managed on sound principles these operations are conducted with absolute security to the individual and the country.

The use of coined money and bank-notes is almost entirely local; there are no statistics showing the amount of gold and silver in circulation in the Dominion; the note issue on the 31st March last was £1,708,890. Assuming that the metallic money in circulation amounts to £1,300,000, the aggregate bank-notes and coined money in circulation would be approximately £3,008,890—about £3 per head of the population. This indicates the limit of such money necessary for the internal trade of New Zealand, as no one would store a considerable amount of money when they can obtain interest on deposits, at short call, at the savings-banks, and find safe investments for large sums in other directions. The aggregate annual trade of New Zealand—*i.e.*, exports, imports, and internal—with all its ramifications between the producer and consumer, for which equivalent values must be paid, cannot be less than £200,000,000. The metallic coinage and bank-note issue found necessary to handle this business represents 1½ per cent., so that the great volume of the country's business is transacted per medium of free paper issue—viz., cheques, bills of exchange, &c.

The world's increased output of gold enriched all countries of production, and gold is one of the Dominion's important industries; but the prosperity during the last fifteen years can be directly traced to the improvement in cool-storage. Without this development the world's increase of gold would have left New Zealand in a worse position, as imported commodities would have cost more, exports would not have increased, and internal values would have depreciated.

ANDREW FAIRBAIRN.

### RESERVATION NO. 3, BY MR. TREGEAR, ON RECOMMENDATION NO. 6.

In regard to Recommendation No. 6 (tariff), I do not consider that the Commission has had time or opportunity to investigate properly a subject so vital to the interest of thousands of New Zealand's industrial workers as the abolition of protective duties in the tariff. Therefore I do not concur with the recommendation.

EDWARD TREGEAR.

### RESERVATION NO. 4 BY DR. HIGHT, ON RECOMMENDATION NO. 7 (*a*).

Whilst admitting the general theoretical principle applied in this recommendation, I wish to emphasize the absolute necessity of very careful consideration before the policy outlined therein is given effect to, so that (1) there shall be no discouragement to settlement and production through the rate of increment-tax being fixed so high as to leave the land-owner no means of recompensing himself for the losses incurred by him in bad years out of his income received in good times, (2) the valuation shall be made by an authority whose tenure of office is quite independent of political conditions, and (3) a portion of the unearned increment in other incomes than those derived from the ownership of land should also accrue to the State through taxation. The two conditions mentioned in the recommendation itself I also regard as essential in a practical scheme.

JAMES HIGHT.

### RESERVATION NO. 5, BY MR. FAIRBAIRN, MR. HALL, AND MR. LEADLEY, ON RECOMMENDATION NO. 7 (*a*).

We regret we cannot agree to Recommendation No. 7 (*a*), *re* the land policy, for the following reasons:—

(*a*.) The difficulty of determining what proportion of any increased land-values are created by the community.

(*b*.) There are other forms of community-created values that are better able to bear increased taxation than those associated with rural lands.