

centres in this Colony, but it by no means follows that they are absolutely distinct. The constant intercommunication which is maintained between the different ports virtually binds our foreign trade into one; and in speaking of the capital of the Colony, and considering whether New Zealand is gaining or losing capital, we must regard its commerce as indivisible. The reason for this lies simply in the fact that the cost of transporting money from Province to Province is less than the cost of transporting it between the different ports of this Colony and those of the countries with which we trade.

If, however, we come to speak of the capital of different districts, then I admit that the case is entirely altered. The interprovincial trade is the medium which adjusts and consolidates our foreign trade. If New Zealand had a metropolis of commerce, this would be plain enough, as the rate of exchange there would decide the rate for the rest of the Colony, and the other ports would in turn each act through this same channel. This, however, is not so. There is no one place through which the commercial pulse of the whole Colony can be felt, and it is consequently often assumed that no such pulse exists. The constant changes and counter changes in the interprovincial trade seem at the first glance to betoken a fluctuating and insecure state, whereas, in reality, they constitute the only steadying influence which exists. Precisely the same thing occurs, on a larger scale, between the whole group of Australian Colonies, and the foreign countries with which they trade.

To look at the whole matter broadly, we can only say that the Colony is paying away capital when the demand for its exports is falling, or when, on the other hand, its power of supplying foreign markets is so contracted as to raise the price at which it could profitably export its goods to that at which the foreign country could obtain its supplies from another source; in other words, when it happens that other countries are enabled to reduce their prices, or that we have to raise ours, then the profits of our trade will be falling, and capital will not reproduce itself at the same rate as before. During the last year, it is an unfortunate coincidence that this Colony suffered from both the causes named. The quantity of gold produced has decreased, and simultaneously the price of wool has fallen in the English market. The result is, that the purchasing power of New Zealand wool has been seriously affected; and although the actual money value of her gold is the same, yet the decrease in quantity of course diminishes the sum realizable from it, either in money or imports. Consequently we find, that during the year 1868 there was a considerable diminution in the gross imports of the Colony.

Sufficient has now been said to show that, as far as the Colony is concerned, there is no need to look for such a means of fixing capital as is sought for by Mr. Potts. The means are evidently identical with those for developing and settling the Colony generally, and may safely be left to the private enterprise of the colonists and settlers, unassisted by the honorable gentleman in question. Government dead-lifts are at all times most dangerous tools to handle, and if any notion of applying such was entertained, it is to be hoped that it will be cast aside; the negative method of reducing taxation is the only one universally salutary, and there is small hope or possibility of that being employed at present.

As regards the Middle Island gold fields, there is no question that they are losing capital as well as population, and I have already shown that the investment of capital is necessary to secure a permanent population. I have now, then, to discuss the means for securing, or at all events encouraging, this investment.

ESTABLISHMENT OF GOLD FIELDS.

When we consider with what a small amount of trouble, comparatively speaking, the immense sums realized from the diggings of New Zealand have been obtained, it becomes a matter of surprise that so few of those who were thus enriched should have turned their attention to the further and more systematic prosecution of an industry so remunerative. There is no doubt that this neglect must be attributed to the habits of mind of the diggers, of whom, as has before been remarked, the large majority prefer to squander their earnings at once, and then remove to some other surface diggings, rather than save their money for the purpose of perpetuating the field on which they are placed, by the investment of capital and the employment of skilled labour. Sufficient has already been said to show that such investments for capital, to an almost unlimited extent, are to be found in Otago, and in all probability upon the West Coast. It remains to consider what will be the best means for the people of New Zealand to adopt, either through their Government or by private enterprise, in order to achieve the end in view.

INFLUENCE OF GOVERNMENT.

Colonial Government.

The first requisite towards the attainment of our object is evidently the diffusion of reliable information among those who are likely to undertake or assist in the task of opening up a new industry. The second is the sufficient protection from all unnecessary interference of any who actually engage themselves in the work. Here, it appears to me, the legitimate functions of the Colonial Government should end; the rest should be intrusted to private enterprise and the local Governments.

With respect to the first duty which I have assigned to the General Government, viz., the diffusion of information, I do not think it should extend beyond the instruction of the local Governments in any matters likely to be of a useful character. "Power," says Stuart Mill, "may be localized, but knowledge, to be most useful, must be centralized; there must be somewhere a focus at which all its scattered rays are collected, that the broken and coloured lights which exist elsewhere may find what is necessary to complete and purify them." The Geological Survey Department is the only make-shift which New Zealand possesses for an instructor of the whole Colony in mining matters. However, without grumbling at our tools, we may ask, what has become of the different Reports on the Gold Fields of New Zealand which have issued from this department? Have they been reprinted by the local bodies and widely diffused amongst the public? Have all items of local information which could in any way be useful been appended to these reports, and, in fact, everything