WAR LOAN.

In view of the very large expenditure which is being incurred, it will be necessary at an early date to take steps to raise within the Dominion a fresh loan for war purposes, and the House will be asked to grant authority to enable an amount of £24,000,000 to be borrowed. The whole of this sum will not be borrowed at once. I propose to put a loan for £12,000,000 on the market with as little delay as possible. I hope it will not be necessary to raise a second loan of more than £10,000,000, but authority for a margin of an additional £2,000,000 is desirable. The rate of interest will be $4\frac{1}{2}$ per cent., and will be free of income-tax. I will submit a proposal under which a portion of this loan will be made available for payment of death duties. It will be specially earmarked for that purpose. I will make a full statement in regard to it when moving the second reading of the Loan Bill.

I may here state that I propose to introduce a measure this session which will enable subscribers to the new loan to accept either bonds or inscribed stock at their option, and also to convert existing war bonds into stock, while the usual provision for the issue of war certificates through the Post Office will be continued.

In the event of the voluntary contributions falling short of the amount required, I will ask the House for authority to introduce a system of compulsory contribution, under which persons who have not done their part in helping to provide the necessary finance for carrying on the war, and for providing adequate payment to soldiers and their dependants, will be assessed with additional heavy taxation, which I will fully explain when dealing with taxation. I will ask the House to make the authority applicable to those who neglected to take up their part not only of the last war loan, but of any future war loan.

This compulsory system will not be enforced against those whose incomes are under £700 per annum. Those whose earnings are below that amount must be trusted to contribute voluntarily.

This may be regarded as a somewhat drastic measure, but I regret to say it is necessary, as there are many persons of means, and also companies, who subscribed very little, and in some cases nothing at all, to the last loan. I would earnestly impress upon the country the fact that our part in the war cannot be carried on without the necessary ways and means, and all who possess means and do not realize what is their clear duty must be compelled to make the same sacrifice as those who do recognize their duty.

I propose to ask members of Parliament, patriotic societies, and others throughout the Dominion who have already done such excellent work in connection with the war to assist the Government as far as possible by advocating the war loan. I feel sure that the deep interest which is being taken in the welfare of the Dominion by members and others mentioned will ensure their loyal and hearty support, and I am confident that their assistance will be greatly appreciated by the Government and the country.

Steps will be taken to have all war stock that has been taken up locally made available for sale in London, and so have a recognized market for it. This cannot be done until after the war is over, but I have represented the matter in the proper quarter, and I can say that no difficulties will be placed in the way of having this done when it is possible to do so.

INVESTMENT IN IMPERIAL WAR LOAN.

I have mentioned that the ordinary revenue reserve invested in London amounted to £3,917,731, but there are moneys belonging to other funds also invested there.

While I was in London the great Imperial War Loan was being floated, and, after consulting the Right Hon. the Prime Minister, it was decided that it would be a fitting thing for this important part of the Empire to subscribe a substantial sum towards the loan. I accordingly arranged for the realization of £5,000,000 of Dominion funds which were then invested in London