

possible. At the present time local employees tend to reach dead-ends, and this discourages initiative and ambition. Whenever possible, Government positions should be rungs on a ladder of opportunity. Although the comparative smallness of the Public Service gives but a limited capacity to absorb many to the higher levels it should prove possible to plan advancement in such a way as to offer attractive careers to officers of initiative and ability. As with overseas officers, initial appointment should be temporary and on a probationary basis.

O. PUBLIC FINANCE

93. Considerable criticism was heard with relation to the financial administration of the New Zealand authorities, and especially concerning the lack of control by the local population over public expenditures. Since the people have not participated in financial responsibility, almost any expenditure made by the Administration is likely to be attacked.

94. The public revenues of Western Samoa appear to be adequate to support standards well above the minimum of administration and welfare required for self-government. Though the finances of the country have been subject to great fluctuations as between booms and depressions, the Government is now in a sound financial condition, without public debt, and with a considerable accumulated surplus (Annex I).

95. At present almost all taxation is indirect, by way of Customs and other sources of revenues. Direct head-taxes, which had been collected without question until the beginning of the *Mau* movement, had to be discontinued in 1926 because of *Mau* non-co-operation. Since then direct taxes have not been collected from either Samoans or Europeans, except for a small tax on salaries over £200. This makes the Samoan financial situation extremely vulnerable, since without any form of direct taxation the public revenues are entirely dependent upon the export market. A crisis in copra and cocoa prices would affect all services in the Territory. It should be noted, however, that Samoan spokesmen consider the head-tax an unfair taxation system. Discussions might therefore be opened in due course with the inhabitants as to how taxes could be levied with fairness.

96. The Mission noted during its visit to Tonga that the Government has taken advantage of the present abnormally high prices to build up a Stabilization Fund by imposing special taxes on the one important export product, copra. Some measure of this kind might be considered appropriate in Samoa. When the present boom prices fall, the Territory is likely to face serious financial problems, and it seems almost inevitable that some of the people will complain against the Government without realizing that the Government has no power of controlling world markets.