drawn from revenue and sinking funds. In addition, as previously stated, a considerable amount was also provided out of local resources for State advances, land-settlement, &c.

Increase in interest rate.

The Government has been blamed in some quarters for increasing the price of money to the detriment of local bodies, mortgagors, and the community generally, but a moment's consideration will show how absurd are such statements. The Government naturally is anxious to obtain capital for developmental purposes as cheaply as possible, but it must be recognized that the Government has no control over the price of capital any more than over the prices of wool, butter, or anything else that commands a world's market; in fact, nothing is more liquid or more universally in demand than capital. Far from the Government's action being responsible for the increase in the rate of interest, the offer of $5\frac{1}{2}$ per cent. on local issues of Government stock and debentures, made on the 9th January, 1930, was merely recognition of the fact that the price of capital had risen. In other words, the proceeds of the $5\frac{1}{8}$-per-cent. issue did not provide enough capital to meet requirements, it being quite evident that the money was going elsewhere. Accordingly, there was no option but to increase the rate, and the fact that the $5\frac{1}{2}$-per-cent. rate has not brought in more capital than is needed indicates that the new rate is not higher than is necessary. While the rate remained at $5\frac{1}{8}$ per cent. it was well known that large amounts in the aggregate were going to Australia for investment, where Government securities were obtainable with a yield of about $5\frac{3}{4}$ per cent. The Government's action probably had the effect of checking this outflow of capital, for the time being at any rate. In addition, the Dominion could not hope wholly to escape the repercussions from the violent monetary disturbances in London and New York, to which I have already referred. In fact, the increase in the rate of interest was postponed as long as possible, and was made only when conditions outside the control of the Government rendered this step imperative. I have dealt with this question of interest-rates at some length because there seems to be a good deal of misapprehension in regard to it. Indeed, one financial firm outside New Zealand, referring to these criticisms, wrote stating that the Government had taken the wisest course in the light of all the circumstances.

Summary of debt operations

To return to the position of the public debt, the transactions during 1929–30 may be summarized as follows:—

		£
Debt as at 1st April, 1929		264,191,983
Add new loans raised—	£	
Ordinary	3,576,145	
State advances	2,144,075	
		5,720,220
		269,912,203
Less redemptions—		
Ordinary	766,350	
War	1,097,744	
Discharged soldiers	425,770	
State advances	238,996	
		2,528,860
Debt as at 31st March, 1930		£267,383,343

Classification of debt.

Classification of the Debt.

	£
Ordinary	154,297,847
War	69,783,525
Discharged soldiers	7,861,886
State advances	35,440,085
	£267,383,343