; and his vanity was flattered when silly people in New Zealand attributed the great success of the 3½ Million Loan to his financial genius, while all the time—to the initiated—it was known that the credit was mostly due to the Crown Agents.

Before closing this chapter we think it desirable to make a few remarks on the Public Works Statement, as it was on this occasion both Financial and Administrative.

If the Budget Statement of the Treasurer was a remarkable one, the Public Works Statement of the Minister of Public Works, Mr. Macandrew, was still more so. On the 27th of August, this gentleman read it to the House. It was long and elaborate; at the same time it was a clear, lucid, and able compilation. But it was based on theory rather than practice, and showed its compiler to be a worthy follower of his chief in the spending and borrowing department.

From this statement it appeared there were 1,052 miles of railway completed ; 325 in course of construction, and he proposed that 938½ miles more should be constructed, making a grand total of 2,315½ miles. Thus with the 1,052 miles finished, there were 2½ miles of railway to each 1000 people, and when the whole 2,315½ miles were completed, in say, 1884, the proportion would be, 5½ to each 1000 souls of a population of about 450,000, while poor old England (Great Britain) had but a little over half a mile to each 1,000 of its inhabitants.

He further proposed to expend, in five years, in completing lines in hand, and making new railways—of which latter no practical survey had been made—the sum of £8,385,000. To meet this expenditure, he stated there was in hand £2,000,000 of the recent loan, and he expected future land revenue to yield him £3,500,000 and about £3,000,000, was to be raised by loan. In making these proposals the honourable gentleman must have forgotten that the land revenue was all wanted for other purposes—if not already hypothecated to the public creditor as per prospectus of the 3½ Million Loan—and was really not available for future railway construction ;” yet in high-flown language he ventured to say :

* * * * “ that if New Zealand goes onward as she is now doing, until she reaches her first centenary, it is hard to decide which will then be the ‘ Greater,’ which the ‘ Lesser ’ Britain.

Such were the bold and enthusiastic proposals of the Minister of Public Works. There were to be railways running up through valleys, across ravines and over hills, dales and mountain ranges—to everywhere and for everybody. Mr. Macandrew did not appear to know that in

the United States of America it required a population of 800 inhabitants to every mile of railway to make a line pay ; whereas New Zealand with 1,052 miles in working order, has but 412 souls to each mile : and if the proposed new lines were made, there would be a total of 2,375 miles, which with a population of say 450,000, would give only 190 inhabitants to a mile of railway. Besides, the railways already constructed (in 1878) did not by any means pay the interest on the money borrowed for their construction. Those completed and open for traffic, in the Middle Island, yielded about $2\frac{1}{2}$ per cent. profit ; while those in the North Island only paid fifteen shillings on every £100 they had cost. To lookers-on in neighbouring British Colonies these certainly seemed wild proposals, but in New Zealand nothing appeared too wild for a loan-fed public to swallow, if loan expenditure was attached to it, and success in borrowing covered a multitude of sins. After the delivery of the Public Works Statement, the Members in the House seemed in a hurry to get through the business of the Session.

Sir George Grey's Government was strong in some respects, but not in commanding their followers and managing the House. In fact, the House was past controlling, and there was no fealty to Leaders as there use to be. Nearly every member of Sir George Grey's party who was endowed with a little bit of vanity, wanted to have a deal of his own way, and embarrassed his party by bringing forward inconvenient motions and proposals at inconvenient times. A remnant of the late Government—Atkinson, Ormond, and G. Maclean—kept up a sharp opposition, and fired away at the Treasury benches, prompted, we suppose, by the desire to pay back, in some

sort of a way, the eternal badgering they got from Sir George Grey and his party during the previous Session. However, there seemed to be a very general desire to have a short Session, and to give the Government one more recess, in which they might work out their ruin or their salvation, for up to this time they had pleased neither friends nor foes.

There was a reason for this. Sir George Grey was far in advance of his colleagues in reform measures. They held back and he wished to rush forward. The result was he yielded to their opinions, and gave up his cherished opinions, and a milk-and-water policy of reform was introduced. The measures thus proposed were incomplete, and they were not genuine. The Government had promised much and performed little ; consequently their numerous supporters outside the House were sadly grieved and disappointed.

Such was the state of feeling and parties in the General Assembly up to the third month of its sitting, but in October there was more opposition to the Government measures than the Ministers had expected. The Land Tax Bill, Customs Tariff Bill, Beer Tax Bill, and the Companies' Tax Bill, were the measures that Sir George Grey's Government had expressed their determination to carry through both Houses. But by a majority of two, they were defeated on the Beer Bill, and were obliged to withdraw their Companies' Income Tax Bill. The Government did not resign. The Customs and Land Tax Bill they carried. The latter was not viewed with much disfavour, for it only imposed a tax of a *halfpenny in the pound* on the value of land ; and taken in connection with the reductions of duty on certain articles of consumption, the great Landholder scarcely felt its effects.

Shortly after the withdrawal of the Beer and Income Tax Bills, the Government announced that the loss to revenue of £40,000 from these two sources would be made up by transferring the amount proposed to be taken out of revenue for Harbour Defences—to the *Loan* for Public Works.

A loan was the last resource—as it always is with foolish and improvident people—and he was a courageous man who dared to stand up in his place in the House and deprecate New Zealand's excessive and incessant appeals to the money market of London. Fortunately for the character of the House of Representatives, there were a few independent and sensible men who were not afraid to do so during the Session of 1878. One of these was Mr. Saunders, formerly Superintendent of the Province of Nelson, who said :—

“They were now approaching the most dangerous paths of Colonial finance, now that a property tax was necessary. No country in the world had borrowed so largely in proportion to population, and no country in which the conditions of the country were so diversified as to defy uniform rules. He believed we had borrowed too much. Mr. Gillies had said when the Public Works policy was initiated that it was a policy of stimulants, and must end in direct depression, and he (Mr. Saunders) believed the Colony had been intoxicated during the last eight years, and that it had culminated in a fit of *delirium tremens* at the Dunedin banquet the other day. [Where Sir Julius was lauded to the skies.] He did not feel much gratitude to Sir Julius Vogel for what he had done, because he believed the public works could have been carried on much more expeditiously if no money had been borrowed. We were now paying more money annually in the shape of interest and sinking fund than we were spending annually on public works, so that it was very clear we could get on very well if we had no depressing debt to weigh us down, and we ought at once to stop borrowing before our creditor stopped us. The ability of public men in New Zealand had been estimated by their power of spending money.”

On the 2nd of November, 1878, the General Assembly of New Zealand was prorogued, and the third Session of our Sixth Parliament thus came to an end. The Session closed without credit to the Government, and with little advantage to the country. The "Electoral Bill" shared the fate of other pet measures of the Government—it was withdrawn.

The state of New Zealand was peculiar. A long career of successful borrowing and freely spending—without serious check or reverse—had brought the Colonists to believe in Loans and Public Works as everlasting sources of prosperity. Firmly impressed with this idea, they resolved to go on borrowing as long as they could. Economy and prudence were thrown to the winds, and many of our public men were more eager for place and emolument than for the solvency of the Colony.

Amidst all the prosperity we have alluded to, there was one little fact which always seemed to escape our puffing writers. That fact was that though we had spent millions of borrowed money in the Colony, and imported nearly 90,000 immigrants, yet our exports, whereby we ought to live and pay our debts, kept falling off from the commencement of the Public Works Scheme in 1870 to the year 1877, a period of seven years. For 1870 our exports per head amounted to £19 8s. 3½d., and in 1877 they had dwindled down to £15 9s. 6½d. per head.

During the year 1878, the state of the Land Fund was exceedingly satisfactory. Canterbury alone contributed £1,123,000 for the year ending 30th June, 1878. At this time the hope of the Colony was the Land Fund. On it the revenue of New Zealand mainly depended, and time alone would show, whether the rapidly decreasing area of saleable land would realize the sanguine and great expectations formed of the cash yield to be derived from it.

Towards the end of the year 1878—in spite of the prosperity caused by the great Loan and Public Works expenditure which permeated all classes of society in the Colony—thoughtful men saw that the enormous public and private indebtedness of New Zealand was assuming a grave and serious aspect: yet some people did not yet see how much New Zealand's prosperity was depended on and bolstered up by borrowed money.

In concluding the chapter before us we may here state that the first part of this pamphlet—up to the end of Chapter VIII—was submitted for perusal to two old friends in Wellington prior to the year 1880. One of these gentlemen was an ex-New Zealand Minister. He suggested several slight verbal alterations, which were attended to. The other was one of the oldest and ablest journalists in Wellington. At this time we were in doubt as to the propriety or utility of continuing it, fearing it might not be deserving of the attention we expected; but as our press friend, in a letter now before us, said: "I have read from beginning to end, at one sitting, your admirable pamphlet on New Zealand Loans * * * It is, on the whole, the most forcible and striking production on the indebtedness of the Colony I have yet seen." The part he read was the first five chapters, and his commendations much influenced us in adding to them and completing the rest of the pamphlet, the first five chapters of which were printed in 1875, the three following in 1878-9, and the two last in 1886. The journalist I allude to above was the author of "Leaves from the Writings of a New Zealand Journalist." He died at Greytown, Wairarapa, on the 2nd December 1881.

CHAPTER IX.

OPENING OF THE 1879 SESSION OF PARLIAMENT. DEPRESSION IN THE COLONY IN 1880. NEGOTIATION OF THE FIVE MILLION LOAN IN 1879. SIR JULIUS VOGEL'S ENDEAVOUR TO BECOME A MEMBER OF THE IMPERIAL PARLIAMENT. HIS RESIGNATION OF THE OFFICE OF AGENT GENERAL. FINANCIAL STATEMENTS OF 1880-81-82 and 83.

THE New Zealand Parliament was opened by commission on the 11th of July, 1879, and on the 15th his Excellency, the governor, delivered his speech. Routine business was transacted, after which, on the 18th of July, Sir William Fox moved a vote of want of confidence in the Grey Ministry for their having "so neglected and mismanaged the administrative business of the Colony." This was carried on the 29th of the same month by a majority of 47 to 23. On the following day, the Governor—Sir Hercules Robinson—agreed to grant a dissolution. Before dissolving, arrangements were made for granting supplies, and authority taken to raise the greatest of our great loans, namely, £5,000,000. The prorogation of Parliament took place on the 11th of August following.

After an exciting series of contests for seats in the House of Representatives, the re-assembling of Parliament took place on the 24th of September, 1879. On the third of the next month a vote of want of confidence was carried by a majority of *two*. This brought in the Hall Government. The announcement of the narrow majority in the House caused great excitement.* Soon after this the Grey party

* The writer at this time was sitting behind the Speaker's chair and close to where Sir G. Grey sat on the Ministerial Benches, when, just

found themselves stronger than they had expected, and—with Mr. Macandrew as leader—were anxious to try their strength again, longing for a division and confident of success: but, near the hour of trial, they found themselves deserted by four gentlemen—members of their party—namely, Messrs. Reader Wood, Swanson, Hurst, and Colbeck, who had signed a memorandum with the Premier, Mr. Hall, to support the Government through this Session on condition that justice was done to Auckland in financial arrangement, that certain Liberal measures should pass, and that the existing *deadlock* should be put an end to. The Auckland-four were, of course, assailed on all sides for deserting their party. They were designated as traitors by some, and patriots by others; but, nevertheless, the Government—by means of this Auckland compact—became strong enough to pass most of the Liberal measures of their predecessors in office; also their financial proposals and a severe measure of taxation, originated by themselves and called the Property Tax Bill.

On Monday the 17th of November, Major Atkinson read his Financial Statement for the year 1879. Therein he recounted, "The difficulties and dangers of the position" into which the finances of the Colony had drifted, and formally stated there was an estimated deficit of £911,958 to be provided for during that year. Future deficiency he proposed, mainly, to meet by repealing Grey's land tax and substituting for it a property tax on the American plan which is levied so as to tax all a man possesses in the

after the numbers of the division were announced, Sir George, in an audible whisper, said to him "Carter, I wish them joy of their victory," alluding, probably, to the embarrassed state of the finances of the Colony.

shape of real or personal property. The tax was fixed at one penny in the pound sterling on the value of all property assessed, after deducting all outstanding liabilities to which it was subject. This tax was expected to produce, as revenue, the sum of £470,000. Thus, for the first time was a property tax introduced, to meet a failure of the Great Public Works Scheme to yield the great profits its principal promoter promised. Duties to produce £106,000 were also proposed on Spirits, Wines and Tobacco. The public debt up to the 30th of June was given as £23,222,311, with an annual charge for interest and sinking fund of £1,232,119.

The year 1880 was ushered in with the great property tax in operation, where a settler's land, his house, his furniture, his hat, his clothes, watch, boots, books, works of art, jewellery and cooking utensils—were liable to the tax; if he were in business his stock-in-trade was taxed; if he were a farmer his live stock and growing crops in the fields were subject to the same impost. Independent of this excessive taxation, the general condition of the Colony was most discouraging. In Wellington alone 400 houses and shops were to let, and 577 men were out of employment. In the Provincial district of Wellington there were—in the nine months ending September 3rd, 1880—81, declarations of insolvency, besides 21 deeds of arrangement during the same period. At Canterbury and Otago the Government had to find employment for 1320 unemployed men, at a reduction, for single men, of from 21s. to 18s. per week and married men received 4s. per day instead of 4s. 6d.* In Wellington the emigration of artisan and labourers, at

* See local newspapers and telegrams of this period.

one time, was so considerable that the steamships "Wakatipu" and "Hero" had more than they could carry away. Stranger still, in Christchurch, in the month of June, in one day, 251 persons were supplied with bread and soup at the *Soup-kitchen* there; and on another day 310 persons accepted the same sort of charity food. This disquieting state of affairs in the Colony extended to the London money market, where New Zealand securities fell heavily. The inscribed stock going down to $83\frac{1}{2}$ and a sort of panic prevailing amongst holders of New Zealand bonds.

During these crucial times in New Zealand, what was our illustrious statesman and Agent-General doing in England? Well, Sir Julius was very happy; he had his own way, and had been extensively engaged in placing New Zealand's biggest loan. This was the five million loan of 1879. Certainly the loan was much needed: half of it had been anticipated and the balance too soon disappeared. Our credit had gone down on the London Stock Exchange, and, in such lavish hands as those of Sir Julius Vogel, raising the loan was sure to be a very costly affair; so it was. At the end of the year 1879 the £5,000,000 loan was offered at £97½ for each £100 bond with twelve months' option of converting the same into a four per cent. inscribed stock at £81¼. After allowing for accrued interest, commissions and discounts, incident to raising it, the price realised for the loan was given at £95½ for the five per cent. bonds and about £79½ for those converted into four per cents. The total amount converted by the very lavish terms of giving a five per cent. bond of £100 for a four per cent. bond of £120—was £4,476,000 worth of five per cents. given in exchange for £5,371,200 worth of four per cents. This financial operation gave the bond-

holders five per cent. on their original holding of £100 and a bonus of £20 payable in the year 1929, and increased the Colonial debt by the sum of £895,200 for which addition the Colony effected a paltry saving of £8,952 in annual interest. What the total cost of raising this loan was, is difficult to get at accurately. We believe if it had been more investigated it would have had an uglier aspect.

On the 4th of June, 1880, the way in which, and the price obtained for, the loan was seriously criticised in the Legislative Council, by the Hon. Mr. Waterhouse and others. In fact, there was quite a "scene" during the debate on the conversion of the five million loan: one member spoke as follows:

"MR. SCOTLAND was astonished the colony had not the moral courage to get rid of Sir J. Vogel. So long as he was Agent-General, so long would they pay through the nose for all their loans. The man appeared to cast a spell over every Government, and no one seemed to have the moral courage to talk to him as he ought to be talked to. There seemed to be a general opinion that Sir J. Vogel was a wonderful financier, who almost ruled the money market, but such an idea was ridiculous. He owed everything to the colony, which he had come to as a mere adventurer, a broken down gambler—(cries of "Order!")

Colonel BRETT would not hear the most eminent man that had ever been in the country maligned and called a swindler.

The SPEAKER: I must correct the hon. member. The word used was "gambler." I regret it should have been spoken, but the hon. member must not attribute a worse word than that actually used.

Colonel BRETT said Sir J. Vogel's name was a household word in the colony, and before he was condemned he should be heard. He was an eminent and beloved man, and the language used was uncalled for. ("Oh! oh!" and laughter).

He should throw back the calumnies that had been uttered—"Order"), and would sit down absolutely mortified."

To the surprise of many the passage just given was omitted from the report of the debate in *Hansard*. Well might the Editor of the *Evening Post*, in an article (dated June 10th, 1880) devoted to this subject and headed "*Hansard* and the Lords," say :

"The language used may not have been creditable either to those who used it or to the Council in which it was uttered, but we altogether deny the right of the *Hansard* reporters or editors to sit in judgment upon the words spoken in our Legislature, and to suppress or alter anything that their critical taste may disapprove. The duty of *Hansard* is to record what members actually say, and not what the editors or reporters may happen to think they ought to have said. We repudiate the second number of *Hansard* as a garbled and untruthful report. It ought at once to be withdrawn, and a corrected one substituted." * *

In March 1880, Sir Julius Vogel was agreeably engaged in a contest to secure a seat in the Imperial Parliament. This was the great object of his high ambition. He stood in the Tory interest for the ancient Sea Port and Town of Falmouth, and as a supporter of Lord Beaconsfield's administration ; but notwithstanding the persevering canvass of his wife, Lady Vogel, he was only third on the poll—a small one—the first two (Liberals) being respectively 1176 and 1071, while the third, Sir Julius, only received 882 votes, and was thus defeated by a majority of 294, though supported by the Carleton Club and some large ship owners.*

* During this contest the following election skit was put in circulation :—"Are you one of three or four land speculators who stand to make £80,000 by the sale of a large rabbit warren to Englishmen through the agency of the New Zealand Agricultural Company? 2.

By this time, Sir Julius had become an important personage on the London Stock Exchange, besides being Agent-General. He dabbled in all sorts of companies and rapidly became *a successful Promoter of unsuccessful companies*. However, as we shall have more to say on this subject at a later date, and in Letters which are to follow this pamphlet, let it suffice to say that the Government of New Zealand were getting alarmed at the political and financial vagaries of their servant, the Agent-General, who was playing the part of master in a way suitable to his own interests and inclinations. As this was detrimental to the welfare of the Colony the Ministry, with John Hall at its head, determined to put an end to it, as the copies of the following telegrams show :—

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.

Have you not received absolute instructions from the New Zealand Government to clear out of that company forthwith? 3. Are you not aware that your election move of substituting Falmouth for Plymouth as the port of call of outward bound emigrant ships is universally laughed at in New Zealand? 4. What guarantee do you give us that, even if we swallow the bait, any real advantage will accrue to us after you have secured your end—a seat in the English Parliament? 5. Is it not a fact that your candidature is strongly condemned by the New Zealand Government? 6. Is it not consequently a tolerable certainty that if we are foolish enough to sell you our votes for some imaginary advantage, which in reality you are without the power to give, we shall find ourselves at once both bought and sold? 7. Under all these circumstances would not a constituency which distinguished itself by sending a brother speculator, 'Baron' Grant, to Parliament be a more suitable one for your particular genius to operate upon? Men of Falmouth, beware of this astute Hebrew."

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 to 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, I 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.

From the above it will be seen how at first Sir Julius delayed and was evasive in his replies ; at last, when he received an ultimatum, in which he was requested to resign the Agent-Generalship, then he yielded to the inevitable and resigned.

We must now return to Major Atkinson (though we are sorry to say, we have by no means finished with Sir Julius Vogel), and his financial statement of 1880. This he delivered on the 8th of June of that year. He had again an unsatisfactory statement to make. Prosperity had not returned to the Colony, but it was the same all over the world. He had found the deficit for 1878-9 to be greater than he expected. He had also to announce that at the end of the financial period ending 31st of March 1880 there was a deficiency of £990,081, to meet which Treasury and deficiency bills had been issued to the big figures of £1,000,000. The public debt he said was £25,617,113 after deducting sinking funds accrued to the extent of £1,805,495. The one million deficit was added to the public debt, and, then, required £50,000 a year to pay interest thereon. The deficit on the year was estimated at only £8,709, but with putting on a big tax on beer, and abolishing the property tax on furniture, books, etc., in a man's house, the deficit was turned into an estimated surplus of £41,291.

The Financial Statement read by Major Atkinson on the 6th of July, 1881, was "pleasing and satisfactory," as was his remark that the check on Colonial property was only *temporary*. He had to announce there was a surplus of £26,706 in the year's transactions, and that the *net* Colonial debt was £27,108,270. He likewise asked for the continuation of one penny in the pound in the property tax for half the year, and a half-penny for the latter half,

With Mr. Hamlin in the chair, Major Atkinson delivered the Financial Statement of 1882 on the 16th of June. In the second paragraph he stated that the Imperial Government had, virtually, called upon the Colony to pay the 2 per cent. sinking fund on the guaranteed loan of 1870. Being in Wellington in 1880, we wrote to the Major on this subject and pointed out the great probability that the Sinking Fund must come into operation at the end of ten years, from the passing of the Act. Afterwards he told us the matter had escaped his attention and was obliged to us for writing to him. It appears, then, that after all the Government thought that to set aside 2 per cent. on the £200,000 that had been raised out of the guaranteed million, sufficiently met the case, the remaining £800,000 worth of debentures being kept to enable the Government to borrow money on them in times of need; but the Imperial Government advised them differently, so that now £20,000 a year is reserved as a sinking fund to pay off the £1,000,000 guaranteed. The Treasurer had this year the gratifying fact to announce that the public debt had only been increased by the sum of £572,024, and then stood at £27,680,293, and better still, he stated that on the 31st of March, 1882, there was a surplus of £215,044. The main drawback to this statement was that it ended with a proposal to borrow £3,000,000 more, which was afterwards agreed to.

Trade and politics went on smoothly enough during the financial year 1882-3. At the end of that year Major Atkinson was still Treasurer of the Colony of New Zealand, and on the 27th of June, 1883 he delivered his usual Financial Statement. He gave the public debt as amounting to £27,785,281, *net*, and stated there was a surplus for the

year 1882-3 of £35,549. Taken all together the Treasurer's statement was a very able one, full of instructive observations and statistics. It was longer than usual and very exhaustive in its treatment of the questions it dealt with. At this period the Major, from long experience, had begun to think himself almost perfect in making financial statements and, as many persons thought, took advantage of his position to make people believe that he was essential to the Government of the Colony and that he could hardly be done without—for without the hon. gentleman everything would go wrong. The Ministry of which he formed the most important part had been styled "A continuous Ministry," and there was some truth in the appellation. We fear the Treasurer presumed too much on his unpolished oratory, financial ability, and long public services, in struggling so much to retain office. It is not unlikely that pecuniary necessity impelled him to do so; but for all that, in a system of responsible Government, it is more salutary and fairer that one set of men should not remain too long in office. That this was the opinion of the public was shown in the following session of Parliament by the fall of the Atkinson Ministry and the elevation to power of Mr. Stout as Premier, and Sir Julius Vogel as Treasurer.

CHAPTER X.

RESURRECTION OF SIR JULIUS VOGEL IN NEW ZEALAND POLITICS. FINANCIAL STATEMENTS AND MINISTERIAL FORMATIONS IN 1884. THE SESSION OF 1885. SIR FRANCIS DILLON BELL AND THE LONDON PRESS. SIR JULIUS VOGEL'S TENTH BUDGET. CONCLUSION.

At the end of February 1884, Sir Julius Vogel sailed from England for New Zealand. He had left London, ostensibly,

on account of ill health. He was unwell in body and ill-at-ease in mind. It does not come within the scope of this pamphlet to give details, or dwell on the true reasons which induced him to leave Home and return to the Colony—after most people had come to believe that (after hastily leaving it in 1876, and suddenly revisiting it in 1882), he had quitted it never again to enter into political life there. In the Metropolis of the British Empire he had risen to be a notorious company promoter. In 1882—83, he was director of some six public companies; not one of which had been fairly successful. He was chairman of at least two of them. In fact he succeeded in no business that he undertook—except in floating loans. In that he was truly fortunate, unfortunately for New Zealand. Many and loud were the complaints about his mismanagement of companies in London, and the big sums of money he made out of them. The Standard Fire Company, of which he was a director, if not chairman, went into liquidation, and the others were wanting in success; but it is worthy of remark that some of them, particularly the “Consolidated Telephone Company” began to improve, and to pay dividends, a year after Sir Julius Vogel had ceased to have anything to do with the management of it. We think it may fairly be assumed, under these circumstances, that Sir Julius found he was played out in London, and that, combined with ill-health, induced him to seek rest and *retirement* in New Zealand. When arrived there his restless mind and fertile brain would not permit him to keep quiet, so once more he plunged headlong into Colonial politics. A part of the New Zealand Press fondled him, another portion was very rough on him, a third made fun of

him,* but neither one nor the other had any weight with him. Exposure, however severe, true and trenchant, had no effect on him; he was too thick-skinned, too callous, and too hardened in his career to be affected by it, or to discontinue posing as the only man who understood finance properly, or could lift the Colony out of its depression.

Soon after his arrival in New Zealand, Sir Julius was found feeling his way to election in the House of Representatives. The times were propitious for him; the Atkinson Ministry had become unpopular, for several reasons not necessary to mention. On the 20th of June, 1884, the latter made his quasi financial statement. It announced a deficit of £152,112, and that the debt was £29,574,903, *net*. He thought he could see his way to make all ends meet for the services of the year, without further taxation; but as a dissolution was impending he declined to state, fully, the nature of his proposals. The Governor duly dissolved this

* THE RETURN OF THE PRODIGAL.—Sir Julius Vogel has come back again like a bad coin. He is only a showman, more lucky than his fellows at the best. A statesman he never has been. Those who so miscalled him were those whose fortunes he had made. He was a power at one time in the State, because he was the tool of men of influence. As he can be their tool no longer, he has been discarded by them, when age and infirmity, and broken fortune, and broken health, have overtaken him. "Crowded" out in England, he comes to the land of pleasant memories, where money at one time ran in streams at his bidding. For his sickness we have sorrow, for his claims against the Colony contempt, and for his desire to re-enter the General Assembly condolence for the people should he be successful. He is out, and he is best there. He is sick, let him practise temperance. He is poor, let those whose fortunes he made support him. As men do not gather grapes from thorns, any hope of redress from our Government, or commercial depression, cannot be expected from the Vogel train. He had his chance; he threw his stake and won, and left nearly all of us lamenting. We have too much experience to be again be-guided by the money-lender's voice.—*Freeman's Journal*.

Parliament, and the elections for a new one, took place on the 22nd of July following.

Meantime, Sir Julius had not been idle. Gisborne and Ashburton had been wooed for an alliance with him; but after a little flirting, Christchurch North, was selected as a safe seat, and for which he was duly elected by a large majority. The new Parliament met on the 7th of August. On the day following, Major Atkinson announced that his Ministry had resigned, and that Sir Julius Vogel was sent for, and with great celerity he formed a Ministry, which announced its programme in the Governor's speech delivered on the Tuesday following. It was then stated Mr. Stout was to be Premier and Vogel Treasurer: the new Government was turned out on the following evening, on the motion of Mr. Thomson by 19 votes. Mr. Thomson was "sent for." He failed to form the shadow of a Ministry. Sir George appeared on the scene to form one, but on the 27th stated he could not perform the task allotted to him. As Sir George Grey sat down, Major Atkinson rose up and at once informed the House that he had been requested by the Governor to try his hand on the formation of a Ministry, and had accepted the commission. To work he went, and with remarkable alacrity, for on the following evening he announced the composition of his new Ministry. Two days afterwards (August 30th), with almost equal haste, the Atkinson Ministry was defeated by a majority of 43 to 38, and there being no other possible combination to form a Ministry, Sir Julius Vogel and his friends came into power. The Premier was Mr. Stout, and the Treasurer Sir J. Vogel. From a religious point of view it was afterwards said the Ministry was composed as follows:—

"There were two Roman Catholics (Messrs. Buckley and

Tole), one Jew (Sir Julius Vogel), two Freethinkers (Messrs. Stout and Ballance), one Presbyterian (Mr. Reynolds), and one Episcopalian (Mr. Richardson).

One Financial Statement had already been delivered by Major Atkinson on the 20th of June of this eventful year, and another was made by Sir Julius Vogel on 16th of September following. The latter was not a very long one ; it consisted of 13 pages, and was cleverly written in a sprightly vein ; of course it disappointed some and pleased others. It was remarkable for the audacious tone that pervaded it, though it proposed borrowing only £1,500,000, a small sum for Sir Julius. Withal it was boastful ; Sir Julius chaffed, in contemptuous tones, Major Atkinson and his financial policy. To some gentlemen he named he used transparent and patronising flattery. Among many other things, in this statement, Sir Julius said and promised, was this : "The £150,000 for last year's deficiency I shall pay off within the next two years." He spoke of a sinking fund as "a delusion and a snare." "My proposals are to virtually relieve the charges this year to the extent of the sinking fund, say £240,000 ;" and speaking of the Inscription of Stock Act he said, "By the aid of this Act I propose to save the Colony some £300,000." In another part of the statement he remarked, "We propose to reduce the Property Tax by one half, namely, to three-eighths of a penny." In his concluding paragraph were the following inspiriting and (intended to be) prophetic words : "Under a reinstated finance and diminished expenditure, the country will, we are convinced, rouse itself from apathy and spring forward with leaps and bounds of progress." The scheme of utilising, for public expenditure, the various sinking funds came upon the Colony with a surprise, and

for a time very many of the Colonists were captivated with it.

Just at this period, the people—tired with depression and eager for prosperity—did not stop to think this part of the financial proposals out to its legitimate conclusions. It really meant seising the sinking funds established by law to discharge certain public debts. We cannot help regarding this great financial *coup-de-main* as a policy of putting off paying just debts. It is something like the tradesman who could not meet a heavy pecuniary engagement; so he gave a bill for the amount and said, "Thank God that's paid." Perhaps, a more appropriate comparison would be the case of an old English gentleman with a very large landed estate, which he wished to transmit to his children as a very valuable property. To do so he borrowed £20,000 to improve it, and out of its increased rental—consequent on these improvements—he quietly decided to put by £2,000 a year for ten years to pay off the mortgage of £20,000. All goes well for a time, but he dies at the end of the first five years, and his newly-married son inherits his property. This son has led a rather precarious and, some times, a riotous life, and is of a speculative and gambling turn of mind. He is also surrounded by flatterers and parasites, and is inclined and is urged to enjoy himself and make himself popular by lavish expenditure. To accomplish this he ceases to lay by £2,000 a year to pay off the remaining debt of £10,000 on his estate. More than this, he seises on the £10,000 already saved—which was his accumulated sinking fund—squanders it and leaves his children to pay off the incumbrance of £20,000, which he ought to have paid and could have paid if he would have only waited and saved for five years more. That man's motto was: "After me the deluge."

However rightly or wrongly, Sir Julius's Government remained in power to the end of the Second Session of Parliament of the year 1884; and it must be admitted that he made good use of his time during the ensuing recess—for he was determined to please everybody he could. To Otago he intimated a wish that the Otago Central Railway should be proceeded with: for Canterbury there was the West Coast Railway and a Subsidy for the N. Z. Shipping Company: Nelson was led to expect a Railway, and Westland had a guarantee, by the Government, to a loan of £200,000 to improve Greymouth Harbour. The Empire City, Wellington, was satisfied with a grand "Exhibition" all to itself: small things were dangled before Hawke's Bay and New Plymouth: Auckland was well pleased with the promised completion of the North Island Railway—a subsidy to her steamers engaged in the South Sea trade and the continuation of the San-Francisco Mail Service.

As for our friend, Sir Julius, he seemed gratified with the all-round-appearance of things in general. His health was bad; he had almost lost the use of his extremities, his legs and feet being seriously affected with gout; but his body and mind seemed healthy and active, and with a specially constructed chair he could move about his office and guide his chair—by means of an instrument like that of the handle to a coffee mill. To strengthen his position in the Legislative Council he added nine or ten members to it at an expense to the Colony of £200 a year for each member, and to help to secure support he created a superabundance of Magistrates.

Time went on. The year 1885 came round when Sir Julius Vogel read his Financial Statement before the

Committee of Ways and Means on the 19th of June. It was a very long if not the longest Budget Statement ever made in the House. It covered nineteen pages of printed foolscap and was lugubrious in tone as it was long in space. In it he had to admit failures and shortcomings. It dwelt, at considerable length, on his Conversion Scheme in relation to the sinking funds, and confessed that the annual charge for interest, etc., on the public debt of the Colony had increased instead of diminished, as people were lead to believe from his former statements (of this sinking fund operation we speak fully further on in the letter dated May 1st 1885). Sir Julius gave the amount of the Colonial debt at £30,649,099 *net*. But his principal congratulations were on the high state of New Zealand credit on the London money market. So absorbed was his mind in thinking over loans that he overlooked a great fact which would have told in his favour, namely:—the unprecedented fall in prices of New Zealand produce in England, that had done so much in the Colony to cause distress and depression which he could not help and ought not to be blamed for. In former times he had high prices for produce and a superabundance of loan monies at his command, and even then he made a “mess” of Colonial Finance. The three million loan, and the one and a half million loan had all been raised. The latter on very good terms. As regards the former we wrote an article upon it in the *New Zealand Times* of March, 1885, of which the following is the first portion:—

“The last million of the Three Million Loan of 1882 was offered for public competition on the 9th January, and proved a success. The following tabular statement shows

the comparative results of that instalment and of the two previous instalments :—

Date of Issue.	Amount.	Minimum Price.	Prices Obtained.
Jan. 10, 1883	£1,000,000	£98 10 0	£97 7 11
Jan. 11, 1884	£1,000,000	£98 10 0	£99 2 0
Jan. 9, 1885	£1,000,000	£97 10 0	£98 5 7

Each instalment bore interest at the rate of four per cent. per annum, and the average *published* price received for each £100 bond was, for the first instalment, £98 12s. 5d. ; for the second, £100 6s. 6d. ; and for the third and last, £99 10s 1d. But these are misleading prices, for there is no deduction made for interest accruing from the 1st November (over two months before the instalments were tendered for) up to the 1st May, when six months' interest was due on the nominal amount subscribed. This accrued interest would amount to say, 19s. 6d. ; and it and discount say 5s., allowed to those who paid in full, would make a total of £1 4s. 6d., which we have deducted from the *published* average price of each year as shown above. We believe we are right in saying that there has been no four per cent. loan raised for any of the Australasian Colonies (except for New South Wales) at a rate which gave the borrowers an actual margin on the nominal value of the bonds. The Victorian loan of three millions, floated in 1883, was taken up at an average of £100 3s. This looked well, but it was a fictitious statement of the result ; for 90 per cent. of the loan was only to be paid just as the first six months' coupons fell due. Therefore the net price was only a little over £98 for each £100 debenture. Our

readers will observe that the last instalment of the New Zealand Three Million Loan of 1882 (the million raised last January) did not yield the price which the previous one, of 1884, did, by the sum of 16s. 5d. for each £100, and that the tenders for the 1885 instalment amounted to £4,129,700, and for the 1884 instalment to £5,550,000. But even these tenders are deceptive in appearing in such large amounts, for some brokers, to insure the acceptance of their applications in full, often apply for much more stock than they actually require. Our estimate of "Prices obtained," in the foregoing tabulated statement, may not be so high by 1s. or 2s. for each £100, for the amount allowed, as discount for paying up in full is not made public ; but for all practical purposes the estimate may be taken as correct, and from it may be deduced : That the Colony submitted to a reduction of about £25,000 on the three millions sterling raised ; and on that £25,000—which the Colony never received, but which must be paid—we have to pay about £1000 a year as interest. Add to that the heavy charges of the Bank of England, commissions to brokers, and various other expenses, and a still further and larger sum must be subtracted from the three millions. Yet that loan was raised on the most favourable terms known to New Zealand borrowing. What then must have been the ruinous rates of floating previous loans when the same mystery was practised as regards the detailed results ? In the flush of excitement consequent on the successful issue of a large loan, or in a converting operation, it is, perhaps, but natural that Agent-Generals should "blow a horn" by means of a submarine cable message, and believe that their personal exertions were the cause of success. Whereas it is well known that success or failure in raising

of loans depends on the state of the money market, the terms borrowers have to offer, and the advice given to Agents-General by the experts of finance, represented by bankers and brokers of high standing, and, sometimes, by the Agents for the Crown Colonies. Then, when a loan is successfully placed on the London money market, meagre details are given of the dry financial operations, and gushing telegrams are flashed to the Colony interested, both having a tendency to mislead the uninitiated—that is, the multitude. We have, therefore, endeavoured to place more clearly before the New Zealand public some of the details and results of its last three financial operations in borrowing. If an Agent-General were unsuccessful in raising a loan, it would not be his fault. It would be the fault of his instructions, the circumstances of the money market, and the financial advice tendered him.” * * * *

To return to Sir Julius's Financial Statement of 1885, we may state that it was universally disappointing. The budget of the years 1884-5 showed a small surplus of £19,891; but for 1885-6 there was an alarming deficit to provide for. Of the £150,000 deficit of the preceding year nothing had been paid off. The conversion scheme had not been a failure, but it had not yielded the immediate and tangible great results expected from it. In fact Sir Julius had to make the very humiliating proposal that the half of the property tax—he had with so much glee taken off during the previous year—must now, one year after, be put on again. Many members of the legislature were displeased with him, and the rest dissatisfied. So much so that his proposals were set aside. He and colleagues were, virtually, ordered to do what they were told to do. The majority of members in the House

would not turn out the Ministry; but they would not permit them to pass bills they wanted to become law—particularly the one relating to the proposed infamous contract with Messrs. Meiggs and Co., for the Canterbury and West Coast Railway. This contract was for £3,860,000 and one of the items of this large sum was £385,000 for expense of *underwriting*. Well might people want to know into whose pockets this big sum was to fall. Perhaps Sir Julius knew. The Government suffered ignominious defeats; still they stuck to office like barnacles to a ship's bottom. They were a Ministry on sufferance and tolerated to the end of the session in the hopes of something more favourable turning up before the next one met.

It may be useful here to place on record that on several occasions, during the Agent-Generalship of Sir Francis Dillon Bell, statements had been publicly made, through the London press, which were calculated to damage the monetary credit of New Zealand. To counteract this and to inspire confidence in the Colony—the Agent-General read a statistical paper at the Colonial Institute which gave a glowing account of the wealth and resources of New Zealand. Sir Francis meant well and really believed he was doing a good thing for the Colony. The paper was read in December 1882. On the 20th of the same month a scathing letter appeared in *The Times* in answer to it, signed X. Y. Z., calling attention to the “*manifest nonsense and extravagance*” contained in the paper read by Sir Francis. The latter replied to X. Y. Z. in a longish letter, which *The Times*, in a leader on the subject, said was written with “*acerbity*,” and his statements “*smacked somewhat of the style of George Robins*,” (once a noted puffing auctioneer); next the noted statistician, Mr. Giffin,

replies to Sir Francis's letter by telling him he has committed the very blunder that he (Giffen) attacked. On this, Sir Francis hastens to come in and make his peace with the following remarkable note:—

“Sir,—It would not be right if I did not say at once that I submit without a murmur to the authority of Mr. Giffen, and hasten to express regret for having misunderstood him. Perhaps it is as well that a mere politician, from the other side of the world, should have a sharp lesson to keep out of controversy about doctrines which only an accomplished statistician can make clear.—I am, etc.,

“December 29th.

F. D. Bell.”

Two other letters appeared on the same subject. Nothing abashed, Sir Francis replied to them in a mild sort of way: but the worst was yet to come, for the correspondence showed, and the auditory who heard the paper read, were led to believe, by Sir Francis saying nothing to the contrary, that it was all his own composition—all out of his own head—and were much amused when they found that the great bulk of it—the statistical part—had been written by Mr. Mulhall. It would, we must admit, have been much wiser if the Agent-General had refrained from rushing into print so often. It was well meant and done to promote the interests of the Colony; but the way in which it was done had a contrary effect. It appeared to us that Sir Francis Dillon Bell magnified the importance of his office; he made few or no friends; he was officially curt to those he considered his inferiors, and obsequious to those he admitted to be his superiors. He worshipped the powers that be: yet we know that when he liked, or when it would serve his ends, he could be very affable and pleasant. He seemed to have a mania for writing long letters; but he did not get on well with the London press. As late as 1886, he was in

trouble with it. In March of that year there appeared in *The Times* a letter signed "Mercator." It commented with great severity on the state of New Zealand finance. Sir Francis took notice of it in a short note which the City editor of *The Times* characterised as "unnecessarily fierce." Then on the first of May following a most damaging leading article appeared in the *Standard*, part of which Sir Francis said was "sheer nonsense." The *Economist*—the most influential financial paper in London—took the matter up. Here is what that journal said of it:

THE INDEBTEDNESS OF NEW ZEALAND.—Sir Francis Bell, the Agent-General for New Zealand, has, in reply to some criticisms upon the financial condition of that colony, written an exceedingly intemperate letter, which will do the cause he represents no good. By the violence of its language, it is calculated to convey the impression that the writer finds argument difficult, and consequently elects to fall back upon abuse of his opponents. And when he does condescend to apply anything of the nature of argument and to use figures, the statements made are of the nature of those specious half truths, which are exceedingly apt to mislead. For instance, Sir Francis Bell characterises the statement that the interest on the New Zealand debt is paid out of loans as "sheer nonsense." * * *—*Economist*, May 14th, 1886.

The charge against New Zealand was that she was paying interest out of loan. This first appeared in Mr. Froude's "Oceana," and was commented upon in the *Standard* in the article just alluded to. The charge did not admit of clear refutation; for in 1880, there was a deficiency of £1,000,000, which was at first represented by Treasury bills, and then, by means of a loan, incorporated with the public debt. Now if this liability had been paid out of current revenue, a portion of the expenses of the General Government, or interest on loans, must have remained

unpaid ; instead of which the one million was borrowed to pay either *expenses* or *interest*—elect which you like. The Colony is now (1886) paying £40,000 a year on a loan of one million sterling borrowed to pay off deficiencies in the revenue ; could there be a worse system of finance than this ?

To add to Sir Francis's press troubles, complaints came home about the management of the New Zealand Court in the Colonial Exhibition over which he exercised complete control. These complaints are indicated in the following Government cable-gram, and we regret to say they were well founded : yet Sir Francis worked very hard to make it a success :

Wellington, July 7th [1886]. "Exhibition.—Reflections made on New Zealand Court, such as inferior to other Colonies, not worthy Colony, third-rate museum. Buller's collection over prominent, too much natural history, inadequate attention to useful productions, gold obelisk desirable, timber not received justice. Advise what, if any, truth in these statements : General estimate of New Zealand Court ; do you think it desirable to do anything ?"

If the state of affairs, as narrated above, was perplexing the Agent General in London, serious events were occurring in New Zealand. Early in 1886 telegrams appeared in the London journals stating that peace was never before so firmly established between Natives and Europeans. In June came the dreadful accounts of the volcanic explosions and eruptions in the hot lake districts. Soon after this news was to hand of a "Maori raid in New Zealand," and that the Government had ordered *Te Whiti* to be arrested at once. Just before these events, on the 25th of May, Sir Julius Vogel delivered his tenth Financial Statement. This interested the Colonists greatly.

It was a very able, very plausible, and very mystifying Statement. It was his aim to please all parties and all persons by shows, by which we mean Exhibitions, one of which had been held at Wellington, at a great loss to the Government; and, now, one each was promised to Christchurch and Dunedin and a special one to Auckland, in 1890, when the main line of railway from Wellington to Auckland was to be completed and an Exhibition started, to rejoice over and commemorate the great event. Besides Exhibitions, something more substantial and tempting was specially mentioned in the Financial Statement. The proposal was to borrow £1,500,000 and divide it, for railway construction, amongst nineteen parts of the Colony and so manipulate it as to embrace all New Zealand and secure the votes of most of the constituencies at the coming elections. If this was not a policy of public bribing and public borrowing, what else can we call it? Yet the Parliament accepted it.

He opened his Budget with an announcement of a surplus of £37,859. It was flatly denied by the Opposition that there was any surplus if all had been paid that ought to have been paid during the financial year. The net public debt he gave at £31,688,349. The deficit of 1883-4 he treated in a peculiarly inconsistent way. In his Financial Statement of 1884 he stated:—“*The £150,000 for the last year's deficiency I shall pay off within the next two years or so.*” In his Financial Statement of 1885 he boldly said, in respect of the same £150,000:—“*We must pay the amount off in the course of two or three years.*” In his Financial Statement of 1886 the same gentleman had the temerity to say:—“*It is not desirable to take £150,000 (the deficit of 1883-4) from the immediate use of the Colonists . . . and I*

propose to provide for it by transferring it to five years' debentures," thus falsifying his past promises to pay it off in two or three years, which he failed to do, though in possession of the plunder from the sinking funds.

The results of the Treasurer's grand operation on the sinking funds may be briefly summed up as follows:—During the year 1885, Sir Julius said, £10,053,600 had been offered for conversion and £4,137,700 converted. The results of the whole conversions was that there had been an augmentation of the debt by £164,381, and there would be a future annual saving, or reduction, in the charges for the first six years of £42,229, and afterwards an annual reduction of £46,842; thus making a total reduction of £620,179.

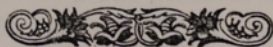
Our readers will observe these were not savings in the present but in the future. He also stated there was, altogether, a saving of £454,024 on the charges of 1883-84. We admit there was a large saving; but it was not effected by means of sound financing, for it was accomplished by a wholesale legislative robbery of the sinking funds. The Treasurer's figures relating to New Zealand finance have been so unreliable in the past that we cannot place reliance in them at present, or in the future.

It may be remembered hereafter that Sir Julius's Government was the first to enact a poor-rate (work-houses are not unlikely to follow). He also wished to pay interest out of loans for public works during the construction of railways. He applied to the Bank of England for its advice on this subject. The reply was a snubbing one.

The Session of 1886 expired with the Stout-Vogel Ministry still in existence, and a loan bill passed for to raise £1,500,000 which—with the £1,000,000 before

authorised for the main line of railway for the North Island—made £2,500,000. Sir Robert Stout had given satisfaction to the majority in the House by his conciliatory manner; but Sir Julius Vogel had a very bad time of it from the beginning of the Session to the end of it. Particularly so after the report of the “Steward scandal” was debated. The debate was acrimonious. Sir Julius Vogel was abusive and personal in his remarks in reply to the charges in which he was implicated and which he denied—in a way—to be true; but this did not convince the public that he was innocent of whose name was represented by ———. We venture to think that it was well understood, on this occasion, who Mr. *Blank* was. The Press commented on this affair severely. To frighten the Press, Sir Julius commenced actions against two papers in Wellington, namely:—the *New Zealand Times* and the *Evening Press*, claiming in each action the sum of £5,000 as damages. From first to last of the 1886 Session, he seemed to be steadily losing his hold on the House and in the Country. Yet it is not unlikely that Christchurch North, or some such constituency, will return him to the New Zealand Parliament again. This we shall not be able to report upon, as we are now at the end of our self-imposed task—this pamphlet. We still look to the future of New Zealand with undiminished confidence; but with the fear that if English investors refuse to lend the Colony large sums of money the latter may seek relief by taxing the coupons of the interest on our Colonial Debt.

FINIS.



NOTE.

THE following two extracts from the *London Standard* of October, 1886, show the results of actions at law and the raising of the New Zealand Loan mentioned at page 114.

"Tenders for the New Zealand Loan were opened at the Bank of England to-day, and, such as they were, they disclosed the fact that the subscription was a failure. The market has scarcely looked at the Stock, and the price of 6d. over the minimum, which 'receives in full,' is alleged to be that of the Bank of England itself. It is certain that the Bank of England held much of the Stock upon the market long after the loan was announced of the last New Zealand issue, for it was a persistent seller as fully subscribed. The Stock Exchange does not like that kind of thing, and so the solid people in it this time turned their backs upon the new issue, leaving the Bank to make the best it can of the business. It is one that the Bank ought never to have been allowed to touch, for it is contrary to all good finance when the Bank of England takes to propping up spendthrift communities."

"Tenders for £1,567,800 New Zealand Government Four per Cent. Consolidated Stock were opened to-day at the Bank of England. The applications amounted to £2,094,000, at prices varying from £100 to £97 (the minimum). Tenders at £97 will receive about one per cent. of the amount applied for, those above that price being allotted in full. The average price obtained for the Stock is £97 5s." [with accrued interest equal to £96.]—Oct. 15th.

"Sir Julius Vogel, Treasurer of New Zealand, lately brought an action in Wellington against a firm of newspaper proprietors for libel. He complained that the defendants had accused him of corruptly sharing, or agreeing to share, commissions with Mr. W. J. Steward, a member of the House of Representatives, New Zealand. Steward was then acting as agent for the Waimate Railway Company, and certain Debenture Bonds were issued by the Colonial Government to the Company in payment for its railway. This was the transaction which Sir Julius declared was represented as being corrupt. Sir Julius also complained of another libellous article, and of a woodcut relating to it in which he was 'represented as occupying a disgraceful and humiliating position.' He claimed on the two counts £3,000 damages. After hearing his evidence, the speeches of counsel, and the summing-up of the Judge, the Jury gave a verdict for the defendants. Costs were certified for 'on the highest scale.' No witnesses were called for the defence."—October 20th.

We may here remark that the proposed action against *The New Zealand Times* was abandoned, and, as regards the verdict given in favour of *The Evening Press*, it confirmed and justified the severe criticisms passed on Sir Julius Vogel in reference to his connection with the not-easily-forgotten "STEWART SCANDAL CASE."

LETTERS

WRITTEN BY THE AUTHOR OF AN HISTORICAL SKETCH
OF NEW ZEALAND LOANS; AND WHICH APPEARED
IN "THE NEW ZEALAND TIMES," WELLINGTON.

LETTER I.

COLONIAL SUBJECTS AT HOME.

(SPECIAL TO THE NEW ZEALAND TIMES).

LONDON, August 12, 1881.

Yesterday the mail *via* San Francisco was despatched. To-day this letter goes *via* Brindisi, and may reach you as soon as by any other route.

On the evening of Saturday, July 18th, 1881, the Right Hon. William McArthur, M.P., gave a grand banquet to the Prince of Wales (President of the Royal Colonial Institute) and the representatives of the colonies at the Mansion House, which flanks the Bank of New Zealand. Between these two fine stone buildings is an open space or *cul de sac*. In this space the carriages drove up, and the various guests alighted at the principal entrance of the Mayor's official residence. A guard of honour composed of the City Militia were drawn up on the ground. Electric lights, elevated on iron posts to a height of 50 or 60 feet, threw a white and bright light on the whole scene, which, of course, included a London gazing crowd.

In due course all the guests were assembled in the outer saloon, and there they received an illuminated plan of the dinner tables, with their sitting places marked thereon. Next their names were called out with stentorian voice by

the Toastmaster, and then they shook hands with the plump and very pleasant-looking Chief Magistrate of the City of London, and passed on. This ceremony got through, a procession moved from the lower end of the ante-saloon, headed by the Lord Mayor, with the Prince of Wales on his right hand, and the King of the Sandwich Islands on his left. After these illustrious guests came others, and, more grand-looking than all, came the great officers of State of the Lord Mayor's Court, clad in their ancient liveries. One bore the long ponderous mace, another carried the "pearl sword" given by Queen Elizabeth; while a third bore aloft a staff seven feet high, and surmounted with a massive emblem of the city arms in silver gilt. As for the Lord Mayor's dress, he wore a three-cornered head-dress trimmed with black ostrich feathers; round his neck was the State collar of pure gold; he also wore the York rose and a central jewel carved with the city arms hanging to a ring of diamonds, the whole being suspended from his gold collar. To complete all, there was his "entertaining robe," profusely embroidered with gold, and estimated to have cost 200 guineas. Everything else was in keeping with this mediæval splendour, but not so ancient-looking. The official lackeys wore purple and gold embroidered coats, and had their heads powdered. The banquetting hall appeared to great advantage. It is very large and lofty, with two rows of gilded and fluted columns running down its length, and forming, as it were, two narrow aisles and a wide nave. The columns support a semi-circular ceiling, richly decorated; in fact the groups of sculpture, the carvings, the gildings and paintings formed a sight of surpassing grandeur in this the Egyptian Hall of the Mansion House. The dinner-tables were as extensive as they were convenient, and profusely decorated with costly plate and rare flowers. The principal table, at which the Mayor and his chief guests sat, extended the whole length of the hall, and was provided with return ends across the hall. Between these return ends were six cross tables, so that the whole number of tables was nine. "My Lord Mayor" sat in the centre of the principal table. To the right of him sat the Prince of Wales, and on his left was the tall, stout and brown-looking King Kalakaua, a mild, good-mannered and fine-looking Pacific potentate. Next the Prince of Wales

was the Duke of Manchester, and by the side of King Kalakaua sat the Earl of Kimberley, with (at this table) many other noblemen and gentlemen of note not directly connected with the colonies. About 297 gentlemen sat down to dinner; of these there were three C.B.'s, nine C.M.G.'s, twenty-eight K.C.M.G.'s, and forty plain "Sirs." Representatives from almost every colony in the British Empire were present. New Zealand appeared well represented, particularly with old faces—I mean old colonists; so was Australia. I noticed the venerable and worthy colonist, Sir R. R. Torrens, K.C.M.G., the author of the South Australia Land Transfer Act, from which New Zealand derives great benefits. As regards New Zealand, there was the genial Sir Charles Clifford, ageing fast, but still in stature towering above his fellow-men. He can claim to have been the first to have started a sheep farm in the Middle Island, at Flaxbourne, if not the first in the Wairarapa, in the Northern Island. There was Sir Edward Stafford, K.C.M.G., who was the first superintendent of Nelson, and held high offices in our Colonial Government. He looked serious, but self-satisfied. There was Sir Francis Dillon Bell, K.C.M.G., florid, white-headed, and gay, an old, able servant of the New Zealand Company, who since then has served the colony well in various public capacities,—rather fussy, but not a bad fellow, and makes a respectable Agent-General. There was the honourable and high-spirited Sir Thomas Gore Brown, looking not much older than when he dispensed the hospitalities in such a genial, generous, yet dignified manner at Government House, Auckland. There was Thomas Russell, C.M.G., tall, head white and complexion fresh, looking about, sometimes at the carpet to see, perhaps, if he could pick up a K.C.M.G., for his unrecognised services of war Minister in New Zealand, and Managing Director of the Bank of New Zealand. Last, but not least, there was Sir Julius Vogel. I noticed his first entry into the Egyptian Hall. He looked very well, but moved about slowly and unrecognised by nearly all present. He attached himself to Sir Charles Clifford. He was demurely dressed—far from sprucely—and looked a disappointed man. There was his rival Bell, who slipped into his shoes for a lower salary, with more work. There was Stafford also, no true friend

of his, for maybe he would have taken the Agent-Generalship, if he could have got it. So here was Sir Julius, once the idol of New Zealand, the Governmental Dictator, I may say, who borrowed lavishly, spent recklessly, involved the colony in great financial difficulties, was obliged to resign his position as Agent-General, but is still to the fore, and has become one of the greatest company promoters in London. Sir Charles Clifford wore no insignia of his Order of K.C.M.G. Messrs. Bell, Stafford, Julyan, and others did: the seven-pointed enamelled and glittering medal—big as a small plate—being suspended from their necks by a broad ribbon, and hung in the centre of their shirt fronts. This, with a medal (or insignia) on the left breast, made them look rather particular and prominent, and when they all stood up in a line they had, I thought, some resemblance to a row of Freemasons in their regalia, minus aprons. But, what of that, they all seemed pleased with honours conferred on them by the Crown, particularly Sir Francis Dillon Bell and Sir Edward Stafford. The speaking was confined to those highest in rank. The Prince of Wales spoke well, and to the point. The Duke of Manchester is a prosy speaker, and wanted to air his newly-acquired colonial knowledge; but there was not time for it. Governor Bowen was there, but did not speak, nor did any of the various Agents-General who were present. Altogether it was a most enjoyable evening, and reflected great credit on the host—the Lord Mayor—whose judgment and liberality are too well known to be further alluded to here.

For the last three or four months company-floating has been all the rage. Had an attempt been made your West Coast Railway would have had a good chance of success; that is, if £50,000 in shares had been taken up in the Colony, and there had been a land grant or a 4 per cent. guarantee during construction. It costs £1000 to bring out a company in London. Advertising on a proper scale would alone cost £800. If your Government can afford it, and want to finish their trunk lines, a 4 per cent. guarantee would float a company to do it on the same principle that has been adopted recently with success in India. I hear on all sides credit given to your present Government for the firmness displayed and the measures they have adopted to restore a disordered finance to a

sound state ; consequently your credit has improved. Still, it would not do to burthen your revenues with very large railway guarantees, or further heavy loans, for the next two or three years, for capitalists would take fright, and you would be worse off than ever. Besides, with all the new taxation, your revenue is barely sufficient to meet your present liabilities. I venture to say that a 4 per cent. guarantee during construction or grants of land are almost the only means open to you to complete lines of railway that are urgently required, and which will pay. The price of your 4 per cents. is now from $97\frac{1}{2}$ to $98\frac{1}{2}$; but New South Wales 4 per cents. are from $102\frac{1}{2}$ to $103\frac{1}{2}$. A few months ago the contrast was more against your bonds than it is now. * * *

The New Zealand Land Corporation is in the market, and asks for subscriptions on the balance of £100,030 worth of 7 per cent. debentures. Some of the shares have been taken up, but not all. This company is for colonising Te Puke, in connection with Mr. Vesey Stewart, who, I am informed, is to receive £3000 in cash and 10,000 £1 B shares. New Zealand was founded by, and is almost the home of, special settlements, from the New Zealand Company's settlements to the little Fielding settlement. Settlements have been made and extended with general success, to which let us hope the Te Puke settlement will not be an exception. At the same time why all this hurry to occupy and cultivate all the available good lands in the colony, as if we did not want to leave any virgin land for the next generation ? Of course land jobbers and speculators ignore the future, if they can only make large profits in the present. Why all this hurry to import and attract population to compete with the large population now in New Zealand, to rapidly develop its resources and unnaturally hasten on to a period of over-population, which has become the curse of Europe ? You need offer no special attractions. The half-starving peoples of Europe, who are now fleeing to America by hundreds of thousands, may yet pay you a visit at their own expense. The population question is assuming an importance and magnitude it never before presented. The United States now contains fifty millions of people ; a population equal to that of New Zealand (500,000) is hurrying to it year by

year ; yet Germany in the last ten years has added about 5,000,000 to its population, England nearly as many, and the progress and increase of population grows and grows till at last, at the present rate and under present circumstances, it must inevitably outgrow the means of subsistence. * * *

LETTER II.

COLONIAL AFFAIRS AT HOME.

(SPECIAL TO THE NEW ZEALAND TIMES.)

LONDON, November 3, 1881.

Amidst the excitement in Irish affairs comes the news of probable Maori disturbances in New Zealand. During the last fortnight newspaper bill-boards have proclaimed this disquieting intelligence to the public in all the main streets of all the large towns in the Kingdom, while a multitude of newspaper telegrams have spread the intelligence to most parts of the world. For all this there has been but little comment on the subject in the columns of the leading journals. The "Times" had an article on it which, on the whole, was favourable to the views—on the important question—taken by your Government. The "Pall Mall Gazette," in several paragraphs, has had a growl against the colonists of New Zealand, and a whine in favour of the Maoris. Other isolated sections of the Press comment on the chances of another Maori war, but all feel and speak as if it were no business of theirs; for Great Britain is not likely to be called upon to contribute "blood and treasure," as in the days when Mr. Richmond was a Minister in your colony. This unexpected and unpleasant news naturally retards the progress of and checks emigration to New Zealand; but, apparantly, it does not adversely affect the value of New Zealand bonds on the London market. I am glad to say that, on the whole, the British community which constitutes the United Kingdom has faith in New Zealand; its climate and resources are as much thought of as ever they were. Not an adverse word is now publicly heard as to your intentions and ability to pay

the interest on your manifold public debts. If only common sense and prudence is displayed, by whatever Government is in power, all will go well; at the same time New Zealand securities in value stand lower than those of any of the Australian colonies. This results from excessive and rapid borrowing; but for all that, Australian and New Zealand General Government debentures, or bonds, rank, as colonial consols, only second to British consols. To be sure, there are some slight mis-givings as to the propriety of your Municipal Corporations, Harbor Boards, and Local Boards making such frequent appeals to the money market here for purely local, and almost parochial purposes. It is desirable, in the interests of the whole colony, that these appeals should be less frequent in the future. The general public in England, and, I fear, your colonial community at large, have little idea as to the magnitude of New Zealand local borrowing. The colonial debt at this time (1881) amounts to £28,040,170; Municipal and Local Boards debts reach the sum of £2,650,400, total £30,690,570 *net*.

Telegrams will, long ago, have reached you respecting the third series of wool sales which commenced on the 22nd of August and closed on October 8th. Prices, on the whole, may be said to have been fair; but, I fear some of the account sales forwarded to New Zealand may prove to be of a disappointing character when read by the recipients. The sales were irregular in prices. This was the marked feature of them. They closed firm, and the future is encouraging if the supply does not prove excessive.

Wool is your great staple article of export; wheat is a smaller one, but still very important—and frozen meat, let us hope, looms at a short distance as a future valuable export.

Company mongers are having a dull time of it just now. A few months ago the columns of the London Press were crowded with advertisements announcing the formation of them in all directions. To-day, alas! company advertising has dwindled to a solitary one appearing now and then. All is changed, and so is the value of money, for the Bank of England rate is now 5 per cent. I fear that Sir Julius Vogel's companies do not get on so well as they were expected to do; I dare say they are a profitable source of income to the directors, if not so much so to the shareholders.

His New Zealand Land and Agricultural Company does not appear to be yet able to get a quotation for its shares on the Stock Exchange official lists; nor does he appear to have been more fortunate in his grand venture brought out last July, and styled, "The European Telephone and Electrical Manufacturing Company." Threatened with litigation, and pursued with an advertised opposition, no allotment of shares was made, and the amounts subscribed were returned in full. Full of resources and very clever, this enterprising gentleman may yet make a figure on 'Change, and perhaps one day may become as celebrated as Baron Albert Grant,* whom the monetary world once honoured as a great financial genius. * * *

Few if any money-lenders here believe in any British community repudiating its liabilities; hence the facility with which English colonies can borrow in the London money market, the onus being thrown on the colonists to think well and make sure before they borrow that whatever loans they raise they can and must pay the interest thereon.

New Zealand is at a disadvantage in not having direct steam communication with England. All the Australian provinces or settlements, excepting Tasmania and Western Australia, I believe, have it. The subsidy to the isolated Californian route, diverted to a monthly route via Suez, might suit a portion of the fine fleet of the Orient Company, who have not enough trade to properly maintain their magnificent steamers.

London fogs, peculiar to November, commenced this year, late in October, while in Birmingham, on the 9th of the last day of October, there was a heavy fall of snow, and next day it lay five inches thick on the ground. But Englishmen don't seem to mind this sort of cold and rough weather—they say it makes them strong and energetic.

Great preparations are being made in the city streets for the Lord Mayor's Show, which, as usual, takes place on the 9th instant, when Mr. McArthur—who recently gave the grand banquet to British colonists—retires from office. It

* This, I may say, actually occurred; but with this difference, Sir Julius—when London became too warm for him in 1884—took his departure for New Zealand, while Baron Grant remained on the scene of his ups and downs—the Metropolis.

seems to me there was but one thing wanting to make that Corporation banquet a complete success : that was, that Sir Francis Dillon Bell and Sir Julius Vogel (ex-Agent-General) should have sat side by side at the festive table, and thus have represented the past and present-*haute* finance and *bas* finance. Then and there would have been seen a sight worthy of the pencil of the most eminent artist, who might have painted a picture of an historical incident, and called it the "Loving Pair with the Loving Cup." Some of your readers may be aware that at these Lord Mayor's entertainments a large, massive, double-handed, and silver-chased goblet goes the round of the guests, each rising and drinking out of it prior to passing it on to the next guest. Now, let us suppose that the two Knights just mentioned, arrayed in all the bright and glittering insignia of the Order of St. Michael and St. George, had sat together. Then Sir Julius, on receiving the cup from his next neighbour would, according to custom, have to turn round and face his companion, Sir Francis D. Bell, when after wiping (with his table napkin) the edge of the goblet where he had drank, he would have lifted the "loving cup," made a bow, and—short and obese as he may be—would have gracefully presented the cup to the lips of tall and slim Sir Francis Dillon Bell, who would bow in return, in stately manner, and, at the same time, favour Sir Julius with a peculiar smile, a look of compassion, and a wink from the rear of his eye-glass, which would be as much as to say, "I am the Agent-General."

LETTER III.

HOME AND COLONIAL TOPICS.

(SPECIAL TO THE NEW ZEALAND TIMES.)

LONDON, February 24, 1882.

The official rate of discount at the Bank of England is still 6 per cent., but for some weeks past that institution has been charging 7 per cent. The great French financial bubble has burst at last, after having been inflated all over

Europe to its utmost limits of expansion. This modern South Sea Bubble of the year 1881 was called the Union Générale. It had the sanction and support of Catholic priests and Catholic wives of rich Catholic husbands, and was managed by some of the cleverest—but not the most honest—financiers and money-dealers in Europe. For a time it astounded and outwitted the Jews; nay, it actually “cornered” for once the clever Jews of Paris. It is all over now. The Union Générale has collapsed, and ruin, misery, beggary, perplexity and trouble have fallen on tens of thousands of people in France who put their trust in a big financial institution, the price of whose shares became fabulous in amount, and which paid bigger dividends than the biggest of any ancient or modern swindle. Its transactions—nearly all purely speculative—disordered the London Stock Exchange, and led to an attack on the Bank of England’s reserve. Hence its 6 and 7 per cent. rates. The excitement appears to be dying out in London. Stocks and shares fell heavily—even consols shrank in value. But during the first week of this month the reserve of the Bank of England was only nine and a quarter millions, now it is eleven and three-quarters, and financial business is looking better all round.

The next wool sales are at hand, but the prices of colonial wool are not firm. The trade is quiet, and so far the opening of next sales is not promising as far as a further rise is concerned. The following statements may be interesting to your readers:—In 1881 the number of bales of wool sold was 1,126,022 bales, worth £17 5s. a bale, and brought a total amount of £19,424,000. In 1865 there were only 432,551 bales, sold at an average of £23 15s. per bale, yielding a total sum of £10,273,000. I believe the majority of New Zealand wool-growers are anxious to find fresh markets in foreign countries in order to secure higher prices. What chance there is at present of this change may be judged from the following: Out of a total of 956,942 bales of Australian wool exported from Australia and New Zealand, 952,981 bales were exported to England, 3961 to America, and none to Japan. This was for the year 1880-81, November 24th to November 22nd.

The best and the worst of everything goes to London. In this mammoth metropolis you do not know what you eat.

If it is butter, it may be butter made from cow's milk or butter made from hog's lard, beef suet, or genuine Russian tallow. If an Englishman does not know the difference he does not grumble; but only let him know that he is dining off fresh Australian mutton or American beef he sets up his back and says—"I won't eat your imported stuff." Some time ago, when fresh American beef was much talked about, I was dining with a London friend, when he had roast beef for dinner. I remarked, in reply to some observations, "The beef is excellent." "It is, for our butcher deals in nothing but real Scotch beef," rejoined our hostess. I saw my host smile. After dinner he told me it was American beef he had bought at 9d. per lb., instead of paying 1s. for English beef. He also told his wife, who exclaimed, "Oh, my dear, why did you not tell me that before!" Prejudice is an Englishman's failing, and sometimes it is an expensive one. Since the above incident occurred American fresh beef has not been much talked about. Yet, what do your readers think the Board of Trade returns say? They say and show that during the year 1881 no less than 40,000 tons of fresh American beef, worth at 5d. per lb., £2,000,000, was imported into England, and mostly disposed of by the cunning British butcher, to the stupid John Bull, at high prices, as prime English beef. Here two millions sterling passed to the United States, much of which might have gone to Australia and New Zealand. Surely, if the Australians and New Zealanders can make themselves as smart and business-like as the Yankees, there is a good time coming for frozen butter, which is now a success here at 1s. per lb.; also beef and mutton of Australia and New Zealand—though I confess for the last month or two I have not heard much about them.

Earthquakes are not confined to New Zealand. Three months before last Christmas, shocks of earthquake were rather frequent in Switzerland. Since then there have been some tremendous landslips from the mountains. By some, these are attributed to the said shocks having cracked and loosened parts of the mountains. More striking still are the facts that violent shakes have occurred within nine hours' rail and steamboat of London during the autumn of last year. The earthquake was felt all over Belgium. At Brussels it occurred at eight minutes past eleven at night,

and lasted about eight seconds. Houses and furniture were shaken; in some houses crockery was broken and thrown from the shelves. At Aix-la-Chapelle the walls shook, and, in some cases, were cracked; light furniture and crockery were thrown down, and the bells rang.

The *clôture* and the Irish crisis are the topics of the hour. Ireland has been wronged and oppressed for generations; but complete redress of her grievances cannot be given at once. Nearly all the good that can be done for the Irish nation, and also the ill-used British farmer, in the shape of a reform of the land laws of both countries, can only be accomplished by a Gladstone Liberal Government. The Tories dislike most reforms, and hate all land law reforms. They seem to want to stand still and live on the relics and privileges a feudal age gave them. No greater mistake could be made. They must either travel with modern progress or be left out in the cold. They don't appear to see this. Obstruction is their general policy. They have great power; they dominate in the house of Lords (or Landlords); not content with this, they use their territorial influence and wealth to secure the election of their relatives or friendly large landowners to the House of Commons. Take the Marquis of Salisbury, for example. This nobleman has a son-in-law in the Upper House—the House of Peers—while in the Commons he is represented by one son and two sons-in-law. Altogether there are in the House of Commons 183 members connected by birth or marriage with members of the House of Lords, the Marquis of Salisbury having five family votes. It is to be hoped this may never occur in a New Zealand Legislature. Here it exasperates the great bulk of the representatives of the people who are too much governed and thwarted in their just aspirations for urgent reforms—by government by great families. To contend with this, and against wilful and unreasonable obstruction offered by Tories, Irishmen, or any one else, the *clôture* is proposed. What is *clôture*, may be asked? The word *clôture* is French. It means “to close,” or “to stop.” It has a circumflex accent and bears the same meaning as our old English word *closure*. The latter word is now used by portions of the Press instead of the former foreign one. At present there is great excitement respecting the

true meaning and the purpose the Government intend to put *closure* to. One of the new rules of procedure says: "When it shall appear to the Speaker during any debate to be the evident sense of the House that the question be now put, he may so inform the House." When, in consequence of this information, a motion is made "That the question be now put," the Speaker then puts the question of that motion. If more than 200 vote "Aye," the question is carried, and the debate closed; if less than 200 vote the debate cannot be closed without the "Noes" are less than forty. If the "Noes" number more than forty, then the discussion is continued. These new rules, to the uninitiated, are rather perplexing and not easy to understand. They do not mean *closure*, pure and simple, as the Speaker must first intervene before a majority can decide. Would it not be simpler, and therefore better, that a majority of the House should decide without the intervention of the Speaker? The *clôture* prevails in nearly all the Legislative Assemblies of the world. It existed in New Zealand. Advantage, I believe, was taken of it in the year 1863, to close a debate on the "Seat of Government question." Afterwards this rule was expunged from the Standing Orders of the House of Representatives.

Electricity and compressed air—as motors—seem to threaten the reign of old king coal. A heavy locomotive and long train of carriages have been driven on the underground railway with success, and compressed air, it is said, is soon to be tried for hauling tram cars in the streets of London. As to electricity, its use and utility is being extended every day; but the gas companies don't now appear to be afraid of it. There is room for both apart. Gas-stoves (for cooking) and gas engines are in common use, and more gas is burned than ever; but electricity has a wonderful future before it. When Dr. Franklin went out into the fields and, by means of paper kites, drew lightning from the angry clouds, how delighted he would have been if he could only have brought home a bottle of lightning. Now you can go into an electric shop—446, Strand—and buy a box of electricity just as you would a box of toys, close by, in the Lowther Arcade. I was invited there, to the electricity manufactory, and to view the box and the lamps, all bright and burning steadily.

The wood boxes are called accumulators, measure about fourteen inches in length, twelve inches in height, and six in width, and weigh about fifty pounds. They are lined with lead, and contain lead plates to absorb the electricity. The price of one is £4. The cost of re-charging thirty of these accumulators is about sixpence. One charge of four of them will work a sewing machine for a week, and thirty of them will light twenty lamps or jets, of ten candle-power, to burn five hours. They can be turned off and on at pleasure, just like a gas burner.

The rights in Faure's Electric Accumulator, I believe are about to be transferred to a London Company, when the accumulators will be made in London and sold much cheaper. The Savoy Theatre is lighted with the electric light and is a great success. There is to be, shortly, an electric exhibition at the Crystal Palace. Already the Palace is lighted, in prominent parts, by electricity. Mr. Edison makes the best display, so far. The festoons of light look very beautiful. It has all the effect of gas-light, only is much more brilliant. There is no flickering, but a soft yellow light. There is none of that ghastly whiteness that used to mar the effect of lighting by electricity. It seems now to have achieved a genuine success for lighting up the interiors of mansions and public buildings. There is still the question of expense to decide. It cannot yet compete with the cost of gas, but, where water power can be applied, electric energy can, they say, be produced for lightning purposes as cheap as gas. Without this aid electric energy must be produced and stored by aid of the accumulator, steam engine (or gas engine), and the dynamo-electric machine. Wellington, I presume, will soon have her new water-works completed. Then she will have superabundant power to create electricity, and thus afford a splendid opportunity for the Corporation of Wellington to immortalise itself, by being the first in the colony to light its streets and Government buildings by means of electricity.

Much curiosity and interest has been excited here by the will dispute in the case of Rhodes v. Rhodes. People wonder at the wealth of New Zealand when one man can make over a quarter of a million sterling in it. One evening paper stated the amount to be two millions. I

should not be surprised that the romantic tale of the widow, adopted daughter, and the late New Zealand quarter-millionaire, as recently told in London Law Courts, may give an impetus to emigration to your colony. Perhaps adventurous young men will come out to make fortunes of £50,000 and upwards; but the quarter of a million of the late W. B. Rhodes was mostly made in the early days of the colony under fortuitous circumstances, and their chances of fortune-making are seriously diminished. The days, too, when several borrowed millions were spent yearly are past and gone; but your colony is recovering from the grave demoralisation caused thereby. Henceforth a good living, a competency, or a large fortune, can only be obtained, as a rule, by sober and steady conduct, by hard work and prudence; manual in the former case, and mental in the latter. Under these new circumstances, let us hope that the rising generation may show themselves equal to the occasion. I have faith in the young men and youth of New Zealand. Generally speaking, they are smart and active, but rather self-willed and assertive. Now that they have the means of being well trained and educated, it rests with themselves to prove that they will be worthy of the great future before them. They, and future generations, may gradually build up a great nationality, as their forefathers of the Old Country have done in England. * * *

The subsidy of 6 per cent. offered by your Government for steamers to be built under specified conditions, I hear, does not attract favourable attention. A great Scotch shipbuilding firm told a city friend of mine that 6 per cent. was not enough. Five per cent. more was wanted for depreciation. The fact is nearly all steamship builders have their hands full of high-priced contracts, and will only accept new work on their own terms. Another difficulty is the ships you want must be built for you, and to suit your harbours. * * *

If the worst comes to the worst, New Zealand can afford to wait for a while; but, judging from the success of your local Union Company (Limited), which despatches from London steamship after steamship, each succeeding one being an improvement on its predecessor, the day cannot be far distant which will witness the successful inaugura-

tion of a direct steamship service between Great Britain and New Zealand.

Old England has her hands full just now. Fortunately her relations with her colonies are of the most amicable kind. There is no friction, because there is no interference by Home authorities. Not an Imperial soldier is maintained in all the Australasian colonies for defence, or to remind one of their connection with Great Britain. Yet the latter country enjoys, virtually, a monopoly of the trade and commerce of the former. I sometimes think that this is not sufficiently appreciated at Home. The thing is taken too much as a matter-of-course. The colonies are bound to the Mother Country by an elastic silk cord, and their true connection is a mercantile one. Both countries are satisfied with each other, and both profess great friendship for each other. The Mother says: "If you want to be independent of me—you can go;" and the Daughter replies by showing an unwillingness to move. At times the Old Lady (England) shows her generosity by presenting the free gift of a man-of-war to first one colony and then another. At other times she indulges herself by showering honours and titles on some of your most eminent colonists. A cynic may say, "This is a cheap way of securing, or trying to secure, your loyalty, and, to some extent, your trade." But to the recipients of these titles they mean money. I know two New Zealand knights in London, one of whom is a director of six public companies, and the other of six or seven; and the income from these sources—to each of these gentlemen—cannot be far short of £1200 a-year. It has been truly said that "these colonial titles, and the nominee-character of your Legislative Council, is not in accord with the democratic institutions of your colony and the habits of a people in a newly-settled country." My reply has been—Well, if the colonists of New Zealand don't like these things, they have the power and they ought to amend, or in the future, to abolish them.

England considers her colonies set up in business for themselves, and they must take care of themselves. It is said "blood is thicker than water," but self interest is stronger than blood relationship. The colonists of New Zealand do not purchase British goods or wares out of

regard to the Old Country, but because they can buy them cheaper than elsewhere. The British merchants and traders do not buy your wool and tallow because they like you, but for the reason that they can make a profit out of them. Speaking plainly, there is no friendship in trade, and everybody strives to do the best he can for himself, in spite of professions of amity and friendship.

This is exemplified by France, so friendly to England, yet she wants a new treaty more favourable to herself than the latter. Russia professes esteem for England, yet she does not stay her slow but sure advance to the frontiers of Afghanistan. Spain evinces regard for Britain, but requires British duties on her wines to be lowered. Germany, allied by Royal ties to England, will not permit her to have her own way in Egypt. Austria, our ancient ally, is jealous of English trade influence on the Danube, and even in struggling Herzegovina. Finally, our American cousins, while proclaiming, amidst the roar of artillery, their admiration of and respect for the British nation and its Queen, boldly asked for an alteration in the Clayton-Bulwer treaty, so as to give them supreme control over the Panama Canal—when made. At the same time, thousands of her citizens were sending tens of thousands of dollars to foment disturbance in Ireland. The world is a conglomeration of combustible materials; and while civilization in general, and education in particular, are advancing with gigantic strides, human nature is as it always was. The millennium appears to be as far off as ever; and the motto of the most civilised nations of the earth—led by “sovereigns and statesmen”—is still, “Keep your powder dry and put your trust in big battalions.”

LETTER IV.

HOME AND COLONIAL TOPICS.

(SPECIAL TO THE NEW ZEALAND TIMES.)

LONDON, March 23, 1882.

What is the good of writing letters to your friends, or to newspapers abroad, on matters of public interest, when

the telegraph gives all the heads of news, and the pith and essence of all important information, long before you can do it by correspondence? This is a question, I fancy, not unfrequently asked. There is some truth in it, for when people in the colonies read second-hand news they are apt to say, "I have heard of this before; it is old news." Consequently, some letter writers are discouraged in pursuing their customary avocations. Indeed, there are persons who maintain that the art of letter writing is declining, if not lost, and that it commenced with Lord Chesterfield, and went out with the successful laying and utilisation of sub-marine cables. To some extent this is correct; but, as the news cabled is often a *précis* of correct information and also of rumours without a foundation, exaggerated statements, and even lies, no implicit reliance can be placed on a large portion of general cable news, for the positive statement of one cablegram may be followed by another giving a perfect contradiction to a preceding positive statement. Besides, telegrams, as a rule, do not give details, and this dry material is left to be supplied by ordinary correspondence, which latter has thus become supplementary to telegraph intelligence. It is of no use me telling you when the wool sales commenced, the price the wool brought, and the number of bales to be sold, for you will know all this by cablegram long before your readers can peruse these remarks. So, for the time being, I must fall back on details and information I can pick up, and which are too expensive to transmit by telegraph.

As there are only about 8023 bales of New Zealand wool, out of a total of 300,000 now advertised for the present sales, your colony is not much interested in them, except as regards values. The prices now being obtained are about equal to the closing prices of last sales, and these, it is thought, are likely to be maintained at the next May-June sales. But I confess that neither trade nor the prospects of peace look as bright as they did a few months ago. Trade is increasing, and is prosperous in Great Britain, and nearly all other countries as well, but there is no rush, or rises and jumps in it. It is a calm prosperity, built on a more stable basis than former returns of prosperity, and ought to last all the longer. The crisis in money matters in France and elsewhere has not seriously disturbed

its onward course. The Bank rate is 4 per cent., and may soon be 3. Still there is a feeling of uneasiness as to the maintenance of peace on the Continent. Disquieting rumours are afloat. The dastardly attack on Her Majesty the Queen by a lunatic means nothing political; but the sudden appearance of, for his age, the bravest warrior and the most capable general in Europe—Skobeloff—in Paris, was a complete surprise. His speeches and conversations there were astounding, and his sudden recall to St. Petersburg, three weeks ago, has not effaced the painful impressions they then made. I venture to say General Skobeloff will be heard of in the future, much to the discomfiture of the enemies of the Slav.* Certainly, there is no likelihood of war in Europe this year; still no one can tell what may happen next year. Germany slumbers fitfully on a powder magazine, Russia reposes uneasily on a smouldering volcano, and France gaily stands on a column of mercury. In the midst of all this may be seen John Bull—in his sea-girt Isle—perched on the apex of a pyramid, built up of bales of cotton and wool, bags of corn, and blocks of coal and iron. There he stands waving his flag, on which is inscribed, “Free Trade, Liberty, and Peace,” and complacently and benignly watching the arrival and departure of his innumerable sailing vessels and steamships, laden with the produce of every clime, and coming from, or going to, every port on the face of the globe. In Berlin the arbiter of war, Bismarck, is seated with a lighted match in his hand, and ready to apply it to his powder magazine, if he is thwarted or threatened. Still, war or no war, trade and commerce will travel on their way. Mankind must have food, drink, clothing, and habitation. The tramp of armed legions is heard. War comes and goes; yet all the time the earth revolves on its axis, and the prices of wool, tallow, and sheepskins are as interesting to Australia and New Zealand as ever they were. Keeping this “steadily in view”—as a recent Minister of Public Works in New Zealand said when he wanted to put off making a railway—I have been making enquiries as to the effect of “the most favoured nation clause” now substituted for the late Commercial Treaty between France and England. The

* He died soon after this period.

result is, I find that France does not levy any duty on wool she imports. Therefore, though "the most favoured nation clause" only applies to England and not to her colonies, your position as regards wool remains unaffected. The only change that may take place is this: France is a great purchaser of colonial wools; in 1880 she took nearly £7,000,000 worth, and as she has raised the duties on English woollen goods she expects to increase the manufacture of her own, and this may require an increased supply of colonial wool. * * *

Early in the boisterous month of March rough weather was expected, but the present winter has been one of the mildest ever known. In the first week of this month the fruit and forest trees were budding, wild flowers were blooming, grass was springing, corn was growing, and the birds were nesting—all a month before the usual time. There is hardly any rain, and but little wind so far. All nature is smiling and man is rejoicing. Long may he continue to do so.

Curious motions were made in Parliament on the 7th inst. The Earl of Redesdale, in the House of Lords, proposed that it should be peremptory on all members of both Houses of Parliament to take an oath as follows:—"I do solemnly, sincerely, and truly declare and affirm that I believe in Almighty God." On the same day in the Commons, Mr. Labouchere gave notice to move that the House of Lords "is unnecessary, dangerous, and obstructive." These complications seem to arise from Mr. Bradlaugh having been returned thrice for Northampton, and thrice prevented from taking his seat in Parliament. His demoralizing social and religious opinions are distasteful to the great majority of people, but the way the Tory party in the Commons have treated him is really making a martyr and a hero of him.

The vote of censure on the Lords was carried in the Commons on the 10th inst. by 303 against 235: majority 68. The Lords look rather small after this. The first rule of the proposed new rules of procedure in Parliament is being hotly debated in the Commons. The Government stakes its existence on the result. The debate will, it is thought, last some weeks, and *clôture* by a majority be carried.

The great metropolis of the British Empire must have a

sensation every season. Some time ago Captain Burnaby's ride to Khiva was considered the wonder of the day, and the Captain was the lion of the hour. Now he has retired into obscurity, and wants to revive himself by going up in a balloon to cross the Channel to-day. Later on Mrs. Langtry, the fashionable beauty, was all the rage of London society. This lady is now appearing at the Haymarket Theatre, where she is to be seen, as an actress, by the public at so much per head. More recently Lefroy, the murderer, came on the stage of notoriety, and was famous for a considerable space of time; but, eventually, he was consigned to the tender care and final treatment of Marwood, the public executioner. At the present moment a noble beast of the brute creation—an elephant called "Jumbo"—monopolises, engrosses, and fascinates the attention of "Society" (who are the rich and idle). Yes, Jumbo of the Zoological Gardens, 12 feet in height, six tons in weight, and daily eating as much as half-a-dozen cows, is master of the situation, all because he is likely to become dangerous to exhibit and carry little children in a great chair on his back, and, also, has been sold for £2,000 to the great American showman, "Barnum." Go where you will, the talk is all about Jumbo, who is visited by tens of thousands of people, and pampered and fed with thousands of buns. I have read of oysters, champagne, and bride's cake being sent him, which he swallowed with satisfaction. Excited people exclaim, "Barnum shan't have Jumbo!" Is this the sort of sympathy Americans have for England?" "Jumbo will be cruelly treated by the showman if he is taken away." Not content with this, Jumbo, though an elephant, is made the "lion of the day" by shopkeepers, who have named their wares after him. Hence we have Jumbo neckties, Jumbo hats, laces, dresses, and even Jumbo drinks. In one month, just passed, 151,158 persons visited him. The sages of the London Press announced his condition every morning and evening, as if he were the monarch of the realm, instead of a monarch of the forest. Not content with this, poor Jumbo was thrown into Chancery—the first of his kind that ever was there—and it is a remarkable fact that no human being ever had his case so soon heard and decided, and went so quickly into the Court of Chancery—and more noticeable still—came so quickly out of it as did Jumbo. The learned

Judge seemed not to like the beast before him. He would not have him either as a ward in Chancery or a client. Why should he? Jumbo could pay no fees. He made a little fun out of the case, and appeared glad to get rid of it by admitting that he had no power to interfere. One can understand little children having a tender regard for this sagacious animal, but as regards intelligent adults, considering that our ivory merchants are the means whereby the brethren of Jumbo, in the African forests, are being slaughtered wholesale for their tusks, and thus making their complete extinction a question of but a short time, and also bearing in mind that there are thousands of human beings in London who are wanting a penny bun or crust of bread to help to keep body and soul together—may we not fairly call this affair as pretty a piece of sentimental humbug as ever was played on the sensational stage of real London life? The end of this business is that to-day, 23rd March, Jumbo is afloat in a barge on the Thames, and ready to be put on board the American steamer.

During the first week of the present month there were 2,589 births, and 1790 deaths in London. This shows vitality, progress, and effective sanitary regulations. The contrast to this is Madrid, the capital of Spain, where in one month, in January last, the births were 1332, and the deaths 2225. This shows stagnation, decline, and neglect of ordinary sanitary precautions. The average annual number of deaths per 1,000 of population in overgrown London from 1873 to 1877 was 22·58, and for all England and Wales, for the year 1877, it was but 20·4. This is very satisfactory. For all New Zealand, from 1868 to 1878, the mean annual number of deaths was only 12·13 to each 1,000 of population. Probably it is nearly the same now. This is surprising, and apparently places your colony at the head of healthy countries; but in order to form a correct opinion on this vital question, should not the following facts be taken into consideration? Firstly, during the last 10 years nearly 100,000 men, women, and children were introduced into your colony as immigrants, who, previous to leaving the United Kingdom, underwent strict medical examination—only the strong and healthy were accepted, and very few were over 40 years of age. Secondly, the unhealthy, the delicate, the infirm, and the aged friends and rela-

tives of the emigrants selected were left behind to swell the death-rate of the Old Country. Under these highly favourable circumstances, with such a strong and vigorous population introduced into your midst at the most reproductive period of human life, your death-rate must be very low, and your birth-rate must be exceedingly high. Still, for all this, even in healthy New Zealand, you cannot neglect sanitary precautions with impunity. In saying this, I may add, I strive to give both sides of a question, and leave your readers to judge for themselves. The time has not yet arrived to fairly test the salubrity of New Zealand.

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The overgrown empire of Great Britain is still in process of expansion. Another John Bull Company's establishment is to be formed in the East at Borneo. A Royal Charter has been granted, with the usual great powers to trade and govern, to Mr. Dent and others. The usual English colonising process will be gone through. A fort, a factory, a church and a publichouse will be built. Trade will commence, and encroachment begin. The natives will be protected till they submit or disappear. There is nothing new in all this. If England loses one market for her manufactures she must seek another. Her continuous existence as a Great Power depends on her continuous expansion. Of course this cannot last for ever. The present Ministry would fain not extend the limits of British Empire. It is felt as too great a strain on the military resources of the nation, and the brains of her Statesmen. Still, in this case, we are only resuming an old connection, for was not the late Sir James Brooke, Rajah of Sarawak, the first to commence it? Borneo is about three times the size of New Zealand.

Your readers must pardon me for again calling their attention to the growing importance of electricity for illuminating purposes. The Swan Incandescent Lamp is a perfect success. It consists of a glass vessel from which the air has been exhausted. It is in shape and size like a medium-sized pear. Through the lower end of it, and fused in the glass itself, pass two platinum conducting wires into the interior of the glass globe which constitutes the lamp. To these wires is attached the carbon filament, looking like a piece of ordinary thin wire, and bent to form two loops.

The ends of the platinum wires under the globe are formed into very small loops, to which is hooked the "holder" of the lamp containing the copper wires. These two wires conduct the electric current to the platinum wires and the carbon loops, and the lamp is thus instantaneously lighted. There it burns "intensely white hot," looking pure, bright, clear, and beautiful; at the same time the light is soft and steady. As the carbon filament burns without air, in a vacuum — there is no combustion as with gas burning in the atmospheric air, and, consequently, no smell, no smoke, very little heat, and perfect safety; for, if the lamp breaks, the burning carbon is instantly extinguished. The cost of Swan's lamp is 5s. each. In ordinary use they will last for from 800 to 1,000 hours. Mr. Swan says on a large scale his system will only cost about half the price of gas. This is rather sanguine; but it is astonishing how lighting by electricity is extending to public halls, private mansions, and factories. The new Law Courts are to be lighted with it. The present progress of electricity is wonderful; in the future it will be marvellous for illuminating purposes and as a motive power. Much less coal will be used than is consumed now in generating energy in the shape of steam. Edison's lamp is equal to Swan's: then come Mr. Lane Fox's and the marine lamp.

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It is stated, in the "Literary Churchman," that there are no less than 73 retired colonial Bishops now in England, the last one on the list being Dr. Bromley, from Tasmania. It seems strange such should be the case. It may be that sufficient inducements are not given to the Bishops to remain in the colonies. One can understand Bishops returning home for health's sake from such hot countries as our East and West Indian possessions, and even Queensland, but we cannot understand their reasons for leaving the more healthy colonies. It would be interesting to know these reasons.

The Judicial Committee of the Privy Council has given judgment in the great Will case, *Rhodes v. Rhodes* and others, in favour of the appellant, Miss Mary Ann Rhodes, at present in Florence, and who is now entitled to the full enjoyment of the residuary estate, whose estimated value the Judge stated to be £272,796. It is understood that this constitutes the great bulk of the property of the late W. B. Rhodes; but, strange to say, writers in the London Press

persist in saying that he died worth from "three to four millions sterling," and the "residue" is set down at between £300,000 and £400,000. The appeal was allowed with costs to come out of the estate in the colony. This is a remarkable incident—a strange story—in the early history of New Zealand. One of its oldest colonists has a natural daughter, a half-caste, to whom, in 1878, he left a large estate. A dispute arises as to the meaning of a certain portion of the will. The Supreme Court in New Zealand is applied to, and decides in favour of the widow. In consequence of this, the young lady—Miss Rhodes, the daughter of an aboriginal mother—appeals to the Law Court of Old England, and justice is done her. After this Macaulay's New Zealander is sure to come to visit London; but if he finds St. Paul's Cathedral and London Bridge in ruins, it will not be to seek redress in the Appeal Courts, for then they will be non-existent. To make this colonial romance complete, it only wants the accomplished young lady in question to marry an English lord or a Scotch baronet, with a long pedigree and a short rent-roll.

LETTER V.

HOME AND COLONIAL TOPICS.

(SPECIAL TO THE NEW ZEALAND TIMES).

LONDON, April 20, 1882.

The always seething cauldron of European politics is unusually agitated at present. Not with a strictly European question, but one with an ugly Eastern aspect. The fact is there is trouble brewing on the banks of the Nile. Great excitement exists in the chief cities of the land of the Pharaohs. The prime mover in this agitation is an ignorant but artful Arab colonel in the Egyptian army, named Ourabi Pacha. He is a military adventurer who holds high office and sways the Khedive. The objects of Ourabi (or Arabi) and his confederates seem to be to change the social and political condition of Egypt. They are impatient of European control in financial affairs. To secure the payment

of principal and interest on the foreign debt of Egypt, a board of financial control was established and worked, conjointly by England and France. This board supervised the receipts and expenditure of the Government revenue and prevented waste and speculation. Ourabi and his friends would like to upset this arrangement, and allow native officials to plunder the treasury as formerly. To prevent this, direct interference, with an armed force, may be necessary by England and France. But this cannot take place without the assent of the other Great Powers; yet the latter give no direct signs of what they will consent to, and every day a crisis becomes more imminent. I should not be surprised if the Sultan of Turkey and his troops be chosen—in case of an outbreak—to execute the mandate of Europe in restoring order in Egypt. The policy of Ourabi is a selfish one. He is carrying it out by increasing his army of blacks, and adding to the pay and promotion of its officers. The poor Egyptian peasant, the “fellah,” is not consulted or considered; yet he works from sunrise to sunset. He is docile, patient, industrious and sober; but extremely ignorant. I have walked by his side as when—with his rudely and primitively constructed wood plough and its pointed stake—he scratched the fertile Nile mud in the Delta, and have seen him take five minutes as rest to eat his noonday meal, consisting of two or three sprouted onions and a piece of sour girdle cake, and then cheerfully resume his daily task. Surely a race like this should not be the sport and prey of Ourabi Bey.

The latest novelty in company forming is the announcement of a Cemetery Company, with a capital of £10,000 in £2 shares. It is formed for the purpose of providing a burial place for pet animals, dogs, cats, and little birds. Verily some of the good people of London have too much money, together with too much foolishness. It almost seems as if civilisation was going backward and that we were about to impart the civilisation of the ancient Egyptians—in their manners and customs of animal worship and animal burial. After all there is some truth in Carlyle's blunt saying when he said the population of the United Kingdom consisted of “thirty millions, mostly fools.”

Subscriptions are asked for constructing 44 miles of railway between Grahamstown and Port Alfred, at the Cape of

Good Hope, at a cost of £380,000, the Cape Government agreeing to pay a subsidy of £50,000, to the proposed company, on completion of the line. I notice this, thinking it might interest your Wellington folk who have formed a company to make a railway which, when connected with the inland line now made, will connect Wellington with New Plymouth. This project seems to hang fire. It ought not to, considering that when it is completed from end to end it will, from Otaki to Taranaki, run through the most generally fertile block of land in your colony, and which may not inaptly be described, for soil and climate, as the garden of New Zealand. It will, in time, support a dense population, and place Wellington in a sound and progressive position, by increasing its trade and offering facilities for enlarging its limited town area—by extending its suburbs so that they will reach from Wellington to Porirua harbour. If an English company could be got to make the line, all the better, for, I presume, your Government is not prepared to go into another great scheme of Public Works and loans, and thereby create another fictitious state of prosperity. Let me not be misunderstood as condemning the construction of public works altogether. When they can soon be made reproductive they are justifiable; but when they are carried out for political purposes, securing political support and do not pay, they are most injurious to the community affected by them. I will go further and say that the leading public man who encourages and supports such a state of things is unworthy of the name of statesman, for he thus appeals to the worst side of human nature—its cupidity. It is rumoured here that your Government intend to raise shortly a loan of five million sterling. Surely this cannot be correct. If it is true it will cause great surprise. Already brokers shrug their shoulders, and your bondholders shake their heads at the news. A loan of two millions would not excite much attention or adverse comment. Money was never more abundant than at present. It is eagerly offered at from 4 to 5 per cent. on good security, and it is possible your Government might float five millions at about 5 per cent.; but as many people—after the monetary crisis you have passed through—thought you would like to rest for a time and be thankful, it will not be easy to do so. It is not for me to say your Government are

acting foolishly and unwisely. They know their own business best, and are responsible to your Parliament; but this much I may be permitted to say, such a call for a five million loan, if contemplated and persevered in, will, I fear, diminish the confidence of the English public and money-lenders in the Hall Ministry, and still further lower the credit and prestige of your colony, besides adding to the burdens of your overlaiden taxpayers. * * *

Emigration to the United States of America goes on more rapidly than ever. The total for last March was 42,743. For March last year it was 28,908. As regards the nationalities of the 42,743, there were 19,000 Germans, 9700 English, 4000 Irish, 1000 Scotch, 3400 Scandinavians, and over 4000 Italians. Last year's emigration to the States was about 890,000. It is expected to equal even that enormous total of emigration this year. All these people pay their own passages, and most of them take considerable sums of money with them. New Zealand ought to attract emigrants without paying their passages or assisting them. Yet two ships sailed this week from Plymouth, one the "Rakaia" for Canterbury with about 125 nominated people, and the other the "Timaru" for Otago, with about the same number. What is wanted is people with capital to cultivate the land or establish local industries in New Zealand. May I ask—have the Government any surveyed blocks of good land specially reserved for the farmer at moderate prices? If not, those few farming people who come out must buy land at a high price from private persons or companies established to speculate in it. Perhaps this cannot be avoided in the Northern Island; but it has a deterring effect and prevents many farmers settling in your colony.

A friend of mine, one of the largest importers of tinned meats in London, stated to me yesterday that the demand for this class of food is brisk and increasing. The New Zealand tinned meats, he says, have lately improved in quality, particularly that from a firm in Canterbury and Mr. Gear's establishment in Wellington, which ranks as a first-class article; but he further explained to me that the American method of preserving suits the English market and palate better than the old, or New Zealand mode. American "canned" meats, both beef and mutton, as soon

as killed, are slightly corned and submitted to a severe pressure, in fact the American beef and mutton as soon as killed are slightly salted for a fortnight, then cut up into pieces, boiled, pressed, and tinned in the usual way. But to do it properly, by a company in New Zealand, machinery would have to be imported from New York, and a man who understands the preserving process must be procured from Chicago. "There's a fortune to be made out of this," says my informant, whose firm in one year sold £500,000 worth of tinned meats—principally American.

Sir Alexander Galt, High Commissioner of Canada, has made a move of great colonial importance. On good authority, it is stated that very recently he was introduced to the French Ministers by our Ambassador, to confer about amending the French and Canadian tariffs in a way that might be mutually beneficial. Canada generally gets her own way, though she imposes the heaviest of protective duties on British manufactures. But if Canada obtains the right to negotiate treaties with foreign countries, the other British colonies will have a right to the same privilege. If they were to obtain it it would be the first step to separation from the Mother Country. Separation means independence. That will come some day; but I am persuaded that the present generation neither cares for nor is ready to assume a responsibility so grave.

Sir Henry Parkes, the Premier of New South Wales, is on the grand tour. He is doing it well. He is a shrewd man of the world, and makes the best of the good things in it. There is an *avant courier* who announced his departure from Sydney and his arrival in San Francisco. As he passed from one great American city to another he appeared willing to be questioned; consequently he was interviewed, and his somewhat gushing utterances were straightway telegraphed by the irrepressible interviewer to London, as if they were matters of world-wide importance. Probably, as a sensible man, Sir Henry laughed at these unmeaning and excessive attentions thrust upon him. Nevertheless, they have had the effect of duly impressing the credulous British public with the great importance of the coming man, whose daily progress is noted as duly becomes an Australian political comet rapidly approaching the capital of the British Empire. Sir Henry Parkes' visit

to the old Country, when Parliament is sitting, is well timed. His journey altogether has been well manipulated, and if he is fond of notoriety and the society of "Lords," he has even so far been very fortunate in securing a large share of both. Since his arrival in England, he has dined with Lord Sherbrooke (Mr. Robert Lowe, that was), Mr. Gladstone being invited to meet him. On Saturday last he entered his native village—Stoneleigh, in Warwickshire—in company with Lord Leigh, in his Lordship's carriage. The latter was preceded by the scholars of the village school, headed by a drum and fife band. On the 28th of next month Sir Henry is to be entertained at a dinner, with his Royal Highness, the Duke of Edinburgh, in the chair.

Like other colonists preceding him, he was not successful in inducing the United States Government to lower their duties on Australian wools; but he did his best, and is entitled to credit, independent of being a very deserving colonist of nearly fifty years' standing in New South Wales.

All this, I daresay, will be gratifying to the colonists in New South Wales, if not to the settlers in Victoria, whose Premier, Mr. Berry, was not so well treated when on a direct mission from his colony to England. There may be a reason for this. Perhaps it is partly a commercial one. Let us see. New South Wales is thrice the size of Victoria. Its finances are sound and flourishing; its Treasury is overflowing with revenue, and it is *just now* decidedly the most prosperous and progressive of the Australian colonies. More than that, it is noted for its consistent advocacy and practice of some of the doctrines of Free Trade. Now this is just such a colony as British traders, manufacturers, and merchants like to honour and are ever ready to praise. "Look what Free Trade has done for New South Wales!" these gentlemen of the Manchester School exultingly exclaim to colonial protectionists; but is this assertion correct? I submit it is not. It is the great pastoral resources, the immense territory of available land—producing a large annual revenue—and the extensive seams of coal, which have made the City of Sydney, and the province of which it is the capital, prosperous and progressing—and not free trade. When the land revenue seriously falls off—or rather, when the goose ceases to lay her golden eggs

in large numbers—then in Sydney will be found a majority of people much in favour of protection, if only to develop her great wealth in iron ore, and to utilise it for manufacturing purposes.

As regards the question of free trade, I think your readers will generally agree with me that there is something to be said for and against it. We cannot afford to dispense with the teachings of such eminent men as Adam Smith, McCulloch, Ricardo, Mill, and other writers on political economy; but they write too much from an English point of view, and as if their newly-found doctrines were infallible and of universal application. This is not so. We may as well expect universal peace as universal free trade. England is the most advanced in free trade, yet she cannot wholly comply with all its precepts, or she would levy no duties at all on imports, and rely on direct taxation. Free trade, in theory sounds well; but in practice it is impracticable when applied to all nations, simply because their interests and conditions are not alike. To start fairly in the race of free trade, the conditions of the competitors must be equal. Had other nations the great resources of trade and manufactures, consisting of a superabundance of cheap capital and cheap labour, and untold supplies of coal and iron at her very doors, as Great Britain has, then they might compete on equal terms with their great rival. These requisites being absent, induce foreign nations of the highest civilisation, and the English-speaking people in America, together with the largest of our own colonies, to handicap British manufactures by imposing high import duties on them in order that they may be able to maintain a daily increasing town population of their own at home.

In opposition to this line of argument, it may be urged that to foster local manufactures, say in New Zealand, you must add a duty of 10 per cent., or more, to existing imports on a certain class of goods for which certain facilities exist for manufacturing in the colony, and this really means taxing one class to support another. Granted what has just been said is correct, it does not follow that in the long run, the community at large is the loser thereby.

In discussing this important subject let us not keep out of sight four questions. Firstly, are not the taxpayers of the colony now paying about £100,000 a year to pay the

interest on a loan of say £2,000,000 expended in the introduction of nearly 100,000 immigrants into New Zealand? Secondly, is this not contrary to a principle of political economy which would leave supply and demand to regulate themselves without artificial interference or assistance? Thirdly, was not a great point made, by public works and immigration advocates, that the colony would be recouped its enormous expenditure, on introducing immigrants, by an increase of colonial revenue to the extent of about £5 per head for each adult landed in the colony? Fourthly, does not the latter revenue rule, or line of argument apply to the creation of an industrial population? but with this additional advantage in favour of encouraging local industries, that the said industrial population is already in the colony and, therefore, £20 per head has not to be paid for introducing it.

Protective taxes should be levied only for the encouragement of the formation of new industries, that is, new sources of employment for the people, which *in a few years* might be expected to be successful and run alone without its aid, or to yield such collateral advantages as would justify their retention for some time longer. To my mind the strongest point in favour of a modern system of protection in the colonies is the absolute necessity and duty of Colonial Governments to provide employments for an ever increasing home population. In colonial towns of importance there is an increase of population every year, and it is a surplus population mostly unfitted for farm work, or that won't take to it. What is to be done with it? Is it to emigrate, starve, or loaf about? No; employment must be found for it, or your colony stagnates and retrogrades. That employment, to a great extent, can be provided by the establishment of local industries all over the colony; first those for which you have the raw material on the spot, afterwards others of a fitting kind will follow in due course. This accomplished, it would not be long before the colonists who had had to pay, as it were, taxes to encourage local industries would find ample compensation for this in the large increase of the general body of taxpayers. An augmentation of colonial and municipal resources would follow, and, as the newly created population must have food, raiment, and houses to live in, the

shopkeeping class, the artizan class, and the farming class, would have a much greater demand for what they sold and produced than they have at present. Public works have been tried as a means to increase and maintain population ; but they almost exhausted your credit and left you and a generation yet unborn saddled with a heavy colonial debt. Those who rely on loans and public works as a *permanent* source of progress and prosperity, rely on a rotten stick. This public works system is evanescent, and, where carried to excess, leads to financial disaster, demoralising the community at large, and sapping the energies and destroying the self-reliance of the working people engaged in agricultural pursuits. Suitable manufactures, on the contrary, become permanent institutions of the country in which they are established. They absorb a surplus population, and retain large amounts of capital in the colony instead of sending it abroad. They enrich a community instead of, by their absence, impoverishing it. Large importers of foreign merchandise are not likely to agree with these views ; but, in time, they or others will learn how to get a living and make money by supplying their customers with colonial made articles instead of imported ones, as at present. Some attempts to encourage local industries have been made by your Government, but in such a gingerly, half-hearted, if not insincere way, as to produce no tangible results. Undoubtedly, the matter must be carefully considered and prudently worked out. At the same time a bold beginning should be made as soon as possible. Call the method you adopt by the name of protection, fair trade, or encouragement of local industries—call it what you like, in spite of all opposition, it will prevail in the colonies, for it leads to the formation of manufactures which, conjointly with agriculture, are the sure means whereby a small colonial community can become an important nation.

There was a time when, for an intelligent man in England to dispute the truth of free trade axioms was a heresy. He was ridiculed and sometimes called a lunatic. Now tens of thousands of people openly advocate protection in the same country. Yet, I candidly admit that Great Britain with her immense manufacturing resources and the common sense, intelligence and energy of her working population, has derived great benefits from free trade. I

have always been favourable to free trade in England. Still I maintain that external circumstances have done more for that country than free trade. To my mind, it is a mistake to say the present greatness of England is owing to freedom of commerce. Conquest and Colonisation have carried British trade to all the habitable parts of the globe. This is not Free trade, it is Forced trade. In India she reigns supreme, and has a monopoly of the trade of a population of 240,000,000 people; while in her colonies all over the world she has nearly the same trade advantage. In the largest of her southern colonies the great discoveries of gold gave the settlers their ample wealth wherewith to develop, extend, and increase their trade with the Parent Country. These are important factors, which cannot be fairly left out in discussing the effects of free trade in England.

If we want to see what protection can do for a country we have only to look to the United States of America. Formerly, this, comparatively speaking, new country was sneered at by certain British travellers and statesmen. Now, as a great and powerful Commonwealth it is feared and respected over all the world. By its land system it is mostly a nation of small farmers, and its fiscal system is framed to foster and establish industries of almost every description. Its progress and prosperity is unprecedented, and its protective duties are rapidly paying off a great national debt. Much of this prosperity, I admit, arises from its immense tracts of fertile land still open to new comers from all parts. Like other countries, it is not exempt from times of depression, but still its march is ever onward, and if the loud advocates of free trade want to see what protection can do for a nation let them travel through the United States, as the writer has done, and visit a future exhibition of Manufactures, as he did the last one at Philadelphia. Their eyes would then be opened, and their minds expanded as to what protective measures applied to the manufactures of a new country have done in the English-speaking Republic of North America. It is no exaggeration to say that the States, if they continue united, are destined, before many years pass away, to be the great manufacturing nation of the future. When that day arrives it is quite possible they may care as little for protection as Great Britain does at the present moment.

LETTER VI.

HOME AND COLONIAL TOPICS.

(SPECIAL TO THE NEW ZEALAND TIMES.)

LONDON, May 18, 1882.

The Italian Government are now engaged in completing one of the biggest financial operations in the London money market that has been witnessed for some years past. It is well known that, since the establishment of the new kingdom of Italy, it has had to struggle with a depreciated currency, consisting of notes—some as low as a franc in value—and all at one time depreciated to the extent of 15 per cent. or more. To restore the credit of Italian currency its Government authorised a loan for, in round numbers, £29,000,000 sterling. Half of this was issued last year, and the remaining moiety was offered this month, and amounted to £14,589,800. The subscription price was 88 for each £100 in Italian rentes, and bearing 5 per cent. interest. The subscription list was opened on Wednesday, the 3rd inst., and closed on Thursday, the 4th inst. There are various rumours as to its success, but without a loan is a great success its issuers are very reticent. In this case the Italian loan is in the hands of a powerful syndicate that can afford to wait. From the above your readers will have learned that the London loan market for this year has opened with a big beginning. Besides this, subscriptions have been invited for Municipal $3\frac{1}{2}$ per cent. loans; two for a million each, and others for smaller amounts, but all taken up at about par. Colonial borrowers are expected to come next, Victoria (Australia) for five millions, and smaller fry in proportion. But, good as Victorian credit undoubtedly is, it is hardly likely it can command the market here and float, with success, a four-per-cent. loan at par, and for five millions.

The company-floating season has fairly commenced. The newspaper harvest has begun. Clever secretaries and a few shrewd and able business men have met together in little knots of three or four to form Companies. Consequently Admirals, Generals, Knights (home and colonial), Baronets,

Lords, and Dukes are in great demand for Directors, and as a species of decoy-ducks wherewith the British investor may be lured to invest his cash in various undertakings. Numerous advertisements of a most seductive kind, and composed in attractive language, appear daily in all the London newspapers. I have no doubt but what some of these companies offer sound means of investment at a profitable rate; but that there are others which are little better than swindles, or lotteries for investing money in, I am equally certain. So far I have spoken of what may be termed first-class Companies and their Directors. But there are second-class Companies, requiring second-class Directors, in the shape of half-pay Captains, poor Colonels, needy Majors, or Mr. So-and-So, of the firm of Brass, Bullion, & Co., or somebody who is already a Director of the Underground Railway, the proposed Undersea Railway (Channel Tunnel), or the Semi-Arctic Canadian and Pacific Railway, and so on. The number of Companies advertised and formed so far this year is not nearly so large as last year. Still it is considerable, as may be judged from the fact that, during one week of last month, the modest sum of £4,500,000 of new capital was asked for by various Companies. In addition to the above-named Companies is one of another sort. This is a Company that has Patrons as well as Directors. Of this description is the newly-proposed Company styled, "The Australian Wine Growers Company (Limited)," with a capital of £200,000. Its prospectus was published at the end of last month. It deserves success, and with fair play and proper management will, to a large extent, drive out of this market the doctored French wines, and replace them with, I hope, pure Australian wines. This Wine Company ought certainly to succeed, judging from its list of Directors and Patrons. The latter consists of one Duke, one Marquis, one M.P., an officer *de la Legion d'Honneur*, &c., &c., the late Lord Mayor of London, the present Lord Mayor, and *all* the Agents-General of Australia.

Agents-General have recently grown into importance in London; they form a group of Colonial business Ambassadors. They are useful to the various Colonies they represent, and provide a bit of patronage for their Governments, who may want to reward an able political supporter, or to get rid of a feeble but troublesome political opponent.

Agents-General are of recent origin. For New Zealand, we may trace them back to agents sent Home on special missions. Mr. Henry Sewell was sent to England to raise the first foreign loan, in 1857; Mr. Reader Wood, in 1864; Mr. William Fitzherbert (now Sir William Fitzherbert), in 1867; the late Isaac Earl Featherston (better known as Dr. Featherston), in conjunction with Francis Dillon Bell (now Sir Francis Dillon Bell), in 1870; Mr. Julius Vogel (now Sir Julius Vogel), in 1871. They all, more or less, came to England as loan agents. During the greater part of the period just alluded to Mr. John Morrison acted as authorised Government Agent for New Zealand. He was appointed agent about the year 1859, and received a salary of £600 a-year. He provided offices and clerical services at his own expense, but was allowed to transact business on his own account. In the year 1871 Dr. Featherston was appointed as our first real Agent-General.

Some people think Mr. Gladstone highly paid. He holds two of the most responsible and highest offices in the Government of England. He is Premier and Chancellor of the Exchequer, and has to keep up all the state and dignity of the highest officer in a great Empire. His salary is £7,500 a-year; his chief private secretary receives £400 per annum. The Home Secretary is paid £5,000 a-year, and his private secretary gets £300 for the same period. The Under-Secretaries of State in Parliament are each paid £1,500 a-year, and the Permanent Under-Secretaries £2,000.

One street in London has now become noted for the number of Agents-General who have taken up their business abodes in it. That street is Queen Victoria-street, Westminster. All the five Agents-General for Australia, and also the High Commissioner for Canada, are located there. It might fairly be called "Colonial Ambassadors' Row," for their offices are nearly all together. They look very conspicuous, from three of the Agents-General having large brass plates fixed to the two jambs of their respective entrance doors. On the plates of the Agents-General for Queensland and New South Wales is inscribed, respectively, "Queensland Government Offices," and "New South Wales Government Offices." The ones for the Agent-General of New Zealand are more remarkable, and are inscribed "Govern-

ment of New Zealand" (first floor). It is to be hoped that strangers may not think that there are two Governments of New Zealand—one in London and the other in the Colony. The salary for each Australian Agent-General, I believe, is £1,500 a-year, and that of the Agent-General for New Zealand is £1,250, with a private secretary of £600 per annum. The suits of offices of the various Agents-General are comprised within the numbers 1 and 10 of the same block of buildings. Victoria simply (at present) designates herself by having the words "Offices of the Government of Victoria" written on the window blinds. The new Agent-General for Victoria is shortly expected here from Australia, to place the large Victorian loan on the London money market. * * * *

From a private source I learn that Sir Julius Vogel is likely soon to pay your colony a visit in connection with the management of a concern which is not doing so well as was expected—I mean the New Zealand Agricultural Company. He is also mixed up with electric light companies, in which, as I have intimated before, there is a great deal of speculation going on, and the Press is uttering words of warning. A few days ago the £10 shares of the Anglo-American Brush Electric Light Company, with £4 paid up, were quoted at £18 10s. per share, being a premium of 350 per cent., and the shares of the Hammond Electric Company at 360 premium. Since then the shares of these and similar companies have gone up still higher, the American Brush Company being now 29. It is not unlikely, considering the rapid progress being made in the utilization of electricity at present, and its probable marvellous application to practical purposes in the future, that there may be other inventions patented within a year or two which may render *those* now patented and purchased for large sums of money almost valueless.

In my last letter to you I stated that there was trouble brewing in Egypt. It is now brewed. An armed intervention, in the shape of an ironclad demonstration at Alexandria, is decided on by England and France, to take place at once, in order to intimidate and reduce Arabi Bey, or rather Ourabi Pasha, and his black military friends to their proper level in the Egyptian community. It is difficult to say how it may all end. England appeared to be

in favour of employing Turkish troops to restore order. France was opposed to this. There is a considerable amount of jealousy and intrigue existing amongst the European Powers, who are all, nevertheless, afraid of re-opening the tangled Eastern question at present. They are not yet ready for another "Berlin Congress," and may, therefore, patch up a truce, giving to England and France a longer tenure of their present precarious hold of Egypt. Things are not yet ripe for a war in Europe. Come, it will, just as the seasons come, but at longer intervals.

Presuming your Parliament is so sanguine as to sanction the raising of a five million loan, it cannot be helped, and you must make the best of it. As to its prospect of being successfully floated here, no one can give a reliable opinion at present. It will all depend on the state of the money market at the time it is decided to open subscription lists for it. Stock Exchange quotations are not always to be relied upon. Your 4 per cents. being about par, they look favourable to your raising a large loan at $4\frac{1}{2}$ per cent. at the present time; but all depends, if, at the time of issue, 4 and 5 per cent. investments are scarce, if insurance and other companies have ample funds waiting investment, and if the large brokers hold light stocks of first-class securities. But who knows this to be the state of things? Assuredly the public do not. A certain stock may be depressed or stand high from the underground and fictitious purchases by sharp practitioners on "'Change." These gentry give their agents orders to buy bonds of a particular stock at high prices, to impart a false value to it, or, if more profitable, to sell at a very low rate to unduly depreciate and depress its value. These transactions of "bulling" and "bearing" are duly recorded in the daily lists of current prices of stocks, and, in fact, become the official quotations of the day to guide the unwary investor, and too often mislead him. Under the state of affairs just alluded to it is obvious that no one at present knows how your proposed new loan is likely to succeed. Loans and companies are now, and will be for several months, swallowing up many millions of money; so that your loan, if offered later on this year, will come on a market much barer of money than at present, and, perhaps, with brokers loaded with stock and insurance companies with less money to invest. Still, the

available capital in London is always so great (though there is a prejudice against New Zealand borrowing) that your Government is likely to get what it wants, provided the interest it offers is of a nature to tempt brokers and other investors to subscribe for large amounts.

During the last fortnight, the civilised nations of the earth have been struck with horror, sorrow, and indignation at the cowardly, bloody, and brutal murder of two unarmed men in broad daylight in a public park in Dublin. The one, Lord Cavendish, was the bearer of a message of peace and goodwill to Ireland; the other, Mr. Burke, was an aged Civil servant, able and conscientious in the discharge of his duties. This happened, too, at a time when the olive branch and the hand of conciliation had been held out by the present Government to Ireland through its leaders, Parnell and others; and when liberal-minded men believed that the wrongs of poor old Ireland were at last to be redressed by the "old man eloquent," Mr. Gladstone, who was to be the herald to announce an atonement for past mismanagement in the land of troubles, and commence a new departure in Ireland. Even now, after the ordeal of grief he has gone through on account of the assassinations, he does not hesitate or falter on the road of conciliation. Last Tuesday night he dealt with the very important question of arrears of rent. It appears there are thousands of tenants who owe, on an average, three years' rent, who cannot, therefore, take advantage of the Land Act, and are being, in many cases, evicted from their farms by the landlords, and turned out upon the public highways to seek shelter where best they can. Mr. Gladstone purposes to settle these arrears in cases where "tenants have not the means of paying," and the annual rent does not exceed £30, by the tenant paying one year's rent. This latter payment would absorb about £2,000,000, and Mr. Gladstone provides that about £1,500,000 should be taken from the Irish Church Surplus Fund, and £500,000, from the Imperial Exchequer. The Bill is based on the principle of "compulsion and gift." It is founded on proposals made by Mr. Parnell and others to Mr. Gladstone. The Conservatives are irate, and call it a discreditable compact. If it succeeds in calming agitation down, it will be a blessing to the people of Ireland, which country the Tories are more

inclined to curse than bless. It is accompanied by orders to release the "suspects," and very stringent measures of suppression, all of which have yet to pass into law. A measure more drastic than the Coercion Act is also proposed, for the law must be vindicated, order restored, and assassination put down. Some of its stringency will probably be taken out of it in committee. It is considered very desirable that these severe measures, designed only to punish the guilty, should be as lenient as possible, consistent with being effective. This assassination and Irish agitation is very unfortunate. Ireland stops the way to urgent reforms required by England and Scotland. The new feature of Irish agitation of the present day is the encouragement and peculiar assistance it receives from the Irish revolutionists and their dupes in the United States. After all, we need not despair. England has weathered many a worse storm than the one she is now passing through. Besides, it is some comfort to think that the dark clouds now hanging over the sister island may soon show a silver lining, and our Irish co-partners in the British Empire may, in the immediate future, find themselves more contented and prosperous than they have been for many years in the disturbed past.

LETTER VII.

HOME AND COLONIAL TOPICS.

(SPECIAL TO THE NEW ZEALAND TIMES.)

LONDON, June 15, 1882.

New Zealand is the youngest but one of the systematically-settled colonies of the British Empire. Leaving out South Australia—which was the first—the other Australian settlements rank next. In all these colonies the stores of coal and forests of timber, comparatively speaking, are scarcely touched. Let these new colonies take warning by the destruction of timber and rapid consumption of coal in older countries. Once the timber trees are cut down, much labour, much expense, and very

many years will be required to restore them : besides, their wholesale destruction deteriorates the climate, injures the soil, and causes a scarcity of timber. As to coal, once dug out of its bed it can never be replaced—wood will grow, coal will not. In Great Britain, the immense seams of coal are in course of exhaustion. Forty years ago it was calculated that the then supply of coal would last about two thousand years. Since then the consumption of that mineral has increased enormously. Recent and searching investigations into the supply and consumption of coal have been made by Mr. Richard Meade. The figures are startling, but not discouraging. Still, they show that the present enormous drain on this great source of wealth to Great Britain is gradually but surely and seriously diminishing the extent of her coalfields, which, at no very remote period, if not exhausted, will cease to be profitably worked.

When the population of the United Kingdom was 16,000,000 in 1800, the consumption of coal for that year was 10,100,000 tons. In the year 1881, with a population of 35,246,562, it had increased to 154,184,300 tons. The extent of the present known available coal areas in Great Britain and Ireland is estimated at 145,288 *millions* of tons, which, allowing for a yearly increase in consumption, would last, it is calculated, 250 years ; but as 56,273 millions of tons of the estimate of 145,288 millions of tons just given is only an estimate of coal supposed to exist in supposed coal areas, the supply at the present rate, and with an increased consumption in the future, in known coal areas, is hardly likely to last half the time mentioned, namely, 125 years.

Then as regards timber. Forests in various parts of the globe are disappearing at a very rapid rate. They are looked upon as the enemies of man, whereas they are his true friends. Their wanton destruction is a sin and a shame. They beautify the earth, and contribute to its fertility. Mr. Eggleston says that every year eight million acres of forest land are cleared in the United States of America. At that rate, Europe (about the same size as the United States, but with a population of 315,929,000) would, if she only cleared off trees to the extent of one-third of that just named, require to cut down annually eighteen million acres of bush land. It is well known that when

the natural woods of a country are cut down, the climate and soil deteriorate. If, as they were cut down, more were planted (as in Germany), the evil would be remedied ; but let the consumption and destruction of timber go on as it now goes on, future generations will bitterly regret the thoughtlessness of previous generations, and nowhere more so than in Australia and New Zealand.

Speaking of land laws there can be no doubt that, as a means for increasing the cultivation of land, and raising larger crops than can be raised from large holdings of land in the shape of great farms, the small farm system of cultivation is the best. Great landholders in England cannot help having had large estates entailed on them, but they take good care that they are not disentailed, and thereby, free-trade in land established as in other commodities. The rapid acquisition of land in large blocks in the Australian Colonies has mainly arisen from the tempting facilities held forth by the land laws of the various provinces there. Peasant proprietorship may have its evils in too great a subdivision of the land. But this can be avoided as it is in France and Belgium, two countries where small farming has been most largely and successfully developed, and where the peasantry are remarkable for their thrift, sobriety and industry. I wish your readers to understand that I am not speaking now from what I have read in books, but from what I have observed among various populations in different parts of the world.

I may, I hope without egotism, say that I have visited India and Egypt (the latter four times), also Canada and the United States. I have traversed the wide domain of France from the English Channel to the Mediterranean Sea, —and have also travelled through Holland, Switzerland, South Germany, Prussia, Italy, Austria proper, and her dual companion, Hungary. In these countries—whether on the flat banks of the rolling blue Danube, in Europe, or looking on the placid waters of the muddy Nile in Africa, or on the great plains of India, or the wide territories of the United States and Canada—I have found small farms universal and great estates the paltry exception. It is in Great Britain, Australia, and New Zealand that great landholders are mostly to be found ; it is in England and Scotland that the agricultural labourer is divorced from

the land. If he wants to purchase land, he must exile himself to where there is free-land, room for all and more to come. But, as population spreads, the land does not increase in quantity, but men do. God gave the land for man to labour on, and to live on its fruits produced by the sweat of his brow. At this day population is spreading and increasing more rapidly than ever it was known to do, and if great wars, famines, and pestilence do not arrest its wonderful progress, future generations will want all the land they can get to maintain it. Looking at this vital question from that point of view, it is not surprising that one hears, sometimes, of proposals to the effect, "That those who like to hold great landed estates should pay a special tax to the States for the pleasure of using them, and as a compensation to Society for the loss it sustains in the partial or non-cultivation of such estates." I have heard men of advanced opinions go further than this, and say "That in England the land reform will not be complete till landowners are restricted to holding only a certain number of acres." This, to some, may appear to be wild talk; at the same time, it must be borne in mind that future rulers of men will have to deal with a working population that has received a fair education, and not an ignorant mass of working men as formerly. What is setting people a-thinking just now is the unprecedented current of emigration that is flowing to the shores of America. I told you in my last that in the first two weeks of last month 35,000 immigrants landed in New York. Now that the returns have been made up for the month of May, it appears that no less than 90,019 arrived at New York during the thirty-one days of that month. Under these circumstances, the total immigration for 1882 into all parts of the States is likely to reach one million of men, women, and children. At this rate, the population of the United States in a generation, or say even twenty-five years hence, may fairly be estimated at 100,000,000. There is plenty of room for twice this number; at the same time, the States may not then be the *United* States, for the national characteristics, resulting from climatic peculiarities, and the physical formation of that continent, admit of the establishment of four or five republics in the place of the present one. People may well turn their eyes to the United States, when

they see the extraordinary spectacle of that country paying in the year—from June, 1881, to June, 1882—the amazing sum of thirty-five million sterling for the reduction of its war-created National Debt.

The recent telegraphic news of the wreck of two trading ships at Timaru has excited considerable attention here, amongst those interested in the shipping interests of New Zealand. It is unfortunate, as there is a risk of premiums on insurance to that port being raised. It would appear that after all the serious expenditure of money to form shelter for shipping at Timaru, the scheme, so far, has not been a success. The Timaru harbour folly, combined with the New Plymouth harbour fiasco, and other attempts at harbour improvement, with the honourable exception of Lyttelton harbour, are standing monuments of how borrowed money has been injudiciously expended in some places and wasted in other parts of the two main islands which constitute your colony. I fear it is of no use writing against excessive borrowing. The disease must run its course, and no one will rejoice more than the writer if a certain cure is found for it. There are reckless lenders as well as reckless borrowers, and the two must share the difficulties and troubles which may be in store for them in the future. * * *

Sir Henry Parkes is evidently a gentleman worth looking up and paying flattering attentions to. Some people have got an idea that he carries the trade of New South Wales in his pocket, and like trade prigs, they would like to pick his pocket in an amiable way. England had a natural right to fête and show him marked attention, even though these polite attentions should be based on good will and British interests. England has done so, and people thought Sir Henry Parkes was going home quickly; but a foreign eye had been watching him all the time, and had made up its mind that England should not monopolise either his person or his pocket. So 'cute Belgium invited him to Brussels to honour and fête him in true Continental style. France, too, is looking to the Pacific for business. The *Messageries Maritimes*, the great French steamship Company, is rapidly building suitable steamers to ply between France, the Mauritius, Melbourne, Sydney, and New Caledonia.

Some seven months ago, I believe, I was the first from this side of the globe to call the prominent attention of my fellow colonists in New Zealand to the great advantages of the frozen meat trade to them. Since then the overdue ship Dunedin has arrived, freighted with frozen carcasses of sheep, after a passage of ninety-eight days. The day after her arrival in the East India Docks, I went on board, and saw the first sheep taken out of the refrigerator. It was in excellent condition, full grown, and a fat sheep. On further inquiry, I found some few of the carcasses were a little mouldy, but as it was easily rubbed off, it was of no detriment to the mutton. This cargo of food consisted of 4931 sheep, delivered here, and averaging about 80lbs each; 22 carcasses of pork, 246 kegs of butter, and a quantity of sheep's tongues, &c. The butter would have been better if it had not been kept in the freezing compartment, for it keeps well if placed in a uniform temperature of from 32 to 34. Messrs. Galbraith and Pembroke kindly consented to allow the carcasses to remain in the refrigerator for a month, if required, so that the consignees need not be compelled to throw them on the market all at once, and cause a glut. I was invited to a lunch on board. The principal dish of meat was New Zealand roast lamb, fifteen weeks killed; yet then fresh, sound, and sweet. It is true it had not the flavour of fresh-killed English lamb; yet it was excellent eating, for all that. And very interesting, too, to those who knew that forty years ago all New Zealand hardly contained as many live sheep as the good ship Dunedin then did—dead ones. It was a pity that there was not so much interest shown in this first arrival of a large cargo of New Zealand fresh meat as was expected. There was hardly a dozen persons sat down to an excellent lunch, and three of these were old New Zealand ship captains. Amongst these, was "the handsome captain" of very early ships which arrived in Wellington—Captain Petherbridge, Commodore of New Zealand, and at one time captain of the Maori. Some old settlers will be glad to learn—allowing for increased age—that he looks as well as ever. During the lunch, some surprise was expressed that there were not more old New Zealand colonists there, and that there was not some one representing the office of your Agent General. However,

I have the satisfaction of saying that Dunedin's shipment, per sailing ship Dunedin, of 5000 carcasses of sheep, was a great success, and arrived just in the nick of time, for the London market just then was very bare of supplies of mutton. The consignment received a welcome in Smithfield market, not usually bestowed on colonial importations of fresh meat. I was in the market myself, and heard buyers and sellers say, "That is something like mutton; it is large and well-conditioned." It was all quickly sold wholesale, and brought from 4s. 2d. to 4s. 8d. per stone of 8lbs, or say all round, it fetched $6\frac{1}{2}$ per lb. Considering the shipments of frozen mutton from Australia only averaged $5\frac{1}{2}$ d., this result should be considered satisfactory. I have further to report that the quality of the butter was not so good as it ought to have been. The rabbits and turkeys were in excellent condition, and only require more careful packing in future. They presented rather a comical appearance. The legs of the rabbits in some instances, being frozen straight, they appeared as if they wanted to run, while the poor turkeys, with extended wings, looked as if they would like to fly. The rabbits were unskinned. This New Zealand importation of frozen meat has been much commented on by the London Press and warmly approved of. Letters written by the Duke of St. Albans, your Agent-General, Mr. Tallerman, and others, have also appeared in the *Times* on the same subject. Unfortunately, the letter of your Agent-General has brought forth a strong rejoinder, written in grossly exaggerated terms, which has appeared in the *Times*. It is likely to temporarily increase the prejudice of persons already prejudiced against frozen meat. The following is a short extract from it:—"The stupid twaddle written on the above subject by some of your correspondents is most ludicrous to those who practically know about butcher's meat and its supply. For instance, the Agent-General for New Zealand says there was no better meat to be seen in the market the other day than the mutton from that country. Now, sir, anyone who knows anything of the matter knows this to be absolutely untrue. This meat, when it first comes into the market looking bright and clean, is to the touch like a piece of stone, when no one can be deceived by its appearance. Afterwards it begins to weep and becomes wet and thawed, and after

being kept for a day or two looks as though it had been drawn through a horse-pond."

I have pointed out, in a former letter, that when frozen meat begins to thaw it becomes rather flabby and soft, but when thawed properly and well cooked it forms a cheap and wholesome food. In Canada and Russia they use large quantities of frozen meat, and no complaint is heard of it. In London, to persons of small incomes or small wages, such as clerks, tradesmen, mechanics, and the very poor, frozen New Zealand meat is a positive blessing. The writer of the letter above alluded to signs himself "A London Butcher." Butchers, as a class, are not popular with the public. It is well known that they have been selling fresh imported meats as English meat. They have pocketed profits which the public should have had the benefit of. They dislike cheap meat. But notwithstanding what "A London Butcher" says, the public will soon learn to appreciate, and, I trust, see their best interests served by becoming large consumers of Australian and New Zealand beef and mutton—and I hope, some day soon, of also New Zealand butter and cheese.

In making my concluding remarks on this important subject, permit me to say future success depends on good management—which means that only prime large carcasses are selected for the freezing process, that the shipments are frequent and regular. There should be a *depôt* here with large refrigeration accommodation (so as to, if possible, get rid of the middleman), and also special agencies for its sale and distribution. Some of the Dunedin's mutton was sent to Edinburgh and sold well. I should be misleading your readers if I made a rose-coloured statement as to the state of the frozen meat trade. Therefore, it will be well for them to bear in mind the above remarks, and also that the people in England will not buy your meat from sentimental considerations, such as that you are their "kith and kin," but simply because it is as good, or better and cheaper, than they can procure from other countries. Messrs. Shaw, Savill and Co., I am told, intend having some of their ships fitted with refrigerators, for they expect a good trade to be done in New Zealand frozen meats, and I have little doubt that but what the New Zealand Shipping Co. will be equally willing to engage in this new source of trade and prosperity for New Zealand. * * *

Sir Julius Vogel left Plymouth in the "Austral" for Melbourne on the 20th ult. His departure was unexpected, and by all the information I can get, it appears his flying visit is paid more to promote telephone and electricity companies than the interests of the New Zealand Agricultural Company.

Electricity is the absorbing topic of the day. Well it may. It pervades the solid earth. The atmosphere is charged with it, and our bodies carry it about. It is invisible, but everywhere present. No limit can be assigned to its existence, and it is extracted from sources where its presence is undiscernible. Its uses are two-fold. It gives light and force. It is the most wonderful, potent, and universal element of illumination and power yet known to mankind. Its present is promising; its future is likely to be startling till people become accustomed to its manifold uses, and think as little of it as a means of general illumination and driving certain machinery as they do of steam or gas at the present day.

Since I first called the attention of your readers to the important subject of electricity as a means of illumination it has grown in importance and magnitude. There was a flutter of excitement in electricity company making, and it culminated in nearly forty companies being formed, with a capital of over eight millions sterling. Whether they will all be able to get a quotation or not is another thing. But evidently the public are getting frightened of them. The Brush Company's shares, £4 paid, after rising to 29, are now quoted at 22½. The battle of electric patents has just commenced. Law suits have cropped up. The plot thickens, and cool-headed investors will do well to wait and watch. The real work of lighting up towns and public buildings has hardly begun. The various new companies formed are, as a rule, only selling, for great sums of money, various patents of various modes of lighting by electricity; but these companies have few or no contracts for electric lighting—except for show. I have heard that at the Kensington Museum it is cheaper than gas; but within the last few days it was stated at a meeting of the Corporation of London, that to light up the City of London properly it would cost four times the price of gas. No

doubt where there is water power fully available it is cheaper. Now and then one reads of a railway station being left in darkness and the gas having to be turned on. In fact, at present, lighting by electricity, I admit, has three serious drawbacks. First, its extra cost as compared with gas; secondly, the chances of a breakdown; thirdly, not being able to light up at a greater distance than one mile from the engine station. These three objections, will, no doubt, be overcome before long, by new inventions as remarkable as those made known to us within the last twelve months. If so, what is to become of all disputed and undisputed patents now in vogue and sold for prodigious sums, payable in hard cash and shares. And what about the fate of thousands of unlucky and unhappy shareholders who have rushed headlong to become the victims of electricity rings of speculators? Every few years there is an investing mania of this kind, when foolish people are victimised. Then there is a pause during which new fools grow up to, in their turn, become new victims.

From a report issued by the Government of the United States, it appears that the grain-growing lands of the Western States have, of late years, shown serious signs of exhaustion, the average annual yield growing less and less; while in the Eastern States exhausted lands, by means of fertilisers, have been yielding more and more. These results show the necessity of new countries with limited areas of good wheat lands not following the pernicious example of the Western States of America, where slovenly farming is the rule, and the rotation system of crops almost unknown.

It is understood that the Duke of Manchester has purchased five millions of acres of land in Manitoba, Canada. This is a bigger affair than the Manchester Block, in the North Island of New Zealand. It has an area greater than some of the provincial districts in New Zealand. The Duke represents a company of land speculators. Emigrants are rushing out there. With a short summer, blazing hot, and a very long winter of semi-arctic severity, their prospects are really not very pleasant; but cheap land that will grow, it is said, heavy crops of fine wheat, draw the British farmer with small

and large capital. How long he and others may stay thereremains to be seen. Experience points to an exodus into the States, and what with this and an enormous immigration from Europe, experience also implies that, before very long, European labourers and artizans may be as unwelcome visitors to the United States as the swarming Chinese are.

Social, political, and military affairs have this week assumed an alarming aspect in Egypt. Turkey has been called to restore order by sending one of her leading men, Dervish Pasha, to do so peaceably; but since his arrival a great riot has taken place in Alexandria. Over a hundred people are said to have been killed and wounded, and the situation is one of tension and alarm. To gain time, a peace has been patched up with Arabi Bey, who is still in full command of the army, and therefore master of the position. I said, in a former letter, Turkey might be called upon to interfere with an armed force. France holds out against it, and no one, at the present moment, can see what is to be the end of this critical Egyptian embroglio.

In this and previous letters I have touched on various subjects which I thought might interest your readers. Except as a New Zealand taxpayer, I had no interest in doing so, or right to do it. Perhaps I may have spoken on these topics in a plainer way than was palatable to some of your numerous readers, but it was done without the wish to offend. It was done *pro bono publico*, and needs no extenuation. It may be that some may think my letters too long and uninteresting. This cannot be helped in the past, but it may be remedied in the future. I have spoken disparagingly of New Zealand's incessant appeals to the London money market for large loans. This, I dare say, was distasteful to many, still I believe that the majority of your readers, in their hearts, privately agree with me, but I fear they don't like to say so, for it might not be popular or politic to do so. No colony has borrowed so rapidly and largely as yours has done, in proportion to its population. Not that this is going to ruin New Zealand. It will take a great deal more to do that, but it has involved her in heavy financial engagements, extending over many years to come, and necessitating an onerous annual payment for interest. Some

may think it right to go on borrowing on a large scale, and trust to Providence to pay the interest thereon. Providence has been very kind to New Zealand in endowing her with incalculable natural resources, but I venture to doubt that she ever intended them to be discounted before they were fully developed, or placed in pawn to be redeemed by future generations.

LETTER VIII.

HOME AND COLONIAL TOPICS.

(SPECIAL TO THE NEW ZEALAND TIMES.)

LONDON, November 1, 1882.

During the last month various matters have arisen which are interesting to New Zealand colonists. Of these the two most important are frozen mutton and direct steam communication.

I need hardly remind your readers that now, as twenty years ago, the largest and most valuable export from your colony is wool. What would New Zealand do without her golden fleeces? and how much she is indebted to the quiet and inoffensive 13,000,000 of sheep now depasturing in arcadian simplicity within her pastoral domain. All Australasians ought to bless the very name of sheep, and all towns, great landowners, squatters and colonial knights ought to have, in bare recognition and gratitude to the founders of their wealth and importance, the figure of a fat wether quartered on their (if any) armorial bearings, for not content with exporting the skins and woolly coats of sheep, they now refrigerate and export their very carcasses.

The arrival during the past month of twenty-four thousand frozen carcasses of sheep in the British King and Catalonia from New Zealand has excited much attention and comment. It shows what New Zealand can do, and that the business of freezing and sending home frozen mutton has fairly commenced. How to continue it and extend it is the work of the future. * * *

If this new business is to be a source of profit to New Zealand, and grow into a great and permanent trade—

which with proper management it will—New Zealand sheep-farmers, traders, and merchants must consult together, economise, remedy past defects, and make improvements in the future. New Zealand frozen beef and salted beef are difficult of sale at remunerative prices. The frozen beef does not stand the refrigerating process near so well as mutton. On Saturday last, I noticed, in Leadenhall Market a list of prices of New Zealand mutton, varying from 5d to 10d per lb, and, by the whole carcass, at 7½d per lb. It was selling well at these prices, and was excellent meat.

A loan of £200,000 has just been successfully floated by the New Zealand Colonial Bank for the Otago Harbour Board. It bears 5 per cent. interest, and was offered at a minimum of £95 for every £100 debenture. The tenders for it amounted to £310,800, at an average price of £96 4s 11d for each £100. It was well advertised, and kept open longer than usual in cases of this kind. From this it is to be inferred the bank wanted to make sure of getting the money. Some time ago the Manawatu and Wellington railway loan of £200,000 at five per cent. was privately disposed of to a Scotch syndicate for £95 for each £100. This was considered here a low rate, as this loan was thought to be better secured than the Otago one, for the reason that the Manawatu railway debenture holders have not only the railway assets to fall back upon, but they have, what is better, the uncalled capital of a numerous and wealthy body of shareholders to rely upon. Besides, with such security as the Wellington and Manawatu railway offers, the Mercantile Agency, and other financial companies trading in New Zealand, can borrow any amount of money they want at 4½ to 5 per cent. on each £100 debenture subscribed for in full. However, it is but fair to assume the money was wanted at once, and therefore a higher price must be paid for it. Counting commissions, bonus of £5, interest, and remitting the latter home, the rate of interest will be about 5¾ per cent., a little under the rate that the company has been borrowing at in Wellington.

Since the above was written the directors of the Wellington and Manawatu railway company have advertised for applications to take up £360,000 worth of 5 per cent. mortgage debentures of this company. The prospectus states that £40,000 out of the total of the £400,000 of

these debentures, have been subscribed ; but what about the £200,000 which was publicly stated to have been disposed of privately long ago ? It seems as if some hitch had occurred, or some mistake made, or why issue so large a sum now ? Had it been done four months ago, your chances of selling the debentures would have been better than now. The price of money is still low, and New Zealand credit good, but your colony cannot afford to play fast and loose with its credit. * * *

A few of your readers will remember a time when, about fourteen years after the settlement of Wellington was founded, a steamer called the Nelson (215 tons burthen) was sent out from England to trade on the coasts of New Zealand. She was the first regular steamer placed on the New Zealand coast. Two or three years after her arrival in Nelson in 1854 it was found she would not pay, and she was therefore loaded with wool and sent Home. Now contrast that time with the present year, when a fleet of powerful and luxurious steamers, of modern build, circumnavigate the Islands of New Zealand, touch at all their principal ports, and connect them with Sydney, New South Wales, and Melbourne in Victoria, and you have just cause for congratulation. Add to this the evidence of further progress, on a grander scale, as witnessed on the 27th of October, 1883, when the steamship Tongariro, 4,000 tons burthen and 4,000 horse power, left Gravesend for your colony with about 65 saloon passengers, 55 second class, and 230 steerage, or in all about 350 persons paying their own passages. It was a remarkable sight to look at this magnificent new ship, with all the latest improvements, including the electric lighting, steaming away to perform her part in establishing direct steam communication between the Mother country and her young self-governing colonial child, New Zealand. The Tongariro is the first of three steamers built for the New Zealand Shipping Company. They are similar in design and capacity. * * *

I have thus far spoken of the New Zealand Shipping Company, but I must not omit a few remarks on the Shaw, Savill and Albion Company. The directors managing it have not been inactive ; for while placing a temporary line of steamers on for your colony, they appear to have been playing a waiting game, or pursuing a Fabian policy. They

have been watching the progress of the three steamers built by the New Zealand Shipping Company, and now they have ordered two steamers to be ready in August next and to surpass the three built for that company. Of this your readers will be able to judge from the following particulars which I have gleaned from a reliable source. The dimensions of these two steamers are to be—length, 420ft; beam, 46ft; depth of hold, 32ft. There will be accommodation for eighty first-class passengers in a citadel-house amidships, and for about seventy second-class in a poop aft. This will leave the whole of the 'tween-decks clear for the conveyance of emigrants and ordinary steerage passengers. * * *

This is what your colony gets by wholesome competition, and this means the success and the "survival of the fittest." Competition is good for the public; monopoly is bad. In the race for the successful establishment of direct steam communication with your colony, both companies are deserving of credit, and if both prosper all the better. Without a subsidy given by your Government in return for certain public services rendered by a system of direct steam connection with England, no company can hope to succeed. Steam navigation, with its modern luxurious appointments, is far too expensive for that. One company, [the New Zealand Shipping Company], must have lost a pot of money already in trying the experiment. To the general public of your colony it is a matter of indifference which company succeeds, provided moderate rates of freight are charged and an abundant supply of capital and labour is attracted to the shores of New Zealand.

LETTER IX.

LORD MAYOR'S DAY.

LONDON, Nov. 16, 1883.

Many of your readers will be aware that the Guildhall and the Mansion House are separate establishments. The latter is the official residence of the Lord Mayor. The

former is the ancient City Hall of the Livery Companies and the Lord Mayor, who, once a year—on the 9th of November—here holds his inauguration banquet, at which it is customary for Her Majesty's Ministers, Judges, Ambassadors, and other great dignitaries to attend.

The Guildhall is a fine old building in King-street, Cheapside. The erection of it was commenced in the year 1411, and Sir Richard Whittington (thrice Lord Mayor of London) left money to assist in its completion. During the great fire of 1666 it was gutted and unroofed by that awful conflagration, but it was not destroyed. The greater part of the present building was erected in the year 1789, with the exception of the old, massive rubble walls and the fine ancient crypt underneath it, which latter is now at times used as a carpenter's shop. The ceiling of the hall was then flat and plain. In the year 1864 this ceiling was removed, and the present grand open gothic roof was erected. The great hall itself is 153ft. in length, 50ft. in width, and 55ft. in height. Seven clustered stone columns rise on each side to support seven Gothic principals which carry the carved and gilded oak roof. Rich stained glass windows throw a softened light over the interior. On each side of the large gothic window, at the west end of the hall, is a massive pedestal. On these pedestals stand the the two famous Guildhall giants, Gog and Magog, Gog being on the left, and Magog on the right hand. These grotesque, brown-painted and gilded wooden giants are carved out of chestnut wood, stand fourteen feet in height, and weigh fourteen hundred weight. They seem terrible to look at, and are well calculated to frighten children. Their heads are crowned with chaplets of leaves, and they have dark bushy beards and the complexion of a Moor. Gog carries a large ball studded with spikes, and suspended by a chain from a long staff. Magog holds a halbert in one hand, and a shield in the other. Both these gigantic figures were made and placed in the hall about the year the year 1707 or 1708. Their predecessors were made of wickerwork and pasteboard, and were some times carried in procession on Lord Mayor's Day.

The Lord Mayor's Day of 1883 was unusually grand and important. The sword of Damocles, in the shape of reform, had been hanging over the City Corporation for

some time. It was necessary to show a bold front to its sworn foes. An ordinary Lord Mayor—a mercantile man—was not considered fit for the occasion, so the rightful heir to the civic throne—Alderman Hadley, a miller, and the favourite of the Livery, who virtually elect the Mayor—was set on one side, and Mr. Fowler, a wealthy Tory banker, a member of Parliament, and a college educated gentleman, was chosen in his place by the Aldermanic body. Besides, the “show” in the streets and the banquet in Guildhall were to be got up regardless of expense. Invitations were to be issued to the Chinese and French ambassadors and the far-famed M. de Lesseps. Consequent on this, the demand for tickets of admission was great, and the difficulty of procuring them increased. On such occasions it is fortunate to have a friend in high places, and as the result of such good fortune, I received a most artistically designed card of invitation, measuring about twelve inches in length and nine inches in width.

So on the 9th of November, with the weather fine and the crowd dense in the streets, I was driven down King-street and alighted from my conveyance at the door of the crush-room, a temporary erection in Guildhall-yard, where was stationed a guard of honour of the London Rifle Volunteers, in scarlet uniforms. From the crush-room I proceeded through a brightly lighted corridor, where the walls were partially hid with exotic plants, the floor carpeted with scarlet cloth, and a passage formed by two lines of cadets of the London Rifle Brigade in dark uniforms.

Shortly after 6 o'clock there was a buzz and stir amongst the numerous assemblage. “The Lord Mayor is coming” was whispered round. This was the case, for from an ante-room, the head of a cortege appeared. First came the master of the ceremonies, the Toast master heading the procession. After him followed the members of the Committee and ushers, all clothed in solemn black evening dress, and carrying wands of office in their hands. Then appeared four gay trumpeters in scarlet coats and jockey-shaped black velvet caps, loudly sounding their silver trumpets as they marched along. To them succeeded the civil officers, bearing the ponderous mace and heavy sword of State. Then came the Lord Mayor in his robes of

black and gold, and the Lady Mayoress, equally grand, but in more fashionable attire, and attended by her train-bearer and, what was more remarkable, followed by six maids of honour—pretty young ladies, uniform in height, and all dressed alike in pale yellow figured silk dresses. After this, the procession consisted of the sheriffs in gay uniforms, common Councilmen, in mazarine gowns, and other Corporation officials. Stately the cortege moved up the centre of the Reception Hall to the dais, where the ceremony of receiving the guests began. At the lower end of the hall an usher called out the names of those to be presented, and at the other end, at the dais, Mr. Toast-master announced the names to "My Lord Mayor." Soon the arrivals became more numerous, and the calling out the names of distinguished guests more frequent. All sorts of people put in an appearance. There were gentle and simple, short and tall, fat and thin, aged and young, ladies very plain, and ladies rather pretty, gentlemen brusque, and gentlemen smooth. As to uniforms—from Court dress to navy coats—they were innumerable; and as to the dresses of the ladies, they were all the colours of the rainbow. Sir Hercules Robinson was amongst those presented early. The son of the great Bismarck—Count Herbert Von Bismarck—was cheered when his name was announced; but when the white-headed, genuine, and illustrious Frenchman, M. De Lesseps, walked up the footpath, the cheering was long and hearty. I noticed the Japanese Envoy, a very dapper little man, clad in native costume; his approach to the Lord Mayor was also cheered, as was the Chinese Ambassador in his quaint official costume. The arrival of Mr. and Mrs. Gladstone was the signal for an enthusiastic outburst of cheers.

Not till a little after seven was the ceremony of reception concluded. Then the great majority of the ladies and gentlemen present found their way to the dining place—the grand old Guildhall—where their seats at the table were easily found. In front of the Lord Mayor's seat was the horse-shoe shaped table at which the most distinguished guests sat. Altogether there were about 28 tables, at which about 850 persons sat down to dinner. The tables were profusely decorated with fruit, flowers, glass, and plate. Only the "turtle soup" was hot. There were no

fish or vegetables. In fact, the dinner was a cold collation, consisting of a profusion of eatables and drinkables of the choicest kind, and artistically arranged for show as well as for use.

Dinner over, speech making commenced. Before each toast the trumpets sounded, and before each reply the same lively ceremony was performed. So music and speeches alternated, and were the order of the evening.

In due course the French Ambassador spoke; he made the speech of the evening. Firm and conciliatory in tone, and spoken in excellent English, it was warmly greeted. To the toast of "Her Majesty's Ministers," Mr. Gladstone, the favourite of the hour and the day, replied. As he rose all eyes were upon him, and repeated cheers from all parts of the hall welcomed his rising. He is above the average height, broad shouldered, and wide waisted. His hair is not white, but grey, and very thinly-scattered over his head. In fact he is nearly bald. But his height, his pale face, his high forehead, and massive head gives him a commanding presence, which, combined with his fervor and matchless oratory, endowes him with a control over his fellow man not enjoyed by any other living statesman. Contrary to expectations, he had no cabinet secrets to tell or State mysteries to reveal. Even Gog and Magog—if they could have felt at all—must have felt reassured, for he said not a word about the Great Municipal Bill for all London—that is, for nearly five millions of people living together on 700 square miles of land, covered with 700,000 separate houses—which the Government were supposed to have ready for delivery and consideration next session. The truth is the Premier's speech was a clever after-dinner speech that elicited laughter and cheers throughout; and everyone was pleased and no one the wiser—except as regards the withdrawal of our troops from Cairo to Alexandria, in Egypt, and which, was rather coldly received by certain Conservative gentlemen sitting near me. The greatest portion of the guests were residents in London; and Londoners do love, even at this day, a pageant indoors or outdoors. I have reason to think that I was the only colonial present, and I feel grateful for seeing what, the like of which, perhaps, may not be seen again. M. de Lesseps subsequently spoke (in French) with French warmth. He

was received with loud applause, and listened to with attention. At one corner of the horse-shoe table (it might be fairly termed the table of distinction) sat Her Majesty's judges, arrayed in their scarlet robes, trimmed with white ermine. These robes, or rather gowns, were tightly drawn in at the waist by a very broad black silk band. This, and their close-fitted whitey-grey wigs with large lappets, gave them a most striking appearance, particularly when they passed the "loving cup" from one to the other. The ceremonies of the evening were marked with almost regal pomp. The Lord Mayor's party looked like a royal Court party, and one felt that the ancient corporation of London City, which had done much good in the past, might well be excused for dying hard for the sake of the future.

After M. de Lesseps had spoken, the speeches became less interesting, and before 11 o'clock the banquet at Guildhall for the year 1883 had come to an end, and the highly-pleased guests had departed to their homes in town and country.

As far as the Lord Mayor's procession through some of the principal streets in London was concerned, it was a success; but the appearance of a meat-dray, gaudily painted, and containing 18 New Zealand carcasses of mutton, hanging by the heels, and in capital condition, attracted universal attention, and called forth many cheers from those who witnessed the "show." But this "butcher's shop on wheels" formed no part of the official programme of the procession, and had been refused admittance inside the barriers, where the procession formed, many persons wondered how such an incongruous "exhibit" gained admission to the line of procession. This intrusion caused much annoyance, and the chairman of the Lord Mayor's committee has publicly repudiated all connection with New Zealand frozen mutton being part of the "show," and resents the trick played on the committee by some enterprising salesman of Smithfield Market.

The floating of £360,000 worth of your Wellington-Manawatu Railway debentures has been successful, as you know ere this reaches you. It is to be hoped the railway works will now be pushed on with rapidity, for £20,000 a year for payment of interest on debentures has to be sent Home during construction of the line in question, and the

shorter the period of construction is made the better it will be for the future financial prospects of the company. In four years from this time we may fairly expect this line to be in working order between Wellington and New Plymouth, on the West Coast; and in eight years' time we ought to have the inland line open from Wellington to Napier, on the East Coast. With these railways completed and fully equipped, in a few years afterwards the southern half of the North Island is likely to be more populous and more wealthy than any other portion of New Zealand of similar area.

LETTER X.

HOME AND COLONIAL TOPICS.

LONDON, December 6, 1883.

As the year 1883 is nigh its end and the beginning of 1884 is close at hand, financial retrospects will soon be the order of the day. Of all questions that can engage the attention of civilised peoples, none is so important to their welfare as the financial condition of nations. Looking round the world, what is to be seen bearing on this point? In the North, close at hand, are France, Spain, Austria, Russia, and Turkey in a chronic state of pecuniary embarrassment and financial deficits. From this state of human affairs are bred poverty and discontent, which now and then culminate in revolution. Turning south, we see States like Mexico, Costa Rica, Uruguay, and Peru bankrupt repudiators. In relief to this state of things in the north, we have Italy, just able to make both ends meet in revenue and expenditure, and Germany sound in finance, but over-weighted with military expenditure. More than all, we have England, a model of financial management, and the United States presenting the rare spectacle of a nation rapidly paying off its national debt. Still further away, and in the south, are rising States—nations in embryo—the Australasian colonies,

borrowing fast, but punctually paying the interests on their loans borrowed in the London money market.

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The credit of the Australasian colonies is undoubtedly good just now. How long it will last it is impossible to say. At present all goes well. Money is so abundant here that many people really do not know what to do with it. The best channels through which loans can be negotiated are much more numerous than formerly. The Bank of England, whose charges are high, and that once commanded the money market has now ceased to do so to a great extent. "Safe as the Bank of England" is almost a misnomer now-a-days, as applied to there being only one safe and influential bank in London. There are now many. Such are the London and Westminster, the Union Bank of London, and others equally sound and influential. These banks do business on equal terms, sometimes lower than the national institution, and meet with general support and success, notwithstanding the special privileges and Government status of the Bank of England. Even Colonial banks have attained an importance never dreamt of. They likewise can negotiate loans for the colonies. The Colonial Bank of New Zealand, at its little offices in Moorgate-street, successfully raised the £200,000 for the Otago Harbour Board; while the Queensland National Bank succeeded in negotiating the large loan of £2,500,000 for Queensland, and the Bank of New Zealand is floating £100,000 for Timaru, as it has floated larger sums for other parts of New Zealand.

I am getting tired of reporting the formation of new companies for New Zealand. They come so fast, I cannot, I fear, keep pace with them. What a capacious stomach your colony must have for swallowing borrowed money and craving for more. The demands on the money resources of London are incessant from your part of the world, and I can assure you that capitalists, great and small, and adventurers, keen and cunning, are exercising their wits to meet your demands. The latest big thing in the shape of a new financial company is large and comprehensive. It is "The New Zealand Land Mortgage Company, capital £2,000,000 to be devoted to mortgaging property—as if there were not enough, and, perhaps, too

much, mortgaged land already in the colony. Of that I may be no judge. There are some old familiar names on this new company's Board of Directors who ought to inspire confidence, and if there is room for the large financial operations of a company like this it ought to succeed. But it has imitators and rivals. It seems as if all the profits from the North Island are not to be gleaned by it alone. I say this because I have seen the prospectus of yet another company called the Auckland and Hawkes Bay Land Company. The share list was to be closed on the 28th ultimo. It, too, has its directory of eminent men, its bankers and solicitors, and its capital of £100,000 in £1 shares. Its place of abode is Liverpool. So you see that parts of England, other than London, are eager to help London to allay the apparently unquenchable thirst that exists for money in your colony. I have two more prospectuses to notice. They relate to gold companies; but as your readers may not be satisfied with some gold companies in Wellington, they may not care to hear about others elsewhere; so I will not further refer to them.

In all seriousness, permit me to say that if the New Zealand Land Mortgage Company, with its capital of £2,000,000, which can be borrowed here at from $4\frac{1}{2}$ to 5 per cent., will lend it out at from 6 to 7 per cent., they will make good profits for the company and confer an immense benefit on the colony. The present financial companies, somehow or other, continue to keep up the present high rates of 7 to 8, and even in some cases, 9 to 10 per cent., which, from the general fall in the value of money, ought not to exceed from 6 to 7 per cent. All the Australasian colonies can borrow at 4 per cent. Why then should private individuals pay the present high rates to enable foreign companies to pay dividends—two of them 20 per cent., 1, 10, another 15, and the whole four accumulate a reserve fund equal to £793,000? These financial institutions are not like banks: they run no risks, for they take ample security for what they lend. If they are wise and see the signs of the times, in the face of low prices for wool and almost stationary exports from the colony, they will lower their rates of interest to meet the times.

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I have heard some partisans of Sir Julius Vogel say that he left New Zealand because it was too small for the full

exercise of his great financial abilities. Now it is to be hoped his wishes are realised, for he has obtained a concession from the Government of Western Australia to make a trans-continental railway 700 miles long, and connecting York (near Perth) with the Port of Eucla on the borders of South Australia. The objects to be accomplished by this railway are twofold. The first is "To people, settle, and cultivate an enormous extent of land." The second is solve the problem of the shortest route between all the Australian colonies and Great Britain and India.

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Now for a few remarks on rabbit skins. I used to be under the impression they were used as fur for ornamenting ladies' dresses. I am now undeceived. This week I went over the factory of one of the largest rabbit-skin buyers in London. There women of the lowest class are employed to pull out the outer or hairy part of the fur, and leave the true fur next the skin. This is accomplished by means of a knife and the thumb of the workwoman. The factory in which the London industry is carried on is situated in Felix-street, Lambeth. It is a fine large building, built especially for the purpose by a New York firm of fur-cutters and skin merchants, of which it constitutes a branch. The top floor is the large working room. On entering it I found myself in a dusky and malodorous atmosphere. The air felt close, oppressive, and was thickly charged with particles of dust, hair, and fur, which were incessantly descending and covering one's clothes, like a shower of fine snow in the winter. The floor was thickly occupied with benches, at which sat two hundred young women, some married, others single; but all poorly clad in their tattered and worn working dresses. The women sat close together in long rows; some were coughing, but all were rapidly and nimbly plying their leather-covered thumbs and their sharp rough edged-knives to tear out the hair from the skins. It was a strange and painful sight—strange because the women's garments and the hair of their heads were covered with a thick coating of grey flue which gave them the appearance of being all one colour, and that colour grey. It was painful because they seemed to be mostly of the degraded class of women, pursuing an unwomanly occupation. Their hours of labour are long,

from eight in the morning till seven in the evening, with stated times for dinner and tea. Their work is piecework, and they can make from ten to fifteen shillings a week, which is certainly better pay than similar classes receive at the East end of London, where the "bitter cry" is now raised. When their day's work is done some of them change their working dress for more becoming attire.

The operation of pulling out the hairs from the rabbit skins accomplished, leaves the real fur next the skin intact, and the skin itself thus dressed, is dried and becomes a marketable commodity. The last process is to neatly pack the dressed skins in bales, and ship them to New York, where the fur is extensively used in the manufacture of felt hats, and the pelts are transformed into glue. The fur is worth as much as 6s. per pound in New York. It is only made into the best felt hats, the commoner ones being manufactured out of wool. A fur felt hat is worth double the price of a wool one. There was a very great demand for colonial rabbit-skins a few months ago for dress-fur purposes; but they do not take the dye well, and the demand in this direction is falling off. However, for the manufacture of felt hats the demand is great and increasing. In the factory I have been speaking of 120,000 skins pass through the hands of the workers in the course of a week. The rabbit skins from the South Island (New Zealand) are considered the best. Next to them come those from the North Island, and the least valuable are the skins from Australia. The prime skins from about Dunedin are worth from 3s. 6d. to 4s. per dozen, and those from Wellington about from 3s. to 3s. 6d. Some few extra good and large are worth from 4d. to 5d. each. At the last public sales, 1700 out of 1800 bales were sold at from 1s. 10d. to 2s. per lb. Two bales brought 2s. 5d. and 4s. per lb. Much depends on the packing, sorting, and the size of the skins. "Kittens" are not worth sending Home. The skins of rabbits killed in the four winter months are the most valuable. The trade in rabbit skins is assuming large dimensions; at last sales 4,320,000 skins were offered for sale, and received £50,000. If this demand continues, the extinction of the rabbit pest in New Zealand is only a question, one may hope, of a few years.

LETTER XI.

HOME AND COLONIAL TOPICS.

LONDON, June 19, 1884.

The great and growing importance of the frozen meat trade to New Zealand must be my excuse for again writing on this subject. The directors of the Shaw, Savill and Albion Company have already expended £60,000 in refrigerators for their ships. The first magnificent steamer, the Coptic, sailed about three weeks ago. She is fitted with three refrigerating machines, and can bring home 24,000 frozen sheep. This large supply of mutton is mostly expected to be shipped at Napier. The New Zealand Shipping Company has invested £40,000 in the same way. The steamer Ionic sailed yesterday, and expects to return here fully freighted with frozen sheep. This is her last voyage under her charter with the New Zealand Shipping Company. On her return, after refitting, she enters the service of the Shaw, Savill, and Albion Company. The Tongariro is to leave London on the 5th of next month. Here we have three steamers of the highest and biggest class, all sailing in one month, and all expecting to return here fully loaded with, in all, say, 50,000 mutton carcasses, in about the same short period of time. It is very wonderful; let us hope it will be very profitable.

* * * * *

I must certainly admit that the frozen meat trade is now worse than I have known it since its commencement, for New Zealand mutton is selling at from $4\frac{1}{2}$ d. to $5\frac{1}{2}$ d. per lb. Commission agents and shipping companies' agents will tell you "it's all right," "depression only temporary;" but the "temporary depression" has continued rather too long. It is pleasant to Londoners to hear that poor working men can now buy mutton cheap; but what about the poor sheep farmers in New Zealand? Are the growers of mutton there to lose money in order that the poor people in London may be supplied with cheap mutton? Certainly what I pointed out to you in my letter of 6th December

last, as to the danger of glutting the market here, has occurred just now, but this is not the sole cause of the severe depression in the prices of New Zealand frozen meat. Notwithstanding the attempts that have been made to popularise it by opening shops in outlying streets in London, and exhibiting it at the Health Exhibition—where any person can obtain a chop of New Zealand mutton with potatoes and bread for 8d.—there is still a prejudice against it, which time and perseverance only can remove. Add to this high charges for commission, for storage and freight, combined with irregular supplies, sometimes too much, at other times too little, you have very good reasons for the profits to the New Zealand sheep farmer being so low as they have been, and now are. New Zealand mutton ranks the highest in quality, weight, and price, but it has to compete with inferior mutton from South America and Australia. It is not pleasant for me to have these statements to make, but if the trade in frozen meat is to prosper and extend, they must be fairly and energetically faced. New Zealand cannot afford to see this new and hopeful export languish and expire, lest her financial burdens become too great for her to bear. * * * *

In a former letter I stated that Sir Julius Vogel had secured a concession from the government of Western Australia for the construction of a trans-continental railway, 700 miles long, within the boundaries of that colony. He endeavoured to form a syndicate to raise capital to make this line and colonise the adjacent country. But as for a long time I have heard nothing more about this project, I presume it has fallen to the ground like many other grand looking schemes which the public decline to invest their money in. Yet the public are not always wise, for many thousands of credulous persons have lost many a hundred thousand pounds in investing in electric light companies, which either have been, or soon must be, wound up. Even telephone companies have proved ruinous to those who subscribed their money on the faith of finely-worded prospectuses. A month ago I was present [as a shareholder] at the general meeting of the Consolidated Telephone Construction and Maintenance Company, of which Sir Julius Vogel (though then in New Zealand) was chairman. *The meeting was well attended, and the proceed-*

ings rather lively and noisy. Several shareholders wanted to know what had become of their capital of £175,000. Others proposed that a committee of investigation should be appointed. The latter proposal was carried by a large majority. The deputy-chairman said he had received a telegram from Sir Julius Vogel (in New Zealand) offering himself for re-election as a director. The chairman then moved the re-election of that gentleman. Only one hand, amidst much laughter, was held up for the motion, while a host appeared against it. I was a little surprised at this result, for Sir Julius ceases to be director and chairman of this company, which is very likely to be wound up, and he would have been very useful in giving evidence before the committee of investigation. *

* It is somewhat remarkable that the above letter contains a paragraph (now inserted in italics), respecting Sir Julius Vogel which caught the eye of the editor of *The New Zealand Times*, and, in a leader, he fairly commented on it. The Treasurer replied to it. The editor rejoined with other forcible remarks and damaging quotations, respecting the Treasurer, from the London Press. No doubt Sir Julius felt sorely irritated. The result may be gathered from the following note in *The New Zealand Times* :—"One of the most absorbing topics of the month has been in reference to the issue of a writ by Sir Julius Vogel, Colonial Treasurer, against the proprietor of this journal, for alleged libel. Damages are claimed on each of two counts of £10,000. It will probably be remembered that, on the 2nd of August last, an article appeared in this journal commenting on certain proceedings which took place at a meeting of shareholders of the London Consolidated Telephone Company, with which Sir Julius had been connected as director. The comments were exceedingly temperate, and conveyed no imputation against Sir Julius Vogel's honesty. Subsequently, however, an article was reprinted from the London financial journal *Money* on the same subject, and cable messages from the London agent of the Press Association stating that Sir Julius would be sued by the company for the amount of shares which had, it was alleged, been misappropriated, were also published by this journal in common with other colonial newspapers connected with the Press Association. The writ was served on December 18, and the case is expected to come before the Court during the coming month." In reference to this action I know that the proprietor of the *N. Z. Times* consulted eminent counsel in London, and their advice was, that when the trial came on he was to plead "justification." Notwithstanding this, the following appeared in that journal in March, 1885 :—"Regarding certain remarks and telegrams that appeared in our paper relating to the Hon. Sir Julius Vogel's connection with the Consolidated Telephone Company, we desire to state (1) That our reference to the matter in our Summary

The London Press gives very little information about New Zealand, and telegraphic news and information are equally scarce and bare. We do know there is likely to be a deficit in this year's revenue of £170,000, that the Atkinson Ministry has had a vote of want of confidence passed on it, and is likely to ask to dissolve Parliament. This is serious news. Major Atkinson and his colleagues are not faultless, but those interested in the welfare of New Zealand will give them credit for having extricated the colony from its monetary difficulties, when in 1879 and 1880 it was on the verge of financial disaster, all resulting from the reckless borrowing accomplished before their accession to office. What is pinching and impoverishing the colony is the £2,500,000 that is yearly to be sent to London in payment of interest and sinking fund on the public and private debts incurred by New Zealand. This drain tends to draw away the very life blood of the colony—its accumulated capital.

Tawhiao, the son and successor of that fine old warrior, Potatau te Wherowhero, is now in London, and calls himself "King of the Maoris." He is tall and slim, and exhibits a face wonderfully well and profusely tattooed. He is come to this country on a mission. The mission consists of himself, three other chiefs, and his jovial looking relative, Major Te Wheoro, M.H.R. A private secretary, called Mr. Skidmore, accompanies them. They come on the everlasting land question. They want justice done to them in this matter. One cannot help sympathising with them, and

was inserted by a subordinate member of our staff, contrary to editorial instructions, and was, through an oversight, printed. (2) As to the remarks and telegrams from time to time published, we find, on reading the two reports of the Investigating Committee, that the questions at issue between Sir Julius Vogel and the Company are in the nature of a private dispute, and do not in anyway reflect on his character. We have to express our regret that these remarks and telegrams appeared in our columns, founded as they were on misleading data, and we have to apologise for their appearance."

The apology is rather vague, and amounts to little. It may be taken as a proof how easily Sir Julius Vogel was satisfied; but the impartial public—though the serious charges made against him were not proved to be true, neither were they proved to be false—thought the most honourable course for him to pursue, was to return to England and disprove them.

that, I expect, will be all they will get when they wait on Lord Derby to explain their grievances. However, Tawhiao is now the lion of London society, the daily topic of the morning and evening papers, and the wonder of the little boys and girls about town. Everybody talks about him, everybody wants to see him and the shark's tooth dangling from his ear. He has already made his mark on the London mind, and is as great a favourite with the public as the Zulu King or Jumbo, the elephant, used to be. The Press chronicles his daily and nightly movements. He went to the Alhambra, and was delighted with the gay amusements there. To be impartial, he and his suite visited the new rival of the Alhambra—the grand and gorgeous Empire Theatre. Which they liked best I don't know; but I suppose they were satisfied with both, for they have been more than once. The staid and respectable secretary to the Aborigines' Society, Mr. Chesson, having heard that it was stated in the papers that he accompanied them to places of amusement, promptly contradicted this assertion, and added that he only attended on the King on business matters. Thus the public knew he had nothing to do with the "goings on" of the King and his party. Two New Zealand friends of mine, wishing to make a call on the king, asked me to accompany them. I assented.

We waited on the king at Williamson's hotel, situated in a narrow lane alongside Bow Church, Cheapside. The hotel looked dark, and rather dingy, but otherwise it appeared clean and comfortable. The king was at home, but engaged in an important conference with some one. However, we saw his private secretary and interpreter, and also Major Te Wheoro. We chatted with both these gentlemen; the latter laughingly told us he liked London very much. We soon ended our visit, with a promise to call again. A few days afterwards, in fact on Saturday last, we (two of us this time), called at the king's new abode, 13, Montague-place, near the British Museum. He had come here because Mrs. Saintsbury, a lady said to be well known in New Zealand, had kindly offered him and his suite a temporary home in her handsomely-furnished mansion. Tawhiao had just gone out when we called, but the maid-servant, who opened the door, assured me he would be back in an hour, for his "Majesty" had only gone out to

lunch at a gentleman's house close by. Just as we were leaving, his second in command, Patari Tuhi, entered. My New Zealand friend entered into conversation with him in the Maori language. Patari Tuhi is tall, upright, and slender, is slightly tatooed, and rather handsome-looking. At all events, he is a chief of gentlemanly appearance, mild manners, and has a pleasing countenance. He seemed pleased to converse in his own language, and after greetings we parted. On the evening of the same day I heard of the king taking a walk in the Strand, when a crowd of naughty boys gathered round him and called out "That is the king of the Cannibal Islands." On Sunday he attended morning service at Spurgeon's Tabernacle, during which a great crowd of several thousand persons waited outside to see him come out. To escape an inevitable crushing, he and his suite had to be taken away in a cab from the back entrance of the Tabernacle.

Managers of places of amusement, by sending the king and his companions invitations to visit their establishments, are doing a good stroke of business. The King of the Maoris, as I have heard him called, goes to see, but he is being shown. The truth is, his Maori Majesty is being exhibited to gratify the curiosity of the public and popularise the cause he and his followers have come to England to promote. At any rate, he will leave this country with queer notions of London "society" and London mobs.

LETTER XII.

HOME AND COLONIAL TOPICS.

LONDON, January 1, 1885.

Just now we are in the middle of winter, and having remarkably fine weather. So far, fogs and bitter cold days have been few and far between. On Christmas Day the sun shone out brightly for several hours; but, if the weather is fine, trade is bad, and many thousands of working men, employed in iron works and ship building yards, are out of employment and in a semi-state of starvation. This is the first day of the year 1885. People hope that it will be more prosperous than its predecessor, 1884. All

over the world the depression both in manufacturing and producing has been, and still is, very severe. The producers of all nations have overstocked the markets with manufactures and raw material. Recently the rate of production has slackened, and is materially reduced. The stocks in hand are, consequently, much less in bulk. At the same time population has gone on increasing almost everywhere. From this, and past experience of cycles of depression and prosperity, we may fairly conclude that the lowest range of prices of commodities has been reached, particularly in the case of wheat, wool, and frozen meat, which affect New Zealand, and that the end of the year 1885 will afford a more agreeable and pleasant trade aspect than the termination of the year 1884.

OLD COLONISTS—MR. RUSDEN.

Direct steam communication between this country and your colony draws public attention more and more to New Zealand. People now come and go from both countries in season and out of season, all the year round. The other evening I met Sir William and Lady Fox at a dinner party. They are home for the winter and next summer. They both looked remarkably well. As for Sir William Fox—though patriarchal to look at—he enjoys robust health, and his conversational powers and intellectual capacity appear to be as bright and keen as they ever were, notwithstanding his seventy-two years of age and the order of the blue ribbon, to which he belongs and is so staunch. A few days ago I was introduced to the author of the *Histories of New Zealand and Australia*, Mr. G. W. Rusden. He is a very pleasant gentleman to converse with, and well stored with information respecting the colonies, whose first histories he has been the first to write. I was surprised at the extent of his memory on affairs connected with New Zealand. I have not had time to read through his *History of New Zealand*; but what I have read induces me to think that it is written too much from a missionary point of view. It will afford some materials for a future history of New Zealand. It is much too early for any literary man to write an impartial history of the colony of New Zealand as a whole and in detail. Another of your very old colo-

nists, Mr. W. Seed, is now over here on leave of absence, on account of his health. I am happy to be able to report that he is much improved in health by the voyage home, which with his stay in England, it is to be hoped, will brace him up for further public service in the Customs Department, over which he has so long, and with so much integrity and ability, presided. There are several other Wellington colonists sojourning in the Old Country—for health, pleasure, or business. Mr. Gisborne is in Derbyshire; Mr. C. Pharazyn and family are in sunny France; Mr. and Mrs. John Knowles in pleasant Jersey; Mr. and Mrs. Bannatyne in suburban Kensington; and (among others) Mr. Henry (Lord Henry) Russell is in London proper. As regards the elder colonists contemporary with Sir W. Fox, Sir W. E. Stafford is about as usual; Sir F. D. Bell looks fresh and hearty, but rather serious. As for Sir Charles Clifford, I received a letter from him a few days ago. He was then in good health at his residence in Staffordshire, and had been out hunting and shooting this season—though he is near seventy-two years of age. One day last month, while in the city, I met the venerable Hugh Carleton, at one time member for the Bay of Islands. He seemed to me to be feeling age, but spoke cheerfully and made his way, stick in hand, along the crowded foot-paths easily. I write these few particulars of old leading settlers, thinking they may be interesting to some of your readers; for the once large body of colonists who first engaged in what I may call the heroic work of colonising New Zealand have dwindled down into a very small band, which death each year makes less and less, and a very few years more will totally extinguish.

FEDERATION.

The scheme of federating the colonies with the United Kingdom has lately been much discussed by the London Press. The real aim and scope of this is to get the former to contribute, in some way, to the support of the latter, and that, as far as I can see, without corresponding advantages to the colonies. If colonial representatives were admitted as members to the House of Commons, their votes would carry no weight, and if Great Britain were

engaged in a European war the colonies would suffer from its ravages, although they or their representatives had done nothing to cause it, or might have protested against it. The free trade policy of England would require a corresponding policy in the colonies, or an approach to it. This would suit the Manchester school of politicians admirably. The Australasian colonies have made themselves and govern themselves. They are self-reliant, and by the withdrawal of British troops from their shores, the Imperial government has virtually told them they must defend themselves in the future. They are preparing to do this at their own expense. The revived project of federation with the Home Country is based on building up a huge Empire of English-speaking peoples, having for its heart or vital power, England, 12,000 miles from Australia. This scheme is but a dream of enthusiasts, improbable from its being impracticable. I venture to say, leave the colonies as they are. Time will surely work out their destiny. That destiny will naturally take the form of democratic Independence, and separation from the Mother Country, when the proper opportunity arrives for its consummation. The Australian colonies have good reason to form themselves into a federation. They are neighbours living on an Island continent and of British origin. The United States of Australia would sound well. New Zealand, with a thousand miles of sea between herself and her nearest neighbour, is differently situated, and has a leading part of her own to perform—for does she not occupy a similar position, as regards the Australian Continent, as Great Britain does in respect of the Continent of Europe?

ANNEXATION.

The annexation question now being so widely discussed in this country stands on a different footing. New Zealand, as well as Australia, is deeply concerned in keeping out foreign intruders bent on forming convict establishments or naval stations on important islands in the Pacific Ocean. But the serious question arises—Has England the right or power to prevent either Germany or France from occupying, for commercial purposes, certain islands in the Pacific. I think not. The Monro doctrine cannot be ap-

plied by Great Britain to the thousands of isles that stud the South Seas. The best and the biggest islands there have been seized and occupied. England cannot reasonably be accused of being shy, bashful, or backward in the great game of annexation which has been going on for the last two hundred years ; for she has taken possession of, and now stands possessed of, about a fifth of the habitable globe as her share of the good things of this world. She has shown her pluck and enterprise, and has reaped her reward. Now, other nations, jealous of her, want to emulate her. They have a perfect right to do so, though they are rather late in doing it. Colonists should be reasonable, and make some allowance for the unexampled position the Parent Country occupies. In other words, I may repeat that they should bear in mind, that the grand Old Country has picked, chosen, claimed, colonised, and conquered for herself some of the fairest and most fertile portions of this wonderful planet of ours ; and the fragments she has left are not of so much value that we should cry out against other nations annexing them, and trying to utilise them for the benefit of their respective populations.

The apparent slowness of the British government arises, not from a desire to disoblige the Australian colonists, but, I believe, from her inability to readily swallow any more territory, lest it should prove too much for her digestion. In short, British statesmen have as much as they can do to fairly govern their present overgrown Empire. To further extend it is to risk foreign complications, and also means the assumption of greater and graver responsibilities, accompanied by more expenditure of treasure, if not blood. This, too, at a juncture when the cares of government of that Empire—on which the sun never sets, and the labour of man never ceases—are enough to wear out the mind and break the heart of the greatest statesmen, if they continued long in office.

England has annexed the southern shores of New Guinea, to please the settlers in Australia, at a time when her great national resources are in a state of tension arising from colonial and foreign war embroilments at the Cape of Good Hope and in Egypt. This should suffice. The colonists of Australasia have little to fear from the steady and plodding Germans, or yet the mercurial Frenchmen.

Their settlements will be mere trading stations, and, as they lie within the tropics, the sickly climate and the fierce and savage natives inhabiting them, will give them more employment than they will like. In fact, they will be only preparing the way for the British race, who will eventually be masters of the lands in the Pacific Ocean. I doubt if Germany or France will venture to form either penal settlements or naval stations in any of their new possessions which are near Australia or New Zealand. They know too well the temper of Australians and the wishes of England on these questions to do so. The colonies are strong now. What will they be in forty years hence, when the Australian Continent will probably contain eight millions of people of European descent, and New Zealand two, making a good total of ten millions of inhabitants? Besides, in a few years, more or less, Bismarck will have ceased to domineer over Europe, and, in less than half a century more, the military Empire of Germany may have fallen to pieces. I think it is hardly fair for the colonists to press and embarrass England's Colonial Minister at the present time. The shrieks of the Jingo-Radical journal *The Pall Mall Gazette*, and the busy-bodies of the Royal Colonial Institute, for annexation, would be heart-rending if they were not ludicrous and quite out of place. * * *

THE FROZEN MEAT TRADE.

A considerable amount of interest has been displayed in the arrival of over £25,000 frozen carcasses of mutton in good condition by the steamer "Elderslie." This is the largest cargo of mutton ever imported in one vessel from Australasia, or, I should say, anywhere else. The credit is due to the enterprise of New Zealand settlers. The "Elderslie" is quite a new ship, built specially for the frozen-meat trade (as I noted in a former letter), and has made a good voyage from Omaru to London. Christmas, here, is not a good time for the sale of mutton. There is too much poultry and beef about, and the demand for them at this season of the year is general. Consequently frozen mutton is now lower in price. Early in the new year higher rates may be expected. I am still of opinion that if the frozen-meat trade is to be permanent and profitable the freight

should be reduced to 1d a pound. Just imagine a ton of meat at 2d per pound, costing £18 13s. 4d. per ton to bring it home! No doubt it takes up perhaps thrice the space of dead weight; but look at the high charge. Refrigerating machinery, I fancy, ought by this time to be nearly paid for. I don't like inserting extracts from newspapers into my letters, but here is one which I hope may prove interesting and instructive to your readers. It is taken from the *St. James's Gazette* of the 26th ult. It ought to be read by every mutton-grower in New Zealand:—

Charges on Frozen Mutton per 1,000lb., taken from actual account sales, and accuracy guaranteed:—

	£	s.	d.
Freezing in New Zealand, at $\frac{1}{2}$ d. per lb. ...	2	1	8
Bags and Petty Expenses, Exchange, etc., $\frac{1}{4}$ d. per lb. ...	1	0	10
Insurance on value at 5d per lb., at £5 5s per cent. ...	1	1	0
London Charges—namely, Storage, Cartage, Commission, etc., at least $\frac{1}{2}$ d. per lb. ...	2	1	8
Freight to London, at 2d. per lb., and 10 per cent. primage ...	9	3	4
Total Expenses ...	£15	8	6
Experience proves that there is an average loss of at least 5 per cent. in weight (I have had it as much as 10 per cent.); there will therefore be only for sale 950 lb., which, at say 5d. per lb., is ...	19	15	10
Net Proceeds ...	£4	7	4

£4 7s. 4d. per 1,000 lb. is a fraction over a 1d. per lb. net, and the total expenses are a fraction under 4d. In most cases, however, the London charges are considerably over $\frac{1}{2}$ d., as it depends on the length of time meat has to be stored.

NEW ZEALAND FINANCE.

The general public here know little or nothing about the real state of New Zealand finance, and it would be unpatriotic for any colonist to make statements respecting it which might have the effect of damaging your credit. This is fortunate for your colony. It shows that money-

lenders do not care to inquire too narrowly into the state of your public loan account. They firmly believe the interest will always be paid, and they don't mind how heavy the taxation may be to effect this object. The latest edition of the new financial proposals of your new Treasurer, as embodied virtually in the Act for another consolidation of New Zealand loans, has not reached the public here. The conversion of sinking funds will require handling with care and delicacy. I hope they may, but I fear they will not be a success; but then I may be wrong. Still the investing public are very chary about alterations in financial contracts. They often take alarm at even trifles. The Cape of Good Hope Government want to change the domicile of their loans (that is, the office where the interest and principal are to be paid) from the office of the Crown agents to the office of the Agent-General for the Cape Colony. This would effect a considerable saving, but bondholders are protesting against this change of domicile as contrary to the Act authorising the raising of the loan, and for several days past an angry correspondence has been going on. The bank rate is now up to 5 per cent., but will soon be lower.

LETTER XIII.

HOME AND COLONIAL TOPICS.

COLONIAL MILITARY ASSISTANCE TO ENGLAND.

LONDON, May 21, 1885.

The first four months of this eventful year have been periods of war, war rumours, and excitement. The United Kingdom has been agitated throughout its length and breadth with events such as our armed interference in the quarrels of savage tribes and Dutch settlers at the Cape, fierce and bloody battles in the hot and arid deserts of the Soudan, the fall of Khartoum, the sad death of General Gordon, and the imminent war with Russia. All these combined have rivetted the attention of the world on Old England and its fate. Wondering colonists in far-distant

Australasia partook of the general excitement, and, for the first time in their history—or, I think, in the history of any other British Colony—they unexpectedly sent forth a legion of six hundred men to help to fight the battles of the Mother Country on the burning sands of Africa. I have heard this generous action adversely criticised; but I will not, just here, say anything of the policy of what was really a remarkable display of pluck and patriotism. I prefer to look at it from a patriotic point of view, and with the idea that if the colonists can do this for a far-distant country, what may they not be able to accomplish when, perchance, the time may come that they will have to defend their own shores from foreign invasion. It was the Colony of New South Wales that led the way in immediately despatching troops to the assistance of the British fighting in the Soudan. At first this exciting movement seemed as if it would extend to all the colonies of Australia, including New Zealand. It was *reported* here that the latter colony could spare 600 of its Armed Constabulary, if required to do so for active service at the seat of war in Egypt. I can assure your readers that the English public were at first astonished, then got excited as telegram after telegram arrived from Sydney making munificent offers of men and money to be placed at the disposal of the British Government. As early as February the 12th a cablegram reached this country and stated that the Government of New South Wales proposes to defray all the expenses connected with the two batteries of artillery and 500 infantry, offered to the Imperial Government for service in the Soudan by the Government of New South Wales. On the 16th of February, it was stated that the Imperial Government had accepted this offer. Not to be behind New South Wales, the Premier of Victoria sent a cautious, if not rather ambiguous, telegram, dated Melbourne, 13th. It ran as follows:—"If England values assistance of Colonies in Egyptian campaign, assure Imperial Government that Victoria is ready to do her part as integral portion of Empire." Then on the 16th of February, the Government of South Australia said ditto, as follows:—"Please intimate to the Imperial Government that South Australia offers, at her own expense, to supply 250 infantry with officers, for service in the Soudan." The Premier of

Queensland, about the same date, quietly intimidated that "the Colonial Corps has offered volunteers for service in the Soudan." However, New South Wales was to the front in earnest and enraptured, if one may judge from the sensational and enthusiastic telegrams which now began to arrive in London rapidly. One, dated Sydney, 16th of February, said:—"Extraordinary enthusiasm has been excited here by the news that the British Government has accepted troops from New South Wales for service in the Soudan. A patriotic fund has been established, to which Liberal donations are being contributed." Another of the 17th said:—"Munificent contributions from colonists in favour of Patriotic fund daily being made. Numbers of wealthy colonists offer one thousand a year while Colonial Contingent is engaged. Contingent leaves March 3rd, consisting 212 Artillerymen, 200 horses and 522 infantry." The English Press stated in flattering terms what Canada was going to do; but Canada sent no assistance, though it was officially intimated that the English Government were at liberty to enlist men in the Dominion at 30 cents per day. The Colony of the Cape of Good Hope lifted its voice in favour of rendering service, but sent nothing; still the British public were pleased and puzzled at the many offers from so many Colonies. Her Majesty the Queen expressed her satisfaction in the following terms:—"Pray express my warm and grateful feelings to the Colonies for their proffered aid. It is most gratifying." As a gentle reminder to wealthy New South Wales colonists resident in London, the Colonial Secretary (Mr. W. B. Dalley) sent this sort of a telegram:—"Sydney, 20th February, 1885. If any of our old colonists would like to contribute to our Patriotic Fund, telegraph their names and donations to me at once. Contributions flow in here in *tens of thousands*." The italics are mine. On March 3 the New South Wales Contingent steamed away from Sydney, and arrived safely at Suakim on the 29th of the same month. It was enthusiastically received on landing there. The young men composing it were acknowledged to be a fine body of colonists. I understand they have behaved themselves at soldiers should do, for I have heard of no public complaints made against them. I dare say they regret that they have not been able to take part in any severe engagement with

the Arabs. The pay, as you will be aware, is 5s. a day, a rate very different to that of the British soldiers with whom they are associated. Had they been fighting against Russia, I think they would have liked it better, for the war in the Soudan is, I may say, a bondholders' war, and England, to a great extent, is fighting for the interests of the Shylocks of Europe. It is understood that the Contingent is mostly composed of English-born colonists, and not native Australians, as at first thought. As the war in the Soudan and the dispute with Russia appear to be over, the services of the Australian Contingent are not required. The Imperial Government has telegraphed to Sydney to that effect. In reply the New South Wales Government accepted this decision, and added that arrangements would be made for its transport by the New South Wales Government. The Agent-General here, on the 14th instant, informed his Government that the Imperial Government had undertaken to provide transport for the Contingent in the troopship "Arab," and on the 15th the response to this was as follows:—"Convey to Imperial Government the hearty thanks of the colonists for their generous offer, which we accept with gratitude. Hand over the horses to War Office as a gift from the Colony."

This telegram closes the public correspondence, while the sailing of the "Arab" on the 18th of May indicates the end of the New South Wales expedition to Suakim. A few of the men and officers were to be selected and brought to England to be entertained. This is as it ought to be. [But this did not take place.] During the last few days nothing worth noting has appeared in the Press respecting the Contingent. Interest in it is dying out, though peace is not yet assured, and a telegram, of this evening's date, says:—"The Australians will not proceed beyond Aden." Though the public were so warm in their eulogies of the Colonies—New South Wales in particular—which rendered assistance in men and money, this did not, in the midst of the crisis of peace or war with Russia, prevent New South Wales $3\frac{1}{4}$ per cents. from falling to £87 for each £100 bond, and New Zealand 4 per cent. inscribed stock dropping to 94. I am pleased to be able to say that to-day, the latter are quoted at $98\frac{1}{2}$. Well, the experiment of sending armed men to aid the Old Country has been tried, and I should

think, after the return of the Contingent, it is not likely to be repeated. The present sort of connection between England and her Colonies will last, I hope, for years to come. The silken cord which now binds them to the Empire is slight, but it is elastic and can easily be dispensed with when the true welfare of the Colonies require it.

After all that may be said for and against the colonies fighting England's battles, this expedition [though it proved a fiasco] will become a notable historical fact in the annals of Australia. It created a deep and surprising impression in Great Britain, but to a looker-on it presented an aspect rather amusing. The Australasian Colonies rose a hundred per cent. in public estimation. From the Prince of Wales down to Lord Granville; from Mr. Gladstone and Mr. Foster down to Mr. George Potter (a representative working man), all were loud in your praise. The Bishop of London praised you, if he did not pray for you, and Mr. Bradlaugh spoke in your favour. "What do you think of our colonies now?" was frequently asked. Addresses tendering Australasia thanks lay at the Mansion House and public offices for signature. It is said 30,000 persons signed them. Mr. George Potter advocated your cause with a view to your becoming Freetraders and federating with the United Kingdom in that sense. He felt sure that this arrangement would ensure a return of prosperity to manufacturing England and be beneficial to the colonies. He did not say, or care to enquire, how this would affect your colonial industries. It is something to be a colonist in these days, I can assure you. Formerly they were styled "returned colonists," but now they are patronised. Greater attention to your wants and aspirations is now paid. Lord Grey has suggested the establishment of a "Colonial Council of Advice" for your benefit. Some politicians recommend the admission of a certain number of delegates from the colonies into the House of Commons. More daring men considered that your representation in the Legislature of the Empire would not be complete without a few of your wealthy and eminent statesmen were translated to the House of Lords. If this suggestion were made seriously, one may ask, what is the House of Lords? It is certainly

not a useful or a popular body, for a strong undercurrent of agitation is now going on for its abolition or reform. The cry raised two hundred years ago—namely, the House of Lords is “useless, dangerous, and ought to be abolished,” is again often heard. Still, the Upper House is a great power in the Kingdom. The House of Lords is a legislative body consisting of 524 members, called peers, and constitutes one of the three estates of the realm. We inherit it from a semi-barbarous state of society called the feudal age. For the last fifty years it has been noted for its continuous and persistent obstruction to nearly all useful and important measures of reform demanded by the people and passed by the House of Commons. Its members are not elected by the people; they are members by right of birth—be they born wise or be they born foolish. This Assembly of Nobles has its many privileges backed up by special laws, such as the law of primogeniture and the laws of entail and settlement, whereby they lock up and monopolise the land and constitute themselves a privileged territorial aristocracy, owning 15,213,289 acres of land, bringing in a yearly rent of £12,751,596. I should think the colonies know better than to ally themselves with an antiquated and out-of-date institution like this. I should imagine that the true policy of the colonies is to remain as they are, and not graft on a young country institutions which are only workable in an old one.

CONVERSION OF LOANS WITH SINKING FUNDS.

No one can rightly blame New Zealand for endeavouring, without breach of contract, to reduce the rate of interest on its foreign loans, by taking advantage of the recent low value of money in London. Your late Government, in a quiet, business way, was very successful in converting certain loans, without sinking funds, into loans bearing a lower rate of interest, and by this means a saving of about £35,000 a year was effected, with a small increase of the total amount of the debt. Your present Government adopted a bolder, but more hazardous, financial policy. They recommended, and your Parliament sanctioned, the conversion of loans to a large amount and with fixed sinking funds. Undoubtedly, this was an ambitious policy;

the result from which, it was promised [by Sir Julius Vogel], would be that henceforth the progress of the Colony would be by "*leaps and bounds*." As I consider any new Government starting with a new policy should have a fair trial, I was inclined to wish it the success which your present Government seemed so confident of securing, but of the success of the conversion scheme I was doubtful, as I stated in my last letter. Let us now fairly consider the results, as far as they are yet known.

On the 6th of March last the Bank of England issued its proposals for the conversion of £5,772,000, raised under the Loan Acts of 1867 and 1870. It was well advertised, and I noticed no Press comments on it—for or against—the conversion being optional. When the news of the proposed conversion of New Zealand loans with sinking funds attached to them reached the country at the beginning of the present year, it was thought your Government intended to convert them into a 4 per cent. stock without any collateral advantages to those converting. Consequently the scheme was ill received by brokers and Stock Exchange people; but when the prospectus appeared offering to convert, or rather, give for every old 5 per cent. debenture of £100 a new debenture of £100, bearing 5 per cent. interest for 7 years, and then to exchange the latter for a £107 debenture at 4 per cent. interest, and maturing in the year 1929, the terms offered were considered exceedingly liberal: for 5 per cent. was secured for 7 years, and, including the bonus of £7, the interest for the remaining 37 years was about equal to $4\frac{1}{2}$ per cent. One would have thought, under these circumstances, that success was certain. Such was not the result, for (as you will know before this time) out of the £5,772,000 offered for conversion, only, I am told, £3,655,000 was converted, leaving £2,117,000 unconverted. The exact results of this great financial transaction will not be known for some time, as complications have, I understand, arisen as to whether the usual yearly amount devoted to annual drawings will not have to be continued on the £2,117,000, the unredeemed part of the loan. I should think this point was not tenable. As you are aware, the amount annually drawn is an increasing sum. For the present year it was £149,800, making with previous drawings a total of £1,660,400 paid

off. It also remains to be correctly ascertained what amount of this £149,800 has been saved through holders of debentures drawn for redemption having accepted new debentures in exchange. This latest conversion scheme is a complicated affair, and I hear the savings from it are not likely to realise the expectations and promises of its originators. The portion converted will add about £250,000 to the permanent debt of the Colony. The 4 per cent. debt of the Colony, including the £3,655,000 just converted, now reaches the formidable total of £16,502,200, all payable in one year—the year 1929; but with the proposed borrowings it is likely to reach £20,000,000. This is an injudicious arrangement. Some consideration should have been shown to the children and grandchildren of the present New Zealand settlers, who will have to renew or raise, and pay off this enormous sum (if they can) all in one year.

SINKING FUNDS.

I am aware that it has been stated [by Sir Julius] that, sinking funds are “*a delusion and a snare*,” and that they are almost out of date, and *not used* in the Australian Colonies. It has also been asserted that, in effect, the best policy for the Colonies is to go on borrowing, renewing, and never paying off. In reply to statements like these, it may be said that if it is better not to pay off a public debt, why has the United States taxed themselves heavily to pay off £200,000,000 out of their £500,000,000 debt? And if sinking funds are such a nuisance, are obsolete, and absent from sound finance, how is it that England, with the soundest system of finance in the world, and with such statesmen as Gladstone and Sir Stafford Northcote in charge of the Treasury, managed in 1884-5 to pay away £8,999,065 in terminable annuities, and in a “new sinking fund” for the reduction of the National debt of £508,446? Then, from memory, I call to mind that Egypt, Russia, Brazil, the Argentine Provinces, Peru, France, Sweden, Norway, and nearly all the crown colonies have sinking funds in some shape or other, but mostly in the shape of annual drawings. Coming nearer to New Zealand, I find the Cape of Good Hope has a loan of £7,407,700

with a 1 per cent. sinking fund, and *New South Wales* has a 2 per cent. sinking fund attached to a loan of £1,000,000. The City of London, the Metropolitan Board of Works, and most of the great towns in England provide for the redemption of their respective loans. Sinking funds were first established by Sir Robert Walpole in the year 1716. They were extended and overdone by the younger Pitt in 1786. Dr. Hamilton attempted, in 1813, to prove them a fallacy, but the doctor is now almost forgotten, and sinking funds under the designation of annual drawings, terminable annuities, and money laid aside for a redemption fund, are in use by prudent and provident men all over the world.

The New Zealand sinking funds were established by the far-seeing and patriotic legislators who sat in the General Assembly before the year 1869. It seems a pity to have meddled with them. They were supposed to be solemn compacts. Some of them would soon have fallen-in for the benefit of the Colony by effluxion of time. The most important had longer to run. The annual charge for the drawing consols, no doubt, was a heavy item, but the property tax, amounting to £270,000 a year, paid by persons in the Colony (whose property had greatly increased in value by an enormous loan expenditure), by absentees, and by capitalists and financial companies with their permanent abodes in London, was gradually paying off a considerable portion of the colonial debt. The tax itself did not prevent the free influx of capital into the Colony, for capital, to my knowledge, had to be withdrawn from the Colony for want of employment for it. The property tax was well and freely paid. Insurance societies, banks, finance and other companies in 1884 paid £67,215 where before their contributions to colonial revenue had been nil. The tax did not bear with undue severity on the small property-holders, for out of a total number of 25,460 taxpayers in 1883-4, 2045 paid under 6s. 3d. per head; 2674 paid from 18s. 9d. to 25s., and 5743 from 25s. to 43s. 9d. Then why reduce this tax by £131,000? If you had a surplus without reducing the amount of the property tax, why not have given it as a grant-in-aid to the Road Boards; Capitalists and mercantile people here, who charge you very high rates of interest for the money they

lend you, or make large profits out of you, or others that derive large incomes from the Colony, were taken by surprise, and smiled at your parliament's profuse and excessive generosity in reducing the property-tax by one-half. Disinterested men considered that it would have been better for the Colony to have waited a few years more, say seventeen years—the period represented by the interval between childhood and manhood—which would have sufficed to extinguish the greater portion of your sinking fund debt. In 21 years the whole of it would have disappeared, and £436,000 would have been the then yearly savings of the Colony. How the people of that day would have rejoiced and, perhaps, remembered with feelings of gratitude the names of the Ministers of your early Parliaments, who had been the original cause of their rejoicing. In the future it may be expected that this wiping out of sinking funds will be treasured in the memory, and remembered with other expressions of feeling rather than those of blessings. Never mind, there is still a great future before New Zealand. Before reaching it there will be serious financial troubles to overcome, but with honest able men to represent her, and experience of a muddle and mess, the way to a proper state of finance will be clear. I do not mean a company promoting finance; I mean a sound financial system like that which has helped to make England the most stable and progressive kingdom in the world.

LETTER XIV.

A FINANCIAL LETTER.

LONDON, February 25th, 1886.

Strange to say, there is nothing but bad and indifferent news from New Zealand at present. Letters appear in metropolitan and provincial papers, dwelling on this theme. Froude and Sala write discouraging accounts of the Colony. The burden of their song is its heavy indebtedness, and the depression that exists consequent on weighty taxation, and the low price of New Zealand produce. Then, there is fear

that pernicious borrowing, on a large scale is contemplated. A few weeks ago it was announced that early this year a New Zealand loan for £1,500,000 would be asked for. To this your Agent-General replies, that it would be only £1,000,000 for North Island railways, and even that might require the sanction of your next Parliament before being issued. More serious still was the report that your Government intended to propose in the coming session of Parliament, a loan of from eight to ten millions sterling. This caused some excitement amongst holders of New Zealand debentures, and was received with alarm, which subsided after the communication of Sir Francis Dillon Bell, as may be judged from the following extract which appeared in the *Daily News* on the 3rd instant:—"The recent and tardy denial of the reports from Australia, that New Zealand was about to issue loans for eight or nine millions has had much to do with the revulsion in the market for colonial stocks, which are generally strong."

How often do we hear well-meaning New Zealand colonists speak with pride on the high state of the credit of the Colony on the London money market; but how seldom do they compare this with the ruinous loss arising from the low price of the staple products of New Zealand! What an insignificant gain is half per cent. of interest on a loan of a million of money which is raised at 4 instead of $4\frac{1}{2}$ per cent. It is but a saving of £5000 a year. Compare this with the millions of hard cash lost by the unprecedented fall in the value of New Zealand wool, wheat, tallow, and frozen meat during the last three years, and the sum I have named looks very small indeed. It is a long lane that has no turning, and though on wool there was a fall of 12 per cent. in 1885 on the low prices of 1884, though best New Zealand wheat was selling at from 28s. to 33s. per quarter, and though tallow suffered a fall in rates to the extent of 45 per cent. during the last two years; yet, I understand, it is the opinion of importers here that the bottom of the well of depression, as regards colonial produce, has at last been reached, and that during the next three or four years, though there will be no "leaps and bounds" in business there will be a gradual and satisfactory improvement.

In the meantime it may be fairly asked, What is to be done to relieve the pressure of the present depression and place

New Zealand finance on a sound footing? To borrow, say, only eight millions more would make matters worse, if it did not lead to colonial bankruptcy. Once an eight million loan bill is passed, it may be taken for granted it would all be raised before the end of the next five years, and as your credit in the London market would be impaired thereby, there would at $4\frac{1}{2}$ per cent., and including the cost of raising the loans, be a further addition to the burdens of the Colony of £360,000 per annum. This, too, to be borne by about 590,000 men, women and children constituting the population of New Zealand, and in addition to the present great taxation imposed upon them! It may be argued that the eight millions would mostly be expended in making new lines of railways; but, if the well-tried experience of the United States is to be relied on, it takes a population of 800 per mile on a cheap line of railway to make it pay the constructors. From this it may be inferred that with your present population, the more lines of railway you make the less profit the whole mileage would yield. Then, would the Bank of England consent to issue such a loan? and, if so where is the money to pay interest on eight millions more to come from? The answer is, "Increase the property tax and other imposts." Yet taxation in New Zealand has nearly reached its limits for both rich and poor. It ought to be remembered that above a certain rate a tax ceases to be productive, for, from its being oppressive, many persons won't pay and others evade it. New Zealand has great resources. The elasticity of its revenue has been surprising; but there are evident signs that this is, at present, no longer the case. These signs, I hope, prudent statesmen will not fail to recognise. At present a delusive system of finance finds favour with your Government.

In my last letter to you I stated, in effect, that a property tax of $\frac{3}{4}$ d. in the £ would not interfere with the flow of capital to the Colony, and did not press with undue severity on the small holders of property. This opinion I adhere to. If the tax were increased to one penny, there would be much grumbling and opposition. The tax would be onerous, but no great harm would be done, but if it were raised to above that rate—that is, one penny on present valuations—the value of all property would be

lowered ruinously, and you might surely calculate on large withdrawals of money now invested with you. There would also be a partial cessation in the flow of capital to New Zealand. What, then, is to be done? The times are bad in your colony, as they also are in many other important colonies, but from excessive borrowing, they are worse in New Zealand. You have been too eager to borrow, and the British investor has been too eager to lend. Both are culpable, but the latter believed that to pay the interest, etc., you would tax yourselves to the last penny rather than become defaulters. The bondholder forgets that it is the last straw that breaks the camel's back. A falling revenue, sinking funds robbed, and increasing expenditure, do not make the future of your colony look very cheerful. Your readers, I hope, will pardon me for speaking in such plain language, but I hear and see a great deal, and I think it my duty as a colonist to do a little plain-speaking on this occasion. I am not the only one engaged in this uncongenial task, though there are many who believe what I say, yet, from interested motives or want of courage, they will not speak out plainly. I regret this, as it gives people reason to say they are wanting in patriotism and utterly indifferent to the future welfare of the Colony.

When residents in New Zealand begin publicly to talk about repudiation, then the financial situation with you looks critical; and when the conversation of one of these residents appears and is commented on by Mr. Froude in his "*Oceana*," which will have a world-wide circulation, many people may think that your financial condition is more than critical—it is desperate. The Auckland gentleman (Mr. Froude's informant) in speaking of the interest of your debt: "It was impossible for them," he said, "to pay by taxation the interest on the debt as it stood." "They would pay as long as they could borrow." Mr. Froude replied by saying, "Repudiation would have serious consequences." "But," says Mr. Froude, "he seemed to think that to cease to borrow and to repudiate would go together." It may be, the gentleman whose words I have just quoted, felt justified in giving utterance to them, from knowing that a great loan of eight or ten millions was impending, which certainly would be likely to bring about the result he predicted. However that may be, the condition of the

Colony is serious; but not so serious as to justify repudiation proposals.

I think it will be generally admitted that the taxation of the Colony is very high, and its resources are heavily mortgaged; but the extravagant cost of its Government, and the heavy quarterly and half-yearly drain for interest and other charges of the colonial debt, are the weights that weigh down its elasticity, diminish its productive powers, absorb its accumulated capital, and cause anxiety in the mind of every honest colonist who troubles himself about the present and future of New Zealand.

Then why should repudiation be spoken of, for it is the last resort of bankrupt States, and New Zealand has not yet come to that—menacing though her financial position is? The wild opinions of one individual do not constitute the opinions of the Colony. These opinions, so far as I know, have not had the effect of immediately damaging your credit in London, though a few nervous people may quietly throw their stock on the market and dispose of it. Still it does appear to sensible men that a new departure requires to be taken if New Zealand finance is to be placed in a sound state. I have had several conversations with some of your leading colonists, who are, just now, on a visit to the Old Country. They say:—First, that retrenchment in the extravagant expenditure of your Government is at once required; secondly, they think—a very bold thought—that the interest coupons of your debt might be taxed. This is no new idea, if I remember rightly; Sir George Grey—a statesman with a European reputation—proposed the same thing. The limit of successful taxation, at present, has been nearly reached in your colony, and it appears to the minds of some men, who have thought the question out, that the only farther, fair, and legitimate revenue should be derived from applying the property tax to the coupons of the colonial debt, just as you apply it to other foreign moneys lent on mortgage.

This is a very important suggestion. Moreover, it may, perhaps, come to the front at an early date, and become a burning question at the next general election of members to the House of Representatives—if it is not superseded by a loan of eight or ten millions and subsequent insolvency. Anyhow, I will hazard a few explanatory remarks

on this vital question, viewing it in all its bearings, giving the pros and cons, and leaving the thoughtful readers of your widely circulated journal to draw their own conclusions.

The effect of applying the property tax to your colonial and provincial public debts would, at 1d. in the £, be that on a 4 per cent. bond of £100 the holder would have to submit to a reduction of 8s. 4d. On every £4 of interest he would receive £3 11s. 8d. instead of £4. If he held a 5 per cent. bond the deduction would only be 8s. 4d. in £5, and he would be paid £4 11s. 8d. instead of £5. If the property tax was only $\frac{3}{4}$ d. in the £ he would receive £3 13s. 9d. instead of £4, and if held a 5 per cent. debenture he would be paid £4 13s. 9d. in the place of £5.

As regards the total amount of your indebtedness, I take the debt of the colony, at the end of the present year, at £32,000,000 (leaving out the one million guaranteed loan, which it would not be prudent to operate upon), and, in round numbers, estimate the debts, corporate bodies, harbour boards, and private railway companies at £5,500,000; we have a total of £37,500,000 of untaxed capital on which the colony pays interest at rates varying from 4 to 6 per cent., and on some small loans a higher rate. The whole, or nearly the whole, of the interest of this great sum leaves the colony to be expended elsewhere, without contributing one farthing towards the cost of government in New Zealand. Yet I am unaware of any clause in the various Loan Acts that forbids its taxation. If the tax on the above amount was but $\frac{3}{4}$ d. in the pound it would yield an annual revenue of £3,125 on every million so taxed, or, on the total sum, there would be an annual gain of £117,187 10s. Thus, at $\frac{3}{4}$ d. in the pound you reduce your taxation and at the same time increase your income.

It may be reasonably asked, What precedents are there for taxing the coupons of a public debt? To this I answer—Firstly, that during the last year the British Government enforced a reduction of 5 per cent. on the interest coupons of the Egyptian debt; secondly, the coupons of part of the Austrian foreign public debt are taxed; thirdly, a number of years ago Italy levied a tax on its foreign debt coupons, and that to the extent of nearly 14 per cent., yet about two years ago raised a loan on the

London market through the great house of Barings, of fourteen millions sterling, the coupons thereof being subject to the tax ; fourthly, the British Parliament taxes incomes from New Zealand bonds, bank shares, mortgages, &c., held by New Zealand colonists resident in this country, to the extent of eightpence in the pound ; Fifthly, in 1841, there was no income tax in England ; in 1842, Sir Robert Peel imposed his income tax, which, of course, applied to all home and foreign investors in the National Debt, on the bonds of which the Imperial Parliament previously had contracted to give a fixed rate of interest.

Now I think I have stated all that can be fairly said in favour of taxing coupons, let me, in as few words as possible, say what I believe would be the result of your Parliament doing the same thing. Recently I had a long conversation with two City brokers of good standing. I asked them their opinion on the subject. The first replied that taxing your coupons, though it might not be direct repudiation, it was almost certain that it would be stigmatised as such, and the consequence would be a great fall in the price of New Zealand Government securities, followed by a stoppage of your borrowing in the London money market for some time to come. The second remark was that the act of taxing New Zealand coupons would be discounted in due course, and that you might be able to borrow again sooner than might be expected from pursuing such an unusual course. What he meant by being "discounted in due course" was that your 4 per cent. bonds now worth, say £100, would fall probably to £90, or such a sum as would still yield 4 per cent. interest, and you might have to pay for your future loans $4\frac{1}{2}$ per cent. instead of 4. Such is the information I gleaned ; but, to my mind, the effect in the Colony would be still more serious, for the sudden stoppage of borrowing would result in a sudden stoppage of public works and wide-spread distress among the labouring population of New Zealand.

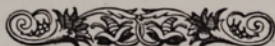
In conclusion, and with all due deference to those colonists who may hold different opinions to mine, I may be permitted to say : My opinion is that the safest, most desirable and satisfactory course to pursue would be a medium one. Would it not be better to limit the raising of new loans as follows ?—Resolve not to borrow more than

three millions during the next three years. Borrow the first million in 1886, the second in 1887, and the third in 1888; the expenditure of the last million to be extended over two years, £500,000 being spent in 1888 and £500,000 in 1889. During this period it would be found wisdom to discontinue all free or assisted immigration, and effect a great reduction in the lavish expenditure of your Government. I feel certain that these measures would restore confidence and prosperity to New Zealand. The labouring population employed on public works, would have time to procure legitimate employment on farms and other industrial occupations, and New Zealand would have time to recuperate and again promise to become the Great Britain of the Pacific Ocean.

With the exception of a letter on the Indian and Colonial Exhibition, dated August, 1886, the above letter, number fourteen, completes the series of letters I wrote for the *New Zealand Times*. Some printers' mistakes I have amended, slight alterations made, where the sense required them, and a number of uninteresting paragraphs suppressed.

Much which I have written, at various periods, may not, hereafter, be thought worthy of attention. We are too apt to like what we have written and think—often vainly—that other persons will also like it: forgetting that other people, with different tastes and ideas, may not be of a similar way of thinking. However, it is written and printed, and is intended to interest and supply useful information; so it must take its chance of being read or laid aside. As to my further writing and printing other works, I think, I may safely say, on this head—the book is closed.

FINIS.





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