

should be made. To provide for all these expenses by one transaction, Government proposes a total Loan of £4,000,000.

It is confidently trusted that the guarantee of the Imperial Government may be procured for at least £3,800,000 of this amount. That Government has already offered to propose to Parliament to guarantee the last-named Loan of £500,000, although the arrangement was not concluded. The same amount for the same objects precisely, we may presume, the Imperial Government would guarantee; and if it be considered that the expenditure of the remainder of the sum, as now proposed, will afford the best guarantee against any future war, and, consequently, stave off the enormous expenses that would be thereby entailed on the mother country, as well as on the Colony; and, further, when the certainty is shewn (as we hope presently to be able to do) of the expenditure itself being not only a safe but a profitable one, we say, there seems no reason whatever to doubt that the Imperial Government will give its guarantee to the remainder of the debt, and thus contribute so considerably, by the mere allowance of the use of its name, to the reduction of a very large amount of the required interest, and to the advantages to be reaped by both countries from the transaction.

RE-PAYMENT OF DEBT.

But we have now only to shew how the Colony can meet the principal of a debt of £3,500,000, the amount required for the present scheme, and the interest, at 6 per cent. (allowing 2 per cent. for a sinking fund).

Perhaps it will be considered quite sufficient to shew that the portion of the debt to be incurred for the settlement of the Waikato and Taranaki districts alone, and for the whole expenses of the war, can be met by the probable results of the scheme, as applied to those two districts; the inference being fairly to be drawn that the cost of the settlement, whenever necessary, of other portions of the country, without the addition of any such large item as the war expenditure, would certainly be attended with equally satisfactory proportionate results.

There are two branches of Revenue out of the increase to which, by the proposed scheme, the Loan and interest in question must be paid. 1st. The increase to the Customs and Ordinary Revenue by the addition to the population. 2nd. The increase to the Territorial Revenue by the additional land to be sold by Government.

1. Increase to Customs Revenue.—A comparison of the totals of European population, and of the Customs and Ordinary Revenue in each of the Provinces of the Northern Island, at the end of each of the last nine consecutive years, will give as an average the sum of £3 12s. paid by every man, woman, and child to the above branches of Revenue during the whole period. The population in each Province has been during the whole time regularly increasing; yet the amount paid per head has fluctuated only by a few shillings from the beginning to the end of the period. A similar comparison gives £2 12s. as the average paid per head by the population of the different Provinces of the Middle Island during the same period, exactly £1 per head less than that paid in the Northern Island—a difference, most probably, owing as much to contribution by the Natives towards the Northern Island Revenue, as to any difference in the habits of the European populations, (the Military element in the Northern Island,) and the consequent greater consumption of spirits and duty-paying articles by the latter.*

Allowing 12s. a-head as a set-off against the probable diminution in the Maori contributions to the Revenue to be caused by the war, it may fairly be assumed that the increase to the Customs Revenue, when the additional population is introduced, will be at the rate of £3 per head.

2. Increase to the Land Revenue.—This will be produced by the sale of the lands forfeited by the Natives at war against us. From such land, however, must be deducted—

1. The amount required for the Natives themselves.
2. The amount required for free grants to the settlers to be introduced.

Now it would certainly be only just and reasonable that all the lands of the Waikato and Taranaki tribes that are best adapted for European settlement should be taken for that purpose, leaving them the valleys and plains further up in the interior. These tribes have wantonly and altogether without provocation murdered our soldiers and settlers, including old men and boys. They have most unequivocally, through their mouth-piece, William Thompson, declared in writing their intention to kill all Europeans they can, whether armed or unarmed. They have literally declared a war of extermination against us. But we do not advise extreme measures of retaliation, however justifiable. It is not consistent with generosity or good policy, however much so it may be with justice, to inflict upon these Natives the full measure of punishment that is strictly their due, or exact from them the full measure of redress that is rightly ours. We have no desire to drive them to desperation and the mountains. It is right and fair—nay, we are forced by the necessity of self-preservation, to occupy so much of their land with settlements as will render our own people secure from them for the future. It is equally right and fair to take for sale and settlement so much of their lands, utterly waste and useless for the most part in their own hands, as will to some extent indemnify us for the losses their wilfulness and barbarity have entailed and are entailing upon us. What other plan can be devised to prevent them making the Colony uninhabitable for peaceable settlers? In what other way can a Colony consisting of 125,000 souls, by the latest and most accurate computation (by the Registrar-General, Dr. Bennett), be enabled to take upon itself the entire burden of a portion of the expenses of the wars, the present and the past, comparatively so enormous as £1,340,000 as is now

* Mr. Richmond's estimates of the contributions of the Maori population to the Customs' Revenue of the Northern Island shew, as the amount of such contributions, from a *fifth* up to a *third* of the whole Customs Revenue—much the same proportionate amount as assumed above, viz., from one-fourth to one-third of the whole Customs Revenue of the Northern Island.