

### Question No. 2.

Accepting Mill's principle that our internal Debt could be abolished by a rearrangement in the ownership of the Nation's Capital Wealth, and leaving for the time being the consideration of a plan for effecting this, let us discuss next the second question of our series, "What would be the resultant economic gain?"

At the outset, we must remember that conflicting views have been and still are very generally held concerning the advantage and disadvantage to a Nation of a National Debt. During and after the Napoleonic wars even poets became engaged in controversy on this subject, and Byron—if I recollect aright—satirises the statements of his fellow-poets "who call Debt blessing." It is urged that a Debt benefits the Nation by affording an outlet for safe investment by the thrifty; that the indirect benefits derived from the capital outlay of the Debt greatly exceed any loss to the Nation; that interest being raised within the Nation by taxes and spent within the Nation, it follows that no real loss to the Nation is involved. Now, each of these contentions is in the nature of a half-truth. The answer to the first is that thrift in the individual, by the individual, for the individual, does not *necessarily* involve the benefit of the Nation; and that the provision of a safe investment for capitalists is not the direct concern of Government, as the capitalists are only a section of the Nation, and Government is trustee for National not Sectional interests.

The answer to the second contention, that indirect gains may offset direct losses, is only applicable where the Capital outlay of the Debt has been for works of utility, like Harbours, Roads, etc., etc., and even in this case, if such works be needed, and the wealth of the Nation will allow, it is arguable that taxation for such purposes is preferable to borrowing,