

such conditions should be for letting only, no sales of any kind being permitted."

THE FALL IN PRICES.

Since we last discussed the position of the building trade some substantial reductions have taken place in important lines of materials, imported and otherwise. Had the financial position remained favourable to enterprise, the building industry would now be on the eve of a real boom, for there is an immense amount of leeway to be made up in all classes of buildings. Unfortunately, money has become scarce, and the interest rates are rising steadily, despite all the efforts of the Government to keep them down. The money market is in such a condition that wild-cat speculations, whether in building or in the serious over-trading which has been going on in this country, have been effectively checked. The way is being paved for a return to reasonable conditions of trade, and although the path is rough and uncomfortable, it seems inevitable that it must be trodden; and the business community, by facing it with courage and determination, will get through with credit and success. The ominous word "slump" has been heard throughout the world, and New Zealand can scarcely fail to experience something of that phenomenon as a result of the fall in the prices of its leading export products, but the Dominion is so constituted as a producing community that it should feel the evil of slump less in proportion than any other country in the world. It must not be overlooked that during the last six or seven years, the values of New Zealand exports have been at record height. This has resulted in the accumulation of many millions which were not spent, possibly owing to the fact that it was difficult to import. This splendid reserve of credit, the Government's share of which is represented by something like twenty millions sterling of accumulated surpluses, has not disappeared, though we admit that much of it has recently been pledged to carry us over hard times. The soundness of New Zealand's economic position comes from the fact that the community contains very few drones. We have no large class living on interest—the great majority of our capitalists are themselves hard workers—so that all energies are being directed to useful production, not of luxuries, which can be done without in times of stress, but of food necessities, for which there is always a market, though, as the farmer will dismally remark, "at a price!" Hard work will pull us through with flying colours.

ANOTHER MORATORIUM.

The recent short session, though not specially called for the purpose of dealing with the questions of deposits and other special contracts, came at a very opportune time to secure the passage of important legislation which has the effect of widening the scope of the principle of the moratorium, so as to cover deposits with institutions other than

banks and the savings banks. Had this legislation not been passed there is reason to believe that some large institutions, absolutely sound financially, would have been forced into liquidation owing to the fact that they had borrowed large sums on short call, for the purpose of lending to clients on longer terms on the security of a mortgage. The borrower on mortgage being protected by the war legislation against foreclosure, could not be forced to pay when the mortgage became due, but the scarcity of credit was preventing the usual stream of deposits flowing through the ordinary channels. Having protected one class, the Government was obliged to go further, and give some security for the deposit companies against difficulties arising from the moratorium, and the result was an amendment of the Mortgages Extension Act, passed in one sitting through both Houses, enabling holders of short call money to hold it until May 31st, and longer if they give notice to the lender that the money is further wanted. The renewal of the deposit is, however, subject to the payment of at least one per cent. additional interest. If this legislation is very generally acted upon, it will result in an automatic rise of at least one per cent. in interest, and the effect is sure to be felt in the rates of interest on ordinary mortgages. This section applies only to contracts of deposit which existed on the passing of the Act, viz., March 21st last. It was made quite clear during the discussion on the measure that it applies to building societies, which have large sums on deposit. There was a good deal of relief in certain commercial circles when the Act was passed, and the indications point to the fact that the financial tension has lessened as a result. We hear of some firms with deposit money who do not propose to take advantage of the measure. This will give confidence to the investor. Where the holding up of a deposit is likely to cause hardship, the depositor can at once proceed through the Supreme Court to secure an order for its repayment. The proceedings are to be in Chambers, so that there will be no publication of the circumstances which may make it necessary for the depositor to have prompt recourse to his deposit. We should imagine also that in case the depositor proved that he had a reasonable case for repayment, the Judge would order costs against the institution which had refused to accept his arguments privately, and had forced the depositor into Court. During the same session the Minister of Finance had to take power to authorise the payment, by local bodies, of a higher rate of interest than they have hitherto paid on their debentures. The former rate of $5\frac{1}{2}$ per cent. is out of the question, and efforts to secure money outside New Zealand have only succeeded by offering the investor $6\frac{1}{2}$ per cent. on this fine class of security. Some of the local bodies' financial requirements for electric reticulation must be met speedily, otherwise the State's hydro-electric developments, which we are glad to note are continuing with vigour, will have no profitable outlet.