

unless we make up our minds to pay off the capital of our debts and are able to do so. It seems to me that we have now practically borne the crucial test, the heaviest strain that can be put upon us, if we refrain from further borrowing, and that we have shown our strength is ample to carry us through. From what I have said it is clear that, owing to the determination of the people to cease borrowing, our distributing trade must be brought down to normal limits.

Another contributing cause is the disinclination of many capitalists at present to invest in new enterprises. This disinclination is, of course, nothing new, nor is it in any way peculiar to the colony. It always appears when a flush of trade has been followed by a period of dulness, and thus tends materially to prolong the undesirable state of things which caused it. At the present time it is emphasized by the transitional state of the relation between capital and labour.

Another cause ;
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There is another thing which is in part an effect and in part a cause of the dulness. For some years past our banks have been steadily, and for the last three years rapidly, contracting at least that part of their business which is represented by discounts ; so much so that, while in actual amount these discounts were less in 1889 than in 1874 or any intermediate year, they were in 1889, reckoned in proportion to population, barely one-half of the average for the previous nineteen years.

Contraction of
banking business
as to discounts
and other
advances.

Tables Nos. 26
to 28.

I will mention one other subsidiary cause. The savings-banks show, as I have mentioned, a steady increase in the number and amount of deposits. From this and other facts we may infer what, I believe, is generally admitted,—an increasing tendency to greater thrift, to save more and spend less, on the part of a very large section of the community.

Increased
Savings-Bank
deposits.

The meaning of all this, as I take it, is obvious,—that, with a greatly diminished trade, we have practically the same numbers employed. Under the stimulation of a profuse and long-continued expenditure from loan on public works our trade had enormously increased, and the number of our traders proportionately multiplied. We have in our present circumstances too many middle-men, too many distributors in proportion to the producers of the colony. This, again, means keen and unreasonable competition, bad debts and losses, small and doubtful profits ; in other words, dulness of trade. Two men are in fact competing for one man's work. And the remedy is equally obvious. Our towns have grown too large for the country yet occupied ; and a considerable proportion of our townsmen, if others cannot be got to occupy more of the land, will have to take to the land themselves, or to some other form of productive industry, before our commercial equilibrium will be restored. If these remedies cannot be at once and sufficiently applied, it is quite possible, I believe even probable, that we may yet lose some more of those who are being forced out of their old employments as distributors, and are unwilling to take to new ones ; but this, I am satisfied, will be temporary, and not to any large extent ; and, in view of the great and increasing productiveness of our industries, the restoration of this important branch of our trade to a sound and satisfactory condition may be anticipated at no distant date.

Distributors too
many in
proportion to
producers.

Town population
too large in
proportion to
country popula-
tion.

Our prosperity as a colony undoubtedly mainly rests upon the effective occupation of the land, and this again, in an important degree, upon our land laws. I have carefully considered these, and it seems to me, speaking generally, that, with the amendments I have proposed, it would be very difficult to devise laws of a more liberal spirit or more likely to promote settlement. Our difficulty in this matter arises not from our laws, but from the nature of our country, which, in many parts, requires so much expenditure on roads before the land can be brought into profitable use. Although we have in the country many millions of acres of unoccupied land, owned by the Government and Natives, much of it of first-class quality, practically all of it requires a large expenditure in roads and clearing before it can be made available. To give away our lands would not produce settlement of the kind that the country desires unless we first make passable roads ; and this, as honourable members know, means a large expenditure. Where is that to come from ? I do not believe that we can so alter our system of disposing of our Crown lands except in matters of detail, upon which my honour-

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