

balance of £565 million being repayable within New Zealand. Table No. 9 attached to this Statement shows the allocation of the debt over the various war and development purposes, and full details as to interest rates and maturity dates will be found at the end of the parliamentary paper B-1 [Pt. I].

During the year just ended the net increase in the debt in round figures was £28,900,000, representing a decrease of £1,800,000 in overseas debt and an increase of £30,700,000 in internal debt. The total interest charge on the debt for last year was £16,700,000.

CAPITAL EXPENDITURE PROGRAMME

Sound development of the country's resources should proceed as fast as practicable, but unquestionably in a time of full employment harm is done to the whole economy and the standard of living of the people is lowered, whatever may be done with money incomes, if capital expenditure is not confined to the resources obtainable from the public for the purpose. There is a back-log of necessary works arising out of postponement during the war period, but the supply of capital and labour available without impairing industry and lessening production is limited.

The huge programme of works prepared by the previous Government was thoroughly examined, and the schedule of work for this year was held down to a total which it was considered could be financed without recourse to additional creation of credit. We are now assured of sufficient capital to finance our programme of works without drawing a penny from the Reserve Bank. This year, unlike the last, the Government will not be spending more than is raised from the people by taxation and borrowing combined. That is one very important change we have made to safeguard the economy of the country and the standard of living of the people. It is one of the carefully planned steps the present Government has taken to correct the position we discovered on taking office.

Hitherto there was a tendency for the Government to undertake any and every class of work, but we consider that the State should carry out only works of national importance, and that works of purely local benefit should primarily be the responsibility of local authorities or other local interests. In appropriate cases where an essential job is beyond local resources State assistance would be given, but many people have a fallacious idea that what the State provides does not