

ADDENDUM BY MR. MACINTOSH.

292. In agreeing to that portion of the report relating to “fixed incomes,” I do so for the sole reason that the urgent necessity to obtain relief for the Consolidated Fund demands the sacrifice involved, but on the question of principle I wish, however, to make my position perfectly clear. To assume that, in appending my name to this report, I approve of the principle involved in this particular form of taxation would be entirely wrong. I am decidedly opposed to such a tax—at all events, to the extortionate extent of 20 per cent., or 4s. in the pound, recommended by the Economists Committee. This, if made permanent—a not unlikely event, having regard to various forms of taxation imposed in recent years heralded as “temporary” and still in force—would prove an intolerable burden.

293. In my view, a tax of this description must be regarded as possessing all the elements of confiscation, and is justified only—if the plea of justification can in such case be appropriately urged—by expediency and the exigencies of the situation. A tax of this nature, wrong in principle, would undoubtedly inflict lasting injury on the credit and good name of the Dominion, and would press with undue severity on many people of moderate means who have, in all good faith, invested their hard-earned savings in securities issued by the State, the interest on which constitutes their main—if not their only—source of income. To this burden must be added the loss to be incurred by depreciation of holdings, the inevitable consequence of reduced interest. Under such a staggering double blow the euphonious phrase “equality of sacrifice” is quite out of place.

294. Reference has been made in the main report to an alternative method of replenishing the Treasury—viz., a voluntary conversion loan. This is equally open to objection, for various reasons. The proposal (in effect an effort to compromise with creditors—an act of bankruptcy)—postulates a unanimous response. Failure to reach this important objective must end in abandonment, or in the coercion of a minority or conceivably a majority, as the case may be; consequently grave injury to the public credit would result. The use of the term “voluntary” in this connection and in such circumstances would be merely a pretence.

A. MACINTOSH.

RESERVATION BY MR. BEGG AND MR. GRIFFIN.

FIXED INCOMES.

295. We desire to dissociate ourselves from this portion of the main report. While we are in agreement with much of what has been stated in the report under this heading, and particularly with the stated object of securing some general basis of adjustment applicable to all classes alike, we do not agree with all the conclusions which have been drawn, nor do we think that the proposals set out therein will fully or speedily achieve the object in view.

296. We have, however, thought it preferable to embody our views in a supplementary report rather than to express our agreement or disagreement with the different paragraphs of this section of the interim report.

REDUCTIONS OF INTEREST AND RENT.

297. The portion of the public debt domiciled in New Zealand amounts to £115,014,738, made up as follows:—

Rates of Interest.				Public.	Departmental.	Total.
				£	£	£
3	per cent.	..	..	4,810	..	4,810
3½	..	..	..	4,041	2,593,600	2,597,641
3¾	..	..	..	..	917,500	917,500
4	..	..	..	400,039	34,969,321	35,369,360
4½	..	..	..	30,370,127	6,907,404	37,277,531
5	..	..	..	1,173,600	1,288,030	2,461,630
5½	..	..	..	2,388,260	1,510,190	3,898,450
5¾	..	..	..	5,897,430	3,785,600	9,683,030
5½	..	..	..	21,476,565	1,298,850	22,775,415
6	..	..	..	29,011	..	29,011
				61,743,883	53,270,495	115,014,378

The annual interest charge on the above debt is—						£
On securities free of income-tax						1,423,999
On other securities						3,879,357
Total						£5,303,356

298. We are of opinion that in view of the gravity of the present situation an appeal might well be made to investors to convert their Government securities into loans carrying a reduced rate of interest. The successful completion of a conversion loan would probably take some months, but the