

estimate that the interest paid upon these mortgages from 1871 to 1885 was rather over £10,500,000, leaving a free balance during that period for expenditure within the colony of about £3,300,000, besides leaving our whole produce free; but it will be seen that towards the latter end of the period the amount of increased debt was less than the interest which had to be paid in London: for instance, the additional debt on mortgage incurred between 1882 and 1885 was only £1,800,000, and the interest paid was probably slightly over £3,000,000. The large trade which had been carried on with the aid given by this borrowed money began now rapidly to contract, and nothing could stop that contraction unless private borrowing was to continue from the outside. But not only did no further borrowing outside take place, but since 1885 our outside mortgages have decreased by £627,000, while the interest on them paid outside the colony since 1885 to the end of last year was about £4,000,000. This striking change in our monetary relations with London must of itself be still producing a large disturbance in our trade. I have made no mention here of our other private outside debts, amounting to, at the outside, £8,000,000, but they, of course, are also being contracted, and tending to produce the same result. Leaving now the question of private borrowing, let us see what the Government have been doing in the way of loans on the London market for the last twenty years. Of the net proceeds of these loans during that period the Government has received and expended £27,000,000, and the total interest and sinking fund paid has been £20,500,000. We have therefore received of borrowed money about £6,500,000 more than we have paid for interest and sinking fund during the period. The expenditure by Government from loan during the last three calendar years has been greatly reduced, and only amounted to £2,570,000, while the interest paid was £4,250,000; so that we find that at the termination of the three years ending 31st December, 1889, the Government had arrived at a very similar point in its financial history to that reached by the outside private borrowers in 1885—the interest, in the case of the Government, exceeding the borrowed money during the three years by no less than £1,680,000, and for the last year exceeding it by £1,000,000. We find, then, that the Government have remitted to pay interest for the last three years £1,680,000, or at the rate of, say, £560,000 annually; the remittance last year being about £1,000,000, owing to the reduction in the public-works expenditure; and the amount remitted, it must be remembered, is estimated—as in the case of private borrowers—after deducting all the incoming borrowed money brought to credit. But, besides the Government borrowing and the private borrowing, we must also take into account the borrowings of the Boroughs and Harbour Boards. These amount to about £4,500,000. These bodies have paid in interest about £2,200,000; so that they have had, after providing the whole of their interest and sinking fund, say £2,300,000 to spend upon their works. Summarising then what I have said, we find that the total amount borrowed under these three heads from 1871 to 1889 may be taken as £45,300,000: while, against this, about £33,200,000 has been paid away in interest and sinking fund, leaving about £12,100,000 free money.

The net result has therefore been that, from 1871 to 1890, the colony has been able to use as it liked the whole of the proceeds of its exported produce, and has had besides to spend £12,100,000 of borrowed money, or on the average £600,000 per year, the average gradually tapering off until for the last two or three years we have not had any free money coming in, but have had still, of course, to bear our full burden of interest. We have now reached a stage when Government and private borrowing in London has ceased, and we find ourselves in this position: that, instead of having the whole of the proceeds of our exported produce, and, say, £600,000 to spend as we please per annum, we have no loan-money coming in, but we have to find from our exported produce £3,250,000 to pay our London interest. That this is the process which is going on we see from our table of exports, which shows that for the last three years our exports have exceeded our imports, at first by a small amount, and last year by so large a sum as to show, I think, that we have at last reached the full limit of the difference of exports over imports which our indebtedness to the mother-country requires,

As to private debts other than British mortgages.

As to Government loans.

As to loans of local bodies.

Net results of borrowing—public and private—from 1871 to 1890 as regards expenditure in the colony.