

11. In conducting the business of the Bank the Directors would do so without fear of, or favour to, any person or body, and without being influenced in any way whatever by any political party, or for any political purpose or end, or in any other way, every colonist being served and treated by them with equality.
12. All the transactions of the Bank would be subject to strict audit, and to ensure propriety, all the provisions of The Public Revenues Acts would apply, and special provisions might be added applicable to the special business of the Bank. And all officers and servants of the Bank would be subject to the provisions of these Acts.
13. Monthly, Quarterly, and Annual Accounts of the Bank's affairs would be prepared, audited and published in the *Gazette*. The Annual Accounts would give a complete statement of the Affairs of the Bank for the year.
14. The Directors, or one of them, and the Auditors, or one of them, ought to attend when required the Sitting of Parliament, for the purpose of furnishing either House with all proper information ordered; but they would be precluded from giving any information as to the state of an account unless when a loss to the State has arisen.

The cardinal principles upon which the Institution must rest are adequate value specifically pledged for repayment, and public control. Banks do not now advance money merely because the public promise to repay in sovereigns; they advance on that condition plus the security of property pledged. Payment in sovereigns is unnecessary, and as a matter of fact, payment is hardly ever made in sovereigns. That is an artificial requirement, and is a necessary part of the scheme of Private Control. Section 4 of the Coinage Act, 1870 (the consolidated British Law of Money), is framed for that purpose, making only gold coins legal tender. Control or "corner" the stock of Gold (which is frequently and easily done by the great financial operators), and the amount of legal tender money available to the public may be increased or diminished at will. We must not allow such "private men to have the handling thereof."

State Bank advances must be looked at from two points of view. (1) Advances to private persons. These can never be excessive, as the margin of security can always be made sufficient for complete safety. The supply of such money would be practically automatic, within the fixed margin of security, drawing out and paying in. There could be no "flooding" of unneeded currency. (2) Advances for construction of General or Local Public Works. Such advances would in every case require the express sanction of Parliament, and would only be allowed against Taxes or Rates levied for repayment by annual instalments. No interest would be charged, or only a small percentage to cover expenses of management. Parliament would determine the maximum amount for expenditure in any one year, and in this way it would control the amount of Currency to be put in circulation from time to time. An amount of Currency issued for such Works would be cancelled each year corresponding to the amount of Taxes or Rates collected for repayment yearly. Issues of Currency for such Works would of course only take place from time to time as required for each particular Work authorised. This would be a very different thing from present methods. At present we borrow two or three millions in London, and the whole amount goes into circulation in New Zealand as promptly as possible, either directly by Government expenditure, or through Banks holding on deposit for Government. Thus there is great risk of flooding the country with money, and so of creating a "boom," with the inevitable subsequent "slump."

A State Bank conducted upon the lines proposed would be found to be one of the greatest boons to the inhabitants of New Zealand. The productions of the country would expand rapidly and enormously, for enterprise among all classes would receive every legitimate encouragement, because it would be the interest of the State to aid its citizens. The elements of Interest and Profit would be excluded. Private savings