

it. This argument would be just as unsound if urged against any legislation. The abolition of capital punishment for minor offences, the freeing of slaves, or any other enlightened measure could have been opposed with a like contention. We cannot, of course, bind future Parliaments in matters of this kind; but why should we assume that our successors will be less honest than we are? The world is getting better fortunately, and repudiation of their financial obligations by modern States is becoming rarer than formerly, and no such idea has or ever will be entertained by this Dominion.

The mischievous statements recently made with such persistency in this country about present and past Governments seizing, or, as it has been inelegantly termed, "collaring," sinking funds deserve the strongest censure. I assert with emphasis that at no time in the history of New Zealand has any Government improperly used one single penny of a fund set aside for the repayment of a loan. Where accumulated sinking funds have been liberated and used for public purposes this was done in every case with the full consent of the lender.

When this fund has been in existence for some years it will have a beneficial effect on our finances, and enable renewal transactions to be effected with advantage to the Dominion. The amount saved in interest will go a long way to providing the annual instalments required to be paid under it, amounting to only 4s. 5½d. per £100 of our debt. In such matters as this we must look beyond the present. For years I have anticipated the establishment of a well-thought-out system by which the repayment of the whole of our debts would be assured within a reasonable time. In my Financial Statement for 1895 I said,—

"The question of the extinction of our loans has given me much concern. The time is approaching when, in my opinion, it would add to the stability of the colony, and place it in the forefront of any country in the world, if we would resolve to make a moderate sacrifice in providing with our annual interest a small payment to enable the loan to be extinguished within a reasonable period. . . . I fully recognize the fact that financial authorities urge that a borrowing country should not provide a sinking fund until it has ceased to borrow. Circumstances alter cases, and I say that, with the novel prospects of obtaining money at such a low rate as would enable us to provide for the gradual reduction and extinction of our debt without adding to our annual burdens, the provision of a sinking fund is a course that has much to commend it. While posterity has doubtless to reap the reward of the efforts of ourselves and those who have preceded us, and should bear a full share of the burdens created to make the country, still, as prudent men we should, while recognizing the necessities of the times in which we live, endeavour to make our legacy as light as possible for those who will follow us. I think there is much to be said for this proposal; and I am seriously of opinion that it would give greater stability to this country were we, when the right time arrives, to adopt an effective system for the extinction of our indebtedness."

This will prove to honourable members that I have long considered such a plan, and that it is not, as some critics have unkindly suggested, a sudden inspiration due to a desire to make the way easier for further borrowing. I feel great pleasure, therefore, in realizing that this long-cherished project is now in actual operation.

THE FIVE-MILLION LOAN.

I learned upon my return to the Dominion that there had been much criticism by those opposed to the Government concerning the flotation of the five-million loan. When in England I ascertained from various financial authorities that the operation was regarded as a most successful one, nor did the fact that the underwriters of the loan retain a large portion of it in any way weaken the credit or do any injury to the Dominion. The abnormal causes that led to the underwriters taking up so large a portion of the loan were well known to financial houses in England, and the fact that they were within a comparatively short time able to dispose of as much of their holdings as they desired to the investing public at a profit showed conclusively that the disparaging statements as to the success of the loan made at this end were without foundation in fact. Moreover, we obtained a higher price for our loan than any of the other countries that were borrowing for some months before or since that period. In consequence of the statements that I learned had been circulated during my absence regarding the loan, I felt it necessary to cable to the High Commissioner, and