pay for loans on mortgage. Interesting information relating to the course of procedure in some European countries will be presented to Parliament. I regret to say I am not able to make proposals on the subject. If the Government were to enter the field as a lender of money, it must obtain that money somewhere. In European countries where Governments do this sort of business there is a sufficient market for the securities that provide the money; but in the colony there is not. At present, though I do not think that it will long be so, there is no sale for 4 per cent. securities at even large discounts, and 5 per cent. bonds hardly command par in small quantities, whilst considerable quantities could not be placed. To lend by giving to the borrower debentures which he would have to sell at a discount would mean to give him less money than the loan purports. Take an example: Suppose that a person on a property worth £2,000 borrows £1,500, and that he is paid by debentures current in the colony only. I take debentures of this kind because, if they are negotiable in Great Britain, they would come under remarks I shall presently make. I need only now say, parenthetically, that if payment were made in English debentures it would be better in every way that the Government should negotiate them in bulk, and pay in money.

To return to local debentures: Supposing they bore 4 per cent. interest and were current for fifteen years, as proposed by the Select Committee, I am sure they would not realize as much as £90 per £100, and that they would be only saleable in small parcels; whilst, if they bore 5 per cent. interest, they would not realize much, if anything, over £95 per £100. A longer currency might make the 5-per-cents more valuable, but it would make the 4-per-cents less so. Now, if we paid the farmer the money he borrows in debentures, he would have to sell them at the discounts I have mentioned, and, besides that he would be paying the same interest on the smaller sum he received as would be payable on the nominal amount of the debentures, he would have at the end of the five or seven years for which he borrowed to make up the discount. Say that he borrowed for five years, and sold the debentures for £95, he would be paying £5 interest for each £95, and at the end of five years have to make up the £5 deficiency—equal in all to over 6 per cent. Even at these rates much could not be done, because there is no large local market for securities at present. But there are some who say you can make these debentures worth par by legislation—you can insist on their being, in the shape of bank-notes, a legal tender for the amounts they represent. It is quite true that you can, by legislation, decree that a pound written on a piece of paper is to mean a pound for all purposes of payment within the colony. You can declare that, as such, it will be receivable as revenue, and that for future debts contracted within the colony it shall be deemed the mode of payment. But those persons who sell goods or lend money may make their own bargains, and add whatever margins they please. What they ask a pound for in gold they can demand thirty shillings for in paper. The Government revenue, unless increased, would enormously suffer; but no legislation could compel any one to give a golden sovereign for a paper pound. Therefore it is that legislation can no more make a paper pound that is not redeemable in gold, on demand, worth a golden pound than it could make one hundred pounds of sugar weigh one hundred and twelve. The law might make the term "hundredweight" to represent 100lb. instead of 112lb., but the value of 1cwt. would be proportionately reduced. There remains the alternative I have already mentioned of the Government borrowing money in England and lending it out here. This would be quite possible, if it were deemed expedient and recognized as a legitimate function of the State. I was once inclined to see it tried, but I am compelled to say that I do not consider it would be desirable at present. It would overstrain the colony's credit. It might be said, and with justice, that the colony was entering into a well-understood business in competition with numerous other parties, and that it must pay for the money it wanted for such purposes more than for ordinary Government requirements.

The time will come, and in my opinion it is not far distant, when colonial loans will be in such demand that the present rate of interest will be lower, and larger amounts be obtainable. But there will simultaneously be a reduction in interest on, and a larger demand for, mortgage investments. During