

that a dozen of beer in Hokitika was worth more than an ounce of gold, and consequently that the importation of a small quantity of beer would only be paid for by the exportation of a large quantity of gold; yet, capital would not in this instance be exported, but consumed—unproductively it is true—in Hokitika. The statement should therefore have been, “The excess in value of exports over imports, as shown in the Customs Returns, &c.,” since it is clear that whatever goods are exported over and above what are required to pay for the imports constitute *surplus capital*, which is seeking *employment* elsewhere, and which can only be detained in the place whence it is sent by further development of *industry*, and consequently of trade. How great this excess is will be seen by the following table, compiled from the Government *Gazette* for last year, and showing the exports and imports for the first three quarters of the years 1867 and 1868 respectively, from the ports of Hokitika and Greymouth:—

|               |     |     | Quarter<br>ending 31st March. |          | Quarter<br>ending 30th June. |          | Quarter<br>ending 30th September. |          |
|---------------|-----|-----|-------------------------------|----------|------------------------------|----------|-----------------------------------|----------|
|               |     |     | Exports.                      | Imports. | Exports.                     | Imports. | Exports.                          | Imports. |
| 1867.         |     |     | £                             | £        | £                            | £        | £                                 | £        |
| Hokitika      | ... | ... | 282,738                       | 169,192  | 228,281                      | 154,615  | 233,508                           | 176,071  |
| Greymouth     | ... | ... | 139,401                       | 73,690   | 116,927                      | 50,300   | 124,915                           | 46,490   |
| 1868.         |     |     |                               |          |                              |          |                                   |          |
| Hokitika      | ... | ... | 163,896                       | 147,162  | 163,831                      | 105,307  | 155,090                           | 61,557   |
| Greymouth     | ... | ... | 89,518                        | 64,112   | 97,790                       | 24,165   | 97,950                            | 45,142   |
| Total Exports | ... | ... | 675,553                       |          | 606,829                      |          | 611,463                           |          |
| Total Imports | ... | ... |                               | 454,156  |                              | 334,387  |                                   | 329,260  |
| Total Excess  | ... | ... |                               | 221,397  |                              | 272,442  |                                   | 282,203  |

TOTAL EXCESS ... .. £776,042

The inaccuracy I have noticed is, however, comparatively small considered beside another element of fallacy which is contained in the statement of our subject. It seems clear that a considerable export of capital is taking place from the mining parts of New Zealand; and Mr. Potts assuming, it appears to me, that this capital leaves New Zealand, is anxious to get the means pointed out for fixing it in the Colony. For if the honorable gentleman was clear that the capital was already naturally fixing itself, there could be no need of inquiring how to fix it more securely. I conclude that such fixture only is sought as would render the fund in question profitable to New Zealand, and that use in our foreign trade would not be considered a disadvantageous mode of investment. Now it will be found, by a very brief glance at the commerce of New Zealand, that the above is precisely the manner in which the capital referred to is employed, and that the exportation is merely apparent.

There is no doubt that the gold, which constitutes the only important article of export from the gold district, is sent abroad—in fact, unless we have a Mint in New Zealand, it would be no use here: but it is equally certain that, before being sent away, it has been bought up by the various banks, and paid for in money or the equivalents of money. The question then is—What becomes of the surplus of the purchase-money after the imports have been paid for? First of all, it may be stated that the Customs Returns deal only with the wholesale prices of articles imported: if the retail prices were mentioned, that is, the price at which the producer of gold obtains his imports, the disproportion noticed between exports and imports would be very considerably decreased. In a gold district, too, the profits which storekeepers expect are usually considerably higher than in districts where more settled industries are followed. We have, therefore, as an item, the fund of profit for tradesmen. Again, the Customs Returns only take account of imports by sea, whereas a very considerable portion of the supplies for the diggers are sent by land. These supplies being paid for, the money passes into the hands of the farmers and graziers. Thirdly, some of the diggers are persons who have permanently adopted New Zealand as their country, and whatever funds they realize are invested here even now, either in gold mining or other industries. It appears to me extremely improbable that persons, who had a permanent stake in the welfare of the country, would seek to invest their money out of the Colony. I come therefore to the conclusion, that the only funds really sent abroad are the savings of those persons, diggers or others, who are leaving the Colony, and the profits of the foreign banks and merchants. The last items are evidently unavoidable, though they may perhaps be considerably reduced in time, as New Zealand home produce gradually increases and improves in quality, and as the people become more able to support banks of their own. As to the exodus of diggers, I have already said that I can see but little likelihood of finding a remedy. I do not, however, think that it is the wealthiest who leave; on the contrary, we may conclude that it is mainly those who have not met with much success who are the most ready to go.

This matter may perhaps be put in a still plainer light by looking at it from another side. A reference to the Customs Returns will show that at all other ports of entry save those of the gold-mining districts, the value of the imports is considerably in excess of that of the exports. Consequently, if Mr. Potts' hypothesis is correct, there is no escape from the conclusion that the non-gold-mining portions of the Colony are gaining capital to a very large extent.

When, however, we come to look at the amount of specie transported, either to or from the Colony, we find it comparatively insignificant. The conclusion therefore is, that the foreign trade of one part of New Zealand is made to equalize that of another. If, then, the exports from the gold fields were reduced, either the exports from the remainder of the Colony must be increased, or its imports reduced.

The origin of the mistake appears to me to be in the assumption that the trade of one port of New Zealand is disconnected with that of another. It is true that there are a number of small trading