

annum for its services. We make the proportionate amount considerably more; but this figure gives the New Zealanders the benefit of the Maori population. New Zealand, in short, and its imitators—Queensland and South Australia—are accumulating debt enormously, from the smallest farmer, with his mortgaged land, up to the great mortgage companies, which have millions locked up in the land and stock and house property—millions they could no more withdraw when called upon than they could squeeze water from the sands of the Arabian Desert. Valuations for rating, or any other purpose, based upon a foundation of this illusory kind may be at least as far from telling the truth as is any mention of New Zealand live stock which leaves out its rabbits.

[Extract from the *British Australasian*, 20th May, 1886.]

NEW ZEALAND FINANCE.—The letter which the Agent-General for New Zealand wrote last week to Mr. Westgarth, and which appeared in our columns under the heading of “*Standard Facts*,” is described by the *Economist* as intemperate, while the statements he makes are designated as “of the nature of those specious half-truths which are exceedingly apt to mislead.” Now, it is apparent that the letter in question was not addressed to the editor of any newspaper, but written in reply to a repeated request of a well-known member of the Stock Exchange, and in justification of his colony from published aspersions of a far more intemperate character. Indeed, the attack of the *Standard* upon New Zealand, which is brought to a climax in that curious simile “a community whose very life is jobbed away on the Stock Exchange with no more thought than if it was so much hemp”—the Stock Exchange having nothing to do with hemp—would be, as Sir Francis Bell put it, “comical, if it were not so shameful;” and if, in writing to Mr. Westgarth, he betrayed some irritation, it was very natural. However, this is only a side-issue. The *Economist* proceeds to quote the figures which, it is said, the Agent-General uses with the probability of misleading, and the *Standard* takes comfort to itself by quoting what the *Economist* has said. Let us, therefore, confine our remarks to the facts of the case, and, taking in turn each point raised, endeavour to see on which side the rights of the matter rest.

We read, “Sir Francis Bell characterizes the statement that the interest on the New Zealand debt is paid out of loans as ‘sheer nonsense;’ and it is certainly the case, as he says, that the revenue of New Zealand for the five financial years ending 1885 amounted to £17,403,600, while the interest on the public debt was only £6,905,400, exclusive of £613,000 paid for sinking fund. But no mention is here made of the administrative charges of the colony, which have, of course, a first claim upon the revenue, and hence, with the ordinary expenditure left out, the figures given are worse than valueless. According to official figures, the total revenue, the expenditure out of revenue, and the expenditure out of loan for the four years ending 1884 have been as follow:—

	1884.	1883.	1882.	1881.
	£	£	£	£
Total revenue	3,707,488	3,871,267	3,917,160	3,757,493
Expenditure out of revenue	4,101,318	3,924,005	3,824,735	3,675,797
Excess or deficiency in revenue	−393,830*	−52,738	+92,425	+81,696
“Expenditure out of loan”	1,565,748	1,191,784	821,976	1,069,927

* This deficit is incorrectly given: it should have been £146,130, the *Economist* including a further £247,700 saved by last year’s conversion of the consols in inscribed stock.

If the territorial revenue and expenditure be deducted from these figures, which should properly be done, the net results appear distinctly less favourable. It is plain, then, that the revenue has recently proved insufficient to meet the expenditure.” So it has on the four years named by £24,747, or about £6,100 a year; while the deficit of the Home Government during the past four years has been £3,389,000, or at the rate of £847,000 per annum. The point is, do such figures spell repudiation, as the *Standard* says they do? And, if in the case of New Zealand, why not at Home? Had New Zealand carried out her debt-conversion at the commencement of these four years she would have had a surplus instead of a deficit. In the year ended 31st March, 1886, New Zealand had an actual surplus of £97,000. Again, technically, the *Economist* is incorrect in stating that the debt-charge is not the primary charge; but, of course, administrative charges are admittedly a necessity, and we will grant, for the sake of argument, that the debt stands second to the necessities. But surely luxuries would stand third. Take, for instance, the expenditure for 1884, £4,101,319: we find it includes £336,178 for public instruction (including libraries and school-buildings), an outlay exceeding 12s. per head of the entire population. At the same rate the Home Government would be assisting education to the amount of £22,000,000 per annum; and if it became a question of debt-interest or of the grants for free libraries and school-buildings being curtailed, we are quite sure it would not be the bondholders who would have cause for complaint. But there are other items of expenditure in the same year which we should class as luxuries—charitable institutions, public works, including grants-in-aid, development of thermal springs, &c. These, if the pinch came, could be pruned down; only in arguing thus we are discussing eventualities that will never be raised. But the *Economist* refers to the territorial revenue, and says that it should not be classed as revenue at all. Let us see how this is. In the year 1884 that territorial revenue was £383,506, and was composed of land sales, £196,085, and licenses and rents, 187,454. Now, we hold that rents for the use of Crown lands are revenue of the most justifiable kind, and the matter in dispute is thus fined down to the remaining £196,085, representing actual sales of territory. The Government in their annual Financial Statements apply this money to specified public works under the title of the “Land Fund,” and it does not come into the ordinary revenue at all. The Agent-General in his letter to Mr. Westgarth excluded it, though evidently the *Economist* was under the impression he had not done so. But, while the point is a minor one, it is, at the same time, one not readily grasped in the Old Country. It is remarkable that land sold by any of the Australasian Governments yields a greater revenue to the State after its alienation than it did before. Taxation yields more to the Exchequer than rents; and thus parting with the fee-simple does not involve any loss, such as these critics appear to suppose. Altogether there is nothing in these land sales for the bondholders to fidget themselves about.

But the *Economist* has a good deal more to say. It points out that, though the Agent-General refers to the great increase in the cultivated area, that increase is not in arable land, but in pasturage. This is quite true—as regards grain-growing land more than true.

	Land under Grain.	Land under Green Crops.	Grass-land.
1883	738,822	394,473	4,883,616
1885	664,540	467,701	5,315,504

In the Province of Canterbury alone between these years no less than sixty-seven thousand acres were converted from wheat to grass, and for the simple reason that, while grain-growing did not pay well, sheep-fattening did. During these two years not only were these sixty-seven thousand acres so utilized in Canterbury, but over two hundred thousand additional acres were ploughed and put under grass; and the remarkable growth of the frozen-meat trade in the face of all obstacles is one result of this change. New Zealand is a wonderful grass-growing country, and the actual decrease in the grain-area, taking into consideration the present trade with Europe, is in no way a bad sign.

The next point made by our contemporary is thus expressed: “Sir Francis Bell compares New Zealand with Great Britain, as measured proportionately by population, forgetting that the same unreliable method could readily be used against himself. New Zealand, for instance, has about six hundred thousand inhabitants, or about one-sixtieth of the number of Great Britain; and the total colonial debt is just under thirty millions: so that to be on equal terms with the colony as regards indebtedness the debt of the Mother-country would have to amount to eighteen hundred millions, or two and a quarter times its actual amount.” Now, we venture to call this an altogether unreliable comparison. New Zealand has with her money built her railways, which at Home have been