

official mission. Two eminent physicians, whom I consulted, forbade my venturing to return to the colony in my then state of health. I employed myself in endeavouring to give to colonial loans, through inscription at the Bank of England, the status and character of consols, or of the Metropolitan Board of Works stock. I first arranged an agreement with the Bank of England; and, touching that agreement, it is only requisite to remark that, through all the changes of all the years, it has not been found necessary to amend it. Though made only by letters between the Bank of England and myself, eminent counsel have pronounced that it requires no alteration. When the agreement was concluded, it was however discovered that an Imperial Act was necessary, not to validate it, but to enable certain of its provisions to be carried out. For over two years, I worked unceasingly to procure that Act, and at last my efforts were crowned with success. No financial measure that I know of has met with such support. The Stock Exchange share list shows that already over fifty millions of loans of various colonies have been brought under its provisions. Every Constitutional Colony has, I believe, used it.

By the aid of this Act it is that I propose to save the colony some £300,000 a year. It cannot all be done at once, but effected it will be, as the market will allow of its being done; and my proposal is to accept the debt as it at present stands—not vainly to tax the colonists to pay it off, but, by conversion, to approach to the result of saving £300,000 a year. This means that, without further annual charges than at present, you may borrow seven and a half additional millions. The late Government did something in the direction of conversion under the Inscribed Stock Act, as I have already related. The principle on which the great profit is to be made, apart from saving the colony the burden of the sinking fund, is the higher market value of the inscribed stock. Whilst it rules now at about $3\frac{1}{4}$ over par, bearing only 4 per cent. interest, $4\frac{1}{2}$ and 5 per cent. debentures rule at not much over the same market price. It is probable also that large masses of accrued sinking fund will be set free during the process of conversion, and, subject to the control of the House, will become available for public works in lieu of fresh borrowing.

The honourable member for Egmont has again and again claimed for his Government the credit of raising the value of New Zealand inscribed stock from 80 to 100. This is a very disingenuous claim. The facts are simply these. In 1879, the Government found that they had brought the colony to a financial condition that made a loan of five millions imperative. Such an amount for a colonial loan was then unknown. The Agents, of whom I was one, were told price was not to bar the way. They found there was but one mode of doing it, and that was by the agency of the Inscribed Stock Act. We were able to effect the operation by giving the option to subscribers to exchange their scrip or debentures for inscribed stock at about 80, bearing 4 per cent. interest, equal to borrowing the money at 5 per cent. Even then we had to give an assurance that the colony would not borrow further for three years. That three years' interval, not the Government, was the secret of the rise, together with the fact that all colonial stocks rose as the probability of an early conversion of consols became apparent. Again, Sir, part of the rise was due to the popularity of the inscribed stock, as may be seen by its comparative value, to which I have already alluded. It may soothe the ruffled vanity of my honourable friend, if I add a few words. When I took office a few weeks since, a remarkable rise in New Zealand securities took place on the day the news reached London. My friends were good enough to ascribe that rise to me. It was merely a coincidence. I had nothing to do with the rise. It was due to Mr. Childers's operations for converting consols. All colonial securities rose. The Stock Exchange and the money market are, I believe, quite indifferent as to whom Parliament honours with the charge of its finances. They rely on the fittest being from time to time selected.

INTEREST ON RAILWAYS DURING CONSTRUCTION.

There is another relief which, if it were necessary, the colony would be fully entitled to take to ease itself of burdensome taxation. I allude to making the interest during the construction of railways part of the capital cost. Had I deemed