A BROAD APPROACH TO THE STUDY OF
RURAL CHANGE

A thesis
submitted in fulfilment
of the requirements for the Degree
of
Doctor of Philosophy in Geography
in the
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by
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"All that one can claim with any certainty as ... one's own ... are the errors and the omissions" (Franklin, 1978: xiii)

In the course of this study I have drawn upon material from a variety of sources, including: farm management, sociology, and political science. The findings from this research have helped to guide the study and to develop the major themes within the thesis. Without this input the thesis would not have been possible. It is therefore important that I express my gratitude to the researchers who have directly or indirectly contributed to this study.

I also need to acknowledge the assistance I have received from the business and farming community within Canterbury. Their willingness to help 'yet another surveyor' was extremely gratifying. Most respondents took a keen interest in what I was trying to achieve and they provided both encouragement as well as nourishment (i.e. tea and scones). I am indebted especially to the group of respondents who allowed me to make repeated calls upon their time, so that I could clarify points and gain additional information.

"To the farmers [and businesses] of Canterbury I am grateful for the readiness with which they responded to the many requests I made of them" (Copland, 1920: vi)

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ABSTRACT

This thesis contributes to the growing debate within rural geography as to the role of broader social theory. The debate centres upon the need for a broader, more structural approach to the analysis of rural change. An increasing number of geographers are campaigning for this perspective as it enables researchers to explore the wider processes within society and to develop an understanding of how communities are tied together, in both a social and an economic sense. Traditional, applied research has not provided a high degree of insight into the forces at work within rural society. The tendency has been to examine the changes in land use and settlement in isolation, rather than setting them within a broader framework.

The majority of this thesis will be used to outline the argument for a broader research perspective within rural geography. It will look at why a broader context is important and how this approach can contribute to our understanding of societal change. The major reason for incorporating a broader perspective into rural analysis is to develop a better understanding of the whole environment in which farmers, business leaders, and households operate. It enables geographers to explore the political pressures on rural communities, as well as the socio-economic conditions within each region. This insight is critical for understanding the direction of rural activity, and for identifying the trade-offs that decision makers are compelled to make. In particular, it helps to clarify the role played by national and international conditions in the rural community. It sheds light on how changing international commodity markets effect farm behaviour and how modifications in national planning policy influence the pattern of new development. A broader perspective is also important for studying the class and power relations within society. It enables geographers to identify which classes dominate the political process and control access to resources, and why.

The thesis will also be used to demonstrate that a broader research approach can be brought into rural geography without sacrificing the essential elements of the discipline, principally the
traditional focus on 'place' and 'spatial diversity'. This point is highlighted in a detailed case study of Canterbury. The study shows how general and area specific trends can be analysed to create a comprehensive picture of the Canterbury economy and its development over time. This is a critical issue, as one of the major reservations geographers have had about broader structural approaches is their tendency to eschew local conditions. If geographers can be shown that it is possible to retain a local perspective alongside a structural approach, then there should be an increased willingness to accept the necessity for a broader perspective on rural change.
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CHAPTER ONE

INTRODUCTION

THE BACKGROUND TO THE RESEARCH

There has been a growing debate during the 1980s and early 90s over the direction of rural geography. The debate centres upon the role of broader social theory in geographical analysis. The traditional approach to rural geography, as espoused by Clout (1972), has a strong applied focus. The research from this area seeks to identify the characteristic types of land use and settlement within a region. The geographers who follow this line of research treat the different land use and settlement categories "as discrete spatial units for investigation." (Robinson, 1990: 18). This approach can be seen in the work of Gilg (1985) and Pacione (1984). The argument against this approach is that it tends "to eschew theory and closer links with developments [in] other social science disciplines" (Robinson, 1990:18). Instead of exploring the wider structures within society, these studies examine events and phenomena in isolation.

Criticism of the traditional approach has gained momentum with the works of authors such as Cloke (1989, 1990), Lawrence (1987), and Le Heron (1988, 1989(a), 1989(b)). They have attacked the artificiality of this form of research and have called for a stronger theoretical base to the study of rural activity. The incorporation of critical social theory is seen as necessary if geographers are to identify the social and economic foundations on which rural communities operate.

"agricultural change can not be explained without consideration of [the] social and economic processes arising out of the capitalist and socialist modes of production"

(Bowler & Ilbery, 1987: 330)

The incorporation of a stronger theoretical base has also helped geographers to develop "a broader inter-disciplinary approach" (Robinson, 1990: 18) to the study of rural communities and their evolution overtime.
There has been resistance to a broader, more theoretical approach as it shifts the emphasis within rural geography from spatial considerations to the social structures within a community (Cloke, 1990: 123). It has taken time for geographers to accept the need for this form of analysis and to recognise the contribution it can make to our understanding of rural development. The catalyst for this change has been the inability of traditional research techniques to explain the economic restructuring and social reforms of recent decades (Peet, 1978: 16, Peet & Thrift, 1989). Traditional techniques have proved inadequate for this task, as they have neglected the impact broader structural reforms are having upon the pattern of business and household activity.

The pressure for a broader, more theoretical approach has come mainly from geographers with a background in Marxist political economy (Cloke, 1989, 1990, Lawrence, 1987, Le Heron, 1988, 1989(a), 1989(b), Robinson, 1990). The political economy approach argues that the changes in land use and settlement can not be explained "in isolation, but by reference to the underlying forces within capitalist society" (Cloke & Little, 1990: 11), (Johnston, 1984: 474). The emphasis is on understanding the structures within rural society and how changes in political and socio-economic conditions feed through to business and household decision making.

The studies which have emerged from this area of research have provided a valuable window into the rural economy and into the changes that have taken place over recent decades. The political economy approach has helped geographers to better understand the economic structures within rural society and the role played by political institutions in shaping business and household activity. The findings have also helped to identify the linkages "between the state, capital and labour" (Bowler & Ilbery, 1987: 329), (Lawrence, 1987).

A broader research approach has not been accepted without reservation. There are concerns that this trend is robbing rural geography of its distinctive character, by accepting that rural and urban areas "are subject to the same basic underlying structures and processes" (Robinson, 1990:18). Geographers are concerned particularly about the loss of 'place' in this
new research. If the spatial focus is removed from rural geography, then there is little to differentiate it from rural sociology or economics. Until this issue is addressed there is little likelihood of reconciling the divergent views in the rural geography debate.

THE OBJECTIVES OF THE THESIS

Rural geographers are still coming to terms with the idea of a broader research approach. There continue to be doubts about the value of this approach and the role it is to play in rural analysis. These concerns will be at the heart of this thesis. The thesis will debate the need for a broader, structural approach within rural geography. It will also examine the degree to which a broader framework can be combined with traditional geographical analysis. The discussion will look at whether there is still a place for a local perspective in rural geography and what emphasis should be placed on the behavioural characteristics of individuals and households. The intention is to show that a balance can be found between traditional research and the ideas espoused by broader theoretical studies.

The principal reason for adopting a broader, more theoretical approach is to gain a better appreciation of the forces which are driving businesses and households in their decision making. Our understanding of these forces has been hampered by the narrow focus that is taken in traditional geographical research. Geographers have emphasised local explanations when studying the changes in farm and business activity, rather than exploring the ties between the rural sector and the wider economy. Researchers need this wider setting as the changes in the rural sector are being shaped increasingly by external factors. This can be seen in areas such as farm development, where the level of investment is influenced as much by national and international conditions as by local considerations. Before farmers undertake a new investment they look closely at the state of the commodity market; the availability of capital; and the degree of government assistance that is available (i.e. taxation incentives and direct supports). Difficulties in any of these areas will affect the ability of farmers to raise capital and to undertake new development. This example illustrates that researchers need to understand the broader pressures on farm and business managers if they are to explain the pattern of economic development within the rural sector.
Identifying these broader conditions and the role they play in rural decision making will be two of the key elements within this research. The thesis will study the political ties to the wider economy, and the broader social and economic pressures that are facing businesses and households. The research will pay particular attention to the social pressures within rural communities. This is an area of geographical analysis which has received insufficient attention in recent years. A social perspective is important if geographers are to explain: the breakdown in traditional employment barriers; the growing poverty in rural areas; and the increasing pressures on social services. Researchers need to understand these developments and the influence they are having upon rural activity as a whole.

Adopting a broader framework involves more than identifying the national and international pressures on rural activity. It also involves developing an understanding of the relationships within society. Researchers need to understand how rural businesses and households interact, and what their response to political restructuring and economic reform is likely to be. In developing this picture, it is important to recognise the inter-related nature of events. Changes in one area are likely to flow through to other aspects of rural life. This point can be seen by looking at how tighter financial conditions at the household level have impacted upon sporting participation and involvement in the voluntary sector. As economic conditions have tightened there have been growing pressures on households to find additional employment. This has reduced the available time household members have for outside activities. The consequence of this has been reduced participation in local sporting activities and involvement in voluntary services, such as meals on wheels and home visits. This relationship is just one of many which researchers need to have a better appreciation of. The thesis will explore the nature of these relationships and how they influence the way businesses and households respond to change.

In moving to a broader approach it is important not to lose sight of the traditional elements which have made rural geography a distinctive area of research. These are the focus on place and individual behaviour. Balancing these elements with the insights provided by a broader perspective will be a crucial part of this research. The thesis will argue that a local perspective needs to be retained if geographers are to explain the variations in social and
economic behaviour that occur within a community or region. A local perspective is important especially for interpreting how businesses and households view the changes around them and for identifying the factors that are shaping their decision making behaviour.

AN INTRODUCTION TO RURAL GEOGRAPHY

In this section we will introduce the major themes within rural geography and discuss what researchers have been trying to achieve. Rural geography has its origins in the land use studies of the mid nineteenth century. These studies generated interest in the rural economy and in the changing nature of land and resource use. They showed that the land use patterns within rural society are not random events. This point was demonstrated in the work of Johann von Thünen (1826). Von Thünen showed that farmers make conscious decisions about the types of production they are going to undertake, based upon cost and transport considerations. This narrow focus on land and resource use has given way to a broader examination of rural issues, through the inclusion of new strands of research.

The initial area of growth was in settlement research. From the turn of the century through until the mid 1930s there was significant interest in the distribution and characteristics of rural settlements. This interest came particularly from French geographers (Vidal de la Blache, 1926). They examined the nature of rural settlements and the pressures that have been moulding their development. Rural geography experienced a rapid period of growth during the 1950s and 60s with the quantitative revolution. Greater access to statistical modelling enabled geographers to explore the transportation systems within rural communities and to study the spread of ideas and technology. More recently, geographers have begun to examine the structures within society (Cloke, 1987, 1988). They have explored the planning environment in rural communities, the role of the state in development, and the interaction between producers and processing companies.

Rural geography now covers a wide range of issues, from the diffusion of new technology through to the study of migration flows. The broad scope of rural geography can be seen in
Table 1.1. The table shows that there are six distinct areas of study within rural geography. A sizeable body of research has developed around each of these areas.

**TABLE 1.1**

**The Strands of Research Within Contemporary Rural Geography**

<table>
<thead>
<tr>
<th>Area</th>
<th>Issues Covered</th>
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</tr>
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<td></td>
<td>The Growing Influence of Agribusinesses in Farm Management</td>
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<tr>
<td>Demographic Patterns</td>
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</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>Land Use Change</td>
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<td></td>
<td>Business and Industrial Location</td>
</tr>
<tr>
<td>Settlement Patterns</td>
<td>Planning Structures</td>
</tr>
<tr>
<td></td>
<td>Settlement Hierarchies</td>
</tr>
<tr>
<td></td>
<td>Service Patterns</td>
</tr>
<tr>
<td>Technological Development</td>
<td>The Diffusion of Ideas and Technology</td>
</tr>
<tr>
<td></td>
<td>The Willingness of Decision Makers to Accept Change</td>
</tr>
<tr>
<td>Transport Development</td>
<td>Mobility Patterns</td>
</tr>
<tr>
<td></td>
<td>Rail and Road Networks</td>
</tr>
<tr>
<td></td>
<td>Spatial Reorganisation</td>
</tr>
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An important point to note about the development of rural geography has been the willingness of researchers to incorporate ideas from other disciplines. In the case of rural migration, the underlying concepts are based upon work by the nineteenth century statistician, Ravenstein (1889). A similar situation exists in the case of diffusion and location research. The industrial location models used in rural geography draw upon the findings of two economists, Alonso (1964) and Lösch (1954), while the diffusion research is based in large part on sociological models (Wilkening 1958, and Jones, 1967). This willingness to draw on ideas from other disciplines continues in the 1990s. Researchers have used concepts from Marxist political economy to explain the role of government in rural development and the role multi-national processing firms are having on farm management.
THE CONTINUING RELEVANCE OF RURAL GEOGRAPHY

Over the past decade there have been calls for a re-assessment of rural geography. Researchers have been questioning the need for a rural perspective, given the high level of integration that now exists between rural and urban communities (Hoggart 1988, 1990). Integration has broken down the historical divisions between these two communities, especially in the past two to three decades. This blurring of the boundaries means that it is no longer appropriate to talk about a distinct 'rural - urban' divide (Cloke, Le Heron, and Roche, 1990: 13).

"[Any] division between rural and urban is highly problematic" (Robinson, 1990: 11)

The major factors encouraging integration have been the improvement in transport and telecommunications. As transportation systems improve, rural communities are drawn inextricably into the wider economy. This exposes rural businesses to competition from urban centres and it improves the mobility of residents. The improvement in the roading network also opens up rural communities to urban residents. The effect of this has been to turn a growing number of rural centres (especially those surrounding major cities) into commuter suburbs. These changes have been used to argue that the rural sector should be studied as part of the wider economy, rather than as a separate field of research (Hoggart, 1990: 248).

Within rural geography there is an acceptance that the historical divisions between rural and rural areas are becoming blurred. There remains however, strong support for a rural perspective. Retaining a rural perspective is seen as important as communities do not respond in a uniform manner to the changes in society. The way a community responds to economic restructuring or to political reform varies, depending upon its employment, population, and social characteristics. This means that the findings from an urban study can not be readily translated to a rural situation. The different social and economic characteristics make direct comparisons problematic.

"rural areas have particular local features ... which give them a distinctive social character" (Cloke & Little, 1990: 7)
The need for a local perspective can be illustrated by looking at the business conditions in rural communities and how they differ from urban areas. Rural communities have a narrow economic base compared to their urban neighbours (i.e. farming, agricultural processing, and servicing). In the majority of cases, they have only one or two major processing activities. This dependence on a narrow range of activities makes rural communities vulnerable to downturns in the economy and to economic restructuring. This vulnerability can be seen by looking at the restructuring of the New Zealand meat industry and how it has impacted on rural and urban centres (Britton, Le Heron, & Pawson (eds), 1992: 107 - 114). Since 1979 more than a dozen meat processing plants have closed or been scaled down. A large percentage of these closures have been in rural centres, such as Kaiapoi, Patea and Whakatu. These closures have removed between 500 and 1,000 jobs¹ in each of these communities. The redundant employees have found it difficult to gain equivalent positions, as these communities have a limited employment base, especially for skilled workers. This has meant that a significant proportion of the redundant workers have been forced to migrate out of the local community. Urban centres have coped with the loss of employment more successfully, as they have a larger and more diversified employment base. Skilled workers have usually been able to find equivalent positions, often in the same industry. These contrasting responses to economic change would be masked if researchers were to study the rural and urban communities collectively. It is therefore important that the rural sector be studied in its own context, rather than being examined as an extension of the urban environment.

Another important factor in this debate has been the appropriateness of using general research models to trace the developments in rural society. Rural geographers have criticised the use of these models as they tend to be based upon urban criteria.

"rural issues need to be defined in their own context and that the policy tools used to solve those issues must come from the rural perspective" (Cloke & Park, 1985: 6).

To understand the changes occurring within the rural sector, it is necessary to use research techniques that are appropriate to the rural environment. Urban based models can not be

¹ In addition to these direct losses, it is important to consider the downstream redundancies in the service sector.
used as they are tailored to the conditions within metropolitan areas (i.e. they are based upon the economic and social conditions within the urban sector).

Overall, this debate has shown that there is still a place in geography for rural orientated research. Rural based studies are needed as they provide a valuable insight into the way communities respond to economic and social change. These insights can not be gained by using general models, as they ignore the local characteristics within the rural economy (Cloke, Le Heron, and Roche, 1990: 14). To understand the operation of the rural sector, it is necessary to adopt research techniques that are tailored towards the rural environment.

CAN RURAL AREAS BE DEFINED?

"In general terms 'rural' has been regarded as referring to populations in areas of low density and to small settlements" (Robinson, 1990: 11)

Delineating a boundary between rural and urban has been one of the most contentious issues in geography and related disciplines. Numerous classifications have been produced, none of which have become a standard definition. The major difficulty researchers face when addressing this issue is the problem of perception.

"different cultural, demographic, environmental, political and socio-economic circumstances ... lead ... residents, or more formally their governments, to emphasise dissimilar attributes as key characteristics of 'their reality'." (Hoggart, Buller, Black, 1995: 21)

These differing perceptions are reflected in the administrative definitions used by governments to define rural communities. In the case of Norway, localities are defined as rural if they have less than 200 inhabitants, whereas in Italy and Spain the threshold is 10,000. The higher threshold in Italy and Spain reflects their historical pattern of settlement. Rural communities in these countries usually have a sizeable market town at their centre. This town is seen as an integral part of the community. A number of governments go beyond a simple population threshold and measure density of population over a certain area. In Canada, rural areas are classified as those with less than 1,000 inhabitants and a
population density of below 400 per square kilometre. A similar situation occurs in Denmark, where the population threshold is supplemented by a housing density quotient. One of the more detailed statistical explanations of 'rural' can be found in the Netherlands. Rural municipalities are defined as those "with a population of less than 2,000 but with more than 20 per cent of their economically active population engaged in agriculture, excluding specific residential municipalities of communities" (Robinson, 1990: 3).

These administrative definitions tend to be arbitrary in their determination of what are rural and urban areas. This means that the transitional zones around the larger centres are usually classified as urban when they should more correctly be seen as rural or semi-rural (Rind & Hudson, 1980: 50). Cloke (1978) attempted to remedy this by developing an index of rurality. This index was developed by identifying key social and economic features of rural communities. Districts were then rated against these features and given an overall score. The outcome was a detailed picture of rural, semi-rural, and urban districts. This approach gives a clear indication of the transitional zones around cities and the areas of extreme rurality. With this and similar approaches it is feasible to broadly define rural and semi-rural areas.

THE FUTURE DIRECTION OF RURAL GEOGRAPHY

Earlier in this chapter we discussed the debate over the use of broader social theory in rural geography. This debate is crucial, as it will determine the future of the subject and the way it is viewed by academics in other disciplines. The attitude taken in this thesis, is that rural geographers need to embrace broader social theory in order to gain a better understanding of the rural economy and of the conditions which are shaping businesses and households in their decision making. These conditions can not be identified by studying isolated events. Only by looking at the rural sector as a whole, is it possible to distinguish the causes of rural change. There also needs to be a greater appreciation in the research that rural change is a continuous process, rather than being a series of one off events. The existing research tends to portray the rural economy as a stable environment which changes only when there is a
major economic shock or when new technology is introduced. This image needs to change if a realistic picture of the rural sector is to emerge.

The debate within rural geography has shown that researchers need to understand the wider economy before they can address the changes within the rural sector. This wider context is important, if researchers are to understand the social and economic relationships within society. These relationships hold society together and they shape the way decision makers interact. It is therefore essential that researchers have an understanding of these relationships and the way they vary over time.

As part of this research, geographers need to clarify the role national and international factors play in shaping rural activity. These wider conditions have a major influence on the economic and social framework within the rural sector. There is however, only a limited understanding of the way these factors influence local activity. It is therefore important that researchers study the linkages between the rural sector and the wider economy. This point can be highlighted by looking briefly at the linkages between the international commodity market and the farming sector. The international market determines the demand for each commodity and the prices that will be paid. This means that a change in international demand will affect both farm output and profitability. This can be seen by looking at the wool market. A decline in the wool market will reduce the price that farmers receive for their production. The immediate effect of this is to decrease farm profitability. In the longer term it will lead to a fall in farm production and to off-farm spending (Campbell, 1973). This example illustrates that there is a strong linkage between the international market and the local farming sector. It is therefore important that researchers study these linkages and how they impact upon the rural economy.

There also needs to be a greater appreciation in the research that rural change is a continuous process. At present, there is tendency to see rural change as a series of one-off political and socio-economic events. This needs to change if researchers are to gain a better understanding of the rural sector. The business and household structures within the rural sector are being continuously restructured. In the majority of cases the restructuring process
is a gradual affair. This means that it is necessary to take a long term perspective when studying the changes within a region. A good example of this is the increase in sealed roading that has occurred over the 1926 to 1989 period in Canterbury. The yearly increase in sealed roading did not exceed 150 kilometres, but the proportion of sealed roading has risen from less than 1% to over 50% (Local Authority Handbook, Local Authority Statistics). The implications of this increase for transport services and for personal mobility have been significant, but on a year by year basis the improvement was negligible. In most areas of rural activity it is important to take a long term perspective, if researchers are to build up a clear picture of the changes that are taking place.

This section has concentrated on the need for geographers to explore broader social theory. It is important however that researchers do not lose sight of the essential elements that distinguish rural geography from other subject areas (i.e. our focus on 'place'). Adopting a broader framework should be seen as enabling geographers to better understand the local processes at work. It should not be seen as superseding traditional avenues of research.

THE GROWING USE OF POLITICAL ECONOMY CONCEPTS WITHIN RURAL GEOGRAPHY

Since the early 1980s, researchers have been introducing theoretically based techniques into rural geography. These new techniques have been used to study how the rural sector operates and to identify the linkages between the rural community and the wider economy. The major approach that has been used is Marxist political economy. Geographers have been adopting this approach as it offers an insight into the functioning of society that has previously been lacking. This is due to the fact that the political economy approach recognises "the importance of broader state, society, and class issues, and that local characteristics are explained, not in isolation, but by reference to the underlying forces within capitalist society" (Cloke & Little, 1990: 11). Researchers who have used this approach, have found that it is a valuable tool in studying the operation of the rural sector.

"the use of a political-economy approach offers rural geographers expectations of progress in a number of important areas: especially the analysis of economic change:
understanding both the role played by the state and the connections between economy, civil society, and the state" (Cloke, in Peet & Thrift (eds), 1989: 169).

The political economy approach has been favoured by researchers as it provides an insight into the process of capital accumulation, and it explores the network of social relations between classes and institutions. Because of this, it is used to examine the issues of capital restructuring, state intervention/ regulation, and class relations. Cloke and Little (1990) have summarised the principal features of the approach and how it has been used to enhance our knowledge of the rural sector.

"we might expect political-economy concepts to contribute to an understanding of:

(i) the way the organisation of the economy produces particular forms of investment (and disinvestment) in rural areas;

(ii) the variety of social groups, their interests in land, property and the environment, and the interaction between social groups and economic processes;

(iii) the way in which, and the reasons why, the state operates as it does in response to, or as an initiator of, economic reorganization." (Cloke & Little, 1990: 4)

At the heart of this approach is the concept that capital accumulation acts "as the engine of change in social and environmental formation" (Cloke, 1990: 124). Capital is continuously being re-invested in the areas and activities of highest return. This produces an ongoing cycle of restructuring, as capital shifts in search of surplus value. The consequence of this shift is that activities and areas with a falling rate of return will see an outflow of capital to those with a higher level of return. This means that there will be an uneven pattern of development "as investors seek out favourable settings for accumulation" (Cloke, Le Heron & Roche, 1990: 15). In spatial terms there will be an outflow of capital from areas which have less favourable conditions for capital investment. Capital will flow to areas with a favourable environment for "accumulation, perhaps because labour forces in these localities are relatively inexpensive and compliant, or perhaps because in particular localities state subsidies are available for various factors of production" (Cloke, Le Heron & Roche, 1990: 14).
The movement of capital from one activity to another affects not only the economic structure of a region, but also the social environment. It causes a re-distribution of political power and it affects which classes have control over resource use (Nikitin, 1983). This shift in political and resource control from one class to another has a major bearing on the way a region will develop. It affects which social groups have a say in the decision making process and what priorities are followed in the development of a region. These changing social conditions and their impact on a community are emphasised in the political economy literature. This contrasts with the existing geographical approaches, which have tended to down play the role of social conditions in shaping rural activity.

Another important issue that is addressed in political economy is the role of the state in directing and facilitating change. The political economy literature looks at how the state intervenes in the economy and what affect it has on the pattern of development. The work looks particularly at the factors that are shaping political activity. A knowledge of the political environment is important if rural geographers are to understand how local and central government agencies influence business and household activity (Le Heron, 1988, Taylor, 1989).

Finally, political economy has been used to draw together the different strands of research within rural geography (i.e. land use, migration, transport, and agro-economic research). This is necessary, as rural geography has been seen traditionally as a collection of issues, rather than as a unified subject. The lack of an overall framework has been caused by the empirical nature of the research. Geographers have undertaken detailed studies on issues such as land use and settlement change, but they have not tried to link their findings to a broader framework. A broader framework is necessary, if researchers are to gain an understanding of the rural sector as a whole. Political economy can provide this broader framework, as it is a high level theoretical approach. It looks at the underlying economic and social structures within a society, rather than the physical trends that are occurring. With this broader approach it is possible to bring the different strands of rural geography

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2 This term is used in a broad sense. It covers central and local government agencies, as well as ad hoc institutions.
together. This makes it possible to study the rural economy as a complete unit, rather than as a series of isolated issues.

THE STRUCTURE OF THE THESIS

The thesis is organised into four sections, as is shown in Figure 1.1. The initial section is devoted to an examination of Marxist political economy. Chapter two will provide a general overview of the tenets within Marxist political economy, while chapter three will explore its value for rural geography. Chapter three will also be used to critique Marxist political economy, in particular, its lack of a local perspective. The discussion will argue that Marxist political economy will need to be supported by a behavioural/managerial perspective if it is to provide an adequate framework for the thesis.

The second part of the thesis (chapters four to seven) will study the ties between the rural sector and the wider economy. The discussion will look at how rural businesses and households are constrained in their actions by broader political conditions and by developments in the national and international economy. The thesis will also look at the impact changing social conditions are having upon community and household structures. The objective in this research is to build up an understanding of the broader conditions which are shaping rural activity. This section will also be used to examine the continuing need for a local perspective within rural geography. The work will study how local physical and socio-economic conditions are able to modify the general pattern of rural activity.

The findings from this section will provide geographers with a better understanding of the rural economy and of the conditions which are shaping farm, business, and community development. The major point that will be stressed in this research is the need to view events from a broader national and international perspective. This is essential if geographers are to understand how changes in the broader economy work their way through to the local level. The thesis will also stress the importance of looking beyond the economic arena for the causes of rural change. Economic conditions are only one of the factors shaping rural decision making. Researchers also need to pay close attention to the political environment
within a community, and the social developments over recent decades (i.e. the breakdown in traditional employment structures).

**FIGURE 1.1**

**THEOUTLINE OF THE POLITICAL ECONOMY APPROACH AND HOW IT CAN BE USED IN RURAL GEOGRAPHY**

- An outline of the political economy approach and how it can be used in rural geography
- A critique of political economy

**AN OVERVIEW OF THE ROLE LOCAL, NATIONAL, AND INTERNATIONAL CONDITIONS PLAY IN SHAPING RURAL ACTIVITY**

- A discussion on how national and international processes affect the pattern of rural activity
- A discussion on the role of local conditions and how they modify rural activity

**AN EXAMINATION OF HOW RURAL DECISION MAKERS REACT TO CHANGING CONDITIONS**

- An examination of rural change in Canterbury
- An investigation of the conditions which affect rural decision makers in their actions

**FINDINGS CHAPTER**

- An evaluation of the benefits and disadvantages of a broad theoretical approach in rural geography
The third part of this thesis (chapters eight to fourteen) will be used to illustrate the practical application of a broad approach. This will be achieved by looking at a detailed case study of a rural community. A practical study is important for showing that a broad approach is more than a theoretical tool. The case study will show that a broad approach can be incorporated into geographical research and that it can play a valuable role in identifying the structures within a community and in drawing out the wider conditions that are shaping rural activity.

The area chosen for the case study was the Canterbury Local Government Region (including the 'out district' of Waitaki\(^3\)). The boundaries of the study area are shown graphically in Figure 1.2. Canterbury was chosen as extensive historical records exist from the early days of settlement. The availability of long run data is more plentiful in Canterbury than in other regions, due to the presence of Lincoln Agricultural College Lincoln University). The University has an extensive collection of agricultural, as well as more general rural material, dating back to the late nineteenth century. This source of information has proved invaluable for identifying the course of events, and is unmatched in other regions.

The intention in the case study is to build up a comprehensive picture of how rural Canterbury has developed and what events and processes have been shaping the region. This detailed picture is needed, if the underlying economic and social structures within rural Canterbury are to be studied. To achieve this detailed picture, the study has three major parts to it:

(i) the study covers an extended historical time frame, which allows events and processes to be tracked overtime;

(ii) the study examines the role of national and international conditions in bringing about local change;

(iii) the study investigates the political and socio-economic structures within the rural environment.

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\(^3\) The study area includes the 'out-district' of Waitaki. This is the area north of the Waitaki River that is managed by the Otago Regional Council. This area has been included in the study as it has strong links to the MacKenzie and Waimate districts (e.g. these three areas were joined under the Waitaki Catchment Board).
Figure 1.2
The Canterbury Study Area

The study itself covers a time frame of seventy years, from 1921 to 1991. This was not an arbitrary date, but was set by the availability of consistent records and by the nature of the study area. The early 1920s saw the introduction of new land and livestock classification systems, which made comparisons with earlier records impractical. The 1920s was also a period of rapid expansion in the area of data collection (e.g., district roading statistics were collected from 1926). In addition to these technical constraints the 1920s was selected as the Canterbury region was entering a new phase of its development. The limits of agricultural expansion, in a territorial sense, had been attained in the previous decade, while the rural population had reached a plateau. The 1920s was therefore a critical period in Canterbury's development, as it witnessed the end of the colonial expansion phase and the beginning of a new era of rural consolidation.

The second feature of this approach is that it incorporates national and international processes within the research. The study examines how national and international conditions have changed over the seventy year review period and it attempts to identify how these changes have impacted upon the local setting. The following list gives an indication of the type of issues that have been addressed.

(i) international commodity and trade patterns;
(ii) international financial and economic trends;
(iii) national legislative patterns for land use planning, transportation, and financial credit;
(iv) national economic and social trends; and
(v) state policies towards agriculture, rural services, and related activities.

The inclusion of this material is critical to developing an understanding of how wider processes can impact upon rural activities.

The final feature of this study is the depth of local material. The work incorporates a detailed base of material on the physical, political, and socio-economic structures within rural Canterbury. The purpose in collecting this material was to build up an understanding of the local decision-making environment. This is necessary, if issues are to be seen in their correct context. The majority of this material has been collected from secondary sources.
(e.g. statistical year books, county centennial publications and the like) and from three surveys (business, farm, and household surveys). The survey material provides valuable insights into the current structure of the rural community, while the secondary material is used primarily to map out the course of change in previous decades.

The final section of the thesis (chapter fifteen) presents an overview of the research and a summary of the findings. The chapter will consider the need for a broader, more theoretical approach in rural geography and the contribution it can make to our understanding of rural systems. The chapter will also examine the findings from the practical research. It will judge whether a broader research approach is an appropriate tool for studying the social and economic developments within rural Canterbury.
INTRODUCTION

The basis for this research will be Marxist political economy and the concepts that have been derived from this approach. The political economy approach has been used widely over the past decade to support the calls for a broader, more structural analysis of rural change. Geographers have been attracted to Marxist political economy as it provides an insight into the way communities are formed and how they are responding to restructuring (Peet, 1978: 21). It also provides an understanding of the wider processes within society, such as the influence of government policy on decision making and the role played by commodity markets in business activity. These insights, it is claimed, have enabled geographers to better understand the complexities of the rural economy and of the decision making environment in which businesses, farmers, and households operate (Bowler & Ilbery, 1987: 329).

The attraction of Marxist political economy for this study is that it broadens the focus of geographical research. Instead of studying events in isolation geographers are able to investigate the wider conditions within society.

"Marx took the view that no aspect of society could be analysed independently of the totality of social relations" (Robinson, 1990: 55)

Marxist political economy enables geographers to explore the conditions which tie communities together and which shape their pattern of development. It also provides an opportunity to study the political context in which decisions are made and the influence broader social and economic conditions are having upon the pattern of rural activity.
The principles of Marxist political economy and the argument for its inclusion in rural geography will be presented in chapters two and three. Chapter two will introduce the key concepts within Marxist political economy. The chapter will discuss the basis of these concepts and how they enhance our understanding of societal change. Chapter three will debate the contribution Marxist political economy can make to rural analysis. The chapter will examine how a broader, structural approach can aid our understanding of the major processes within rural society (i.e., economic restructuring, political intervention, and social reform). The argument within this chapter is that the incorporation of a broader social perspective is necessary if the underlying causes of rural change are to be identified.

Adopting a broader, more structural approach to rural geography should not be seen as downgrading the role of local conditions and individual behaviour in the decision making process. One of the strengths, and identifying features of rural geography has been its emphasis upon 'place' and 'spatial diversity'. If this local perspective were to be lost, there would be little to distinguish rural geography from related disciplines. This point was stressed in chapter one. The chapter argued that the incorporation of a broader approach should be viewed as adding another dimension to rural geography rather than as an attack upon traditional research.

A local perspective needs to be retained if geographers are to explain the variations in business and household activity. Structural approaches are inappropriate for this task as they provide general explanations of the processes shaping society. They can not be used to identify the personal factors that cause individuals and households to vary their response to economic restructuring or to social reform. To identify these factors it is necessary to retain a behavioural/managerial perspective within rural geography. With this perspective geographers are able to explore the local influences on rural behaviour and the way different groups and individuals are coping with change. The continuing need for a behavioural/managerial perspective will be debated in the later part of chapter three. The

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1 This term refers to events in the local community or district.
chapter will study the limitations of Marxist political economy when it comes to examining the impacts of rural change on a community. The discussion will argue that the uneven pattern of development within rural society can not be adequately explained without the retention of a local perspective.

**THE ROLE OF MARXIST POLITICAL ECONOMY WITHIN THIS THESIS**

The political economy approach will be used as the conceptual basis for the thesis. Its major functions will be to guide the research and to provide a setting for the practical analysis. Marxist political economy was chosen for this task as it brings to the thesis a conceptual overview of society. This overview is critical for understanding the political and socio-economic environment within the rural economy. It provides an insight into the way communities are structured and how they are conditioned by processes in the wider national and international economy (Le Heron, 1989: 17). A wider perspective is essential as rural communities are being shaped increasingly by events at the national and international level. One of the key processes identified by researchers has been the movement of capital within an economy. This process causes restructuring at an industry and community level. This point was illustrated by Cloke, Le Heron, and Roche (1990: 14) in their study of the agricultural sector in New Zealand. They showed how the movement of capital from one area of production to another (e.g. agriculture to forestry) can cause significant restructuring, at both an economic and a social level. Another area which needs close attention is the role of the state in society. The literature has shown that governments play an important role in regulating economic matters and in reducing the social tensions within a community (Cloke, Le Heron & Roche, 1990: 15, Cloke & Little, 1990: 4).

"Public policy has a major impact upon the economic and social structure of agriculture"

(Lawrence, 1987: 170)

The points brought out in the political economy literature will be used to guide the study. The thesis will examine the influence public policy has on rural activity and the impact broader social and economic developments are having upon community and business structures.
The political economy approach will also be used as the framework for the practical research. The thesis needs a strong conceptual framework if the findings of the research are going to be brought together in a coherent manner. The political economy approach will be used to give the research a firm direction and to tie together the major strands of work on rural change. This idea is shown graphically in Figure 2.1. The diagram shows how an overall framework is needed when working with a variety of research issues. The political economy approach helps to focus the practical research and to link the different areas of analysis. The lack of an overall framework has been one of the major deficiencies with existing research.

Finally, Marxist political economy brings to the thesis a strong historical focus. The political economy approach views society, and the rural economy, as an evolving entity, that is affected by cycles of investment, political reform, and social restructuring. This historical perspective is important for understanding the nature of rural change. It helps to identify the critical periods of restructuring and the impact these changes are having upon the social and economic fabric of rural life.
AN OUTLINE OF MARXIST POLITICAL ECONOMY

Marxist political economy has its origins in the writings of Karl Marx and Friedrich Engels in the mid nineteenth century (Marx, (ed. Jorden), 1971. Marx & Engels, (ed. Feurer), 1959). Their studies were essentially a critique of classical (bourgeoisie) economics and the capitalist system. The basis of their argument was that capitalist system sets "up a structure of conflicting interest groups" (Phelps, 1985: 355). The capitalist system organises society so that resources are channelled into the hands of a small section (class) of society. This channelling of resources creates a situation where the majority of the population are compelled to work for the capital owning class, as they lack the means of production to produce their own basic necessities (clothing, food, and shelter). The creation of a working class and a capital owning class opens up the possibility of an exploitative situation. Owners are able to exploit the production of their workers by paying them only a proportion of their productive value. This unequal situation is sustained by the state, which works to safeguard the system (Marx (ed. Smelser), 1973: xix).

Marxist political economy is more than a simple debate on the inequalities within the capitalist system. Marx and Engels used their writings to present an economic analysis of how societies form and change over time. This framework looks beyond the bricks and mortar of an economy and examines the underlying basis of society.

"Political economy is concerned with the social laws of production and distribution"
(Lange, 1963: 7)

Both authors believed that the existing economic perspectives failed to comprehend the true nature of society. They contended that the changes within a community can only be identified by gaining a "theoretical understanding of the base - or structure - of a mode of production" (Johnston, 1984: 474). This involves identifying the social and power relations which form the basis of a society and examining how these relations lead through to the economic and institutional structures (political, legal, and administrative) which govern a state. In essence, Marx and Engels believed that the basis for any examination should be the social linkages
between classes, as these will determine the economic and institutional framework which will evolve within a society.

"In the social production of life, men enter into definite relations that are indispensable and independent of their will. The total sum of these relations of production constitutes the economic structure of society, the real foundation, on which rises a legal and political superstructure and to which correspond definite forms of social consciousness" (Marx, in Knox & Resnick, 1974: 3).

The political economy approach is based upon a number of key concepts, which are used to explain the formation and operation of society. These include:

i) class creation and class exploitation;
ii) commodity exchange;
iii) capital accumulation (the return to capital); and
iv) modes of production.

Each of these concepts is designed to highlight a major feature of the capitalist economic system. Together these concepts are used to explain how societies are drawn into an exchange situation and how this produces an unequal social and economic structure. In particular, they are used to identify the underlying structural processes which shape a society.

1) **Class Creation and Class Exploitation**

Class divisions occur when societies move away from a communal existence. Under a communal structure each individual (or family) controls their own means of production. Under a communal structure each individual (or family) controls their own means of production. This allows individuals to provide for their basic needs (food, clothing, and shelter) without having to rely on others. In this situation there is little, if any, potential for a class structure to develop, as individuals produce solely for their own needs, rather than for exchange. Marx argued that in communal societies there is only a single class of worker, as each member

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2 The means of production (or instruments of production) include the natural resources from which commodities are made and the machine tools which are used within the production process. As societies have advanced, the means of production have expanded to include capital and technical knowledge.
shares "a common relation to the productive forces" (Howard & King, 1985: 6). Each member of the community has access to land and to the basic tools they need for the reproduction of their families.

The event which transforms a communal society into a socially structured one is the development of specialized agriculture and handicraft production. Specialization produces a social division of labour and leads to a situation where resources (e.g. tools and livestock) are seen as private property. This produces a situation where groups within society have varying degrees of access to the means of production. This variation in access to the means of production is seen by Marx as the basis for class creation (Nikitin, 1983).

The private ownership of resources creates a situation where the majority of the population are alienated from the means of production. This concentration of resources makes it impossible for workers to produce their own basic necessities. As a result of this, they are forced to sell their labour to the resource owning class. This need for employment is exploited by the resource owning class. Resource owners are able to draw off the surplus value created by labour. This is achieved by paying workers only a proportion of their true productive value. This transfer of surplus value is disguised by the wage system. Workers believe they are being paid for a full day's work, when in fact, they are paid only enough to cover their basic necessities (food, shelter and clothing) and to reproduce the household unit. The surplus production (known as 'surplus labour time') is siphoned off by the resource owner.

The class divisions within a society are maintained by "a combination of economic, political and ideological" forces (Peet, 1991: 62). In particular, it is important to look at the role of the state in perpetuating the class system. The state supports the class system by legitimizing the private ownership of property and by creating a legal framework that safeguards the traditional employment and power structures. The state also attempts to reduce the conflict between the
resource owning class and the working class. This is achieved by making transfer payments to the less advantaged groups within society.

ii) Commodity Exchange

In Marxist political economy every item of exchange (including labour) is seen as a commodity. "Everything from the smallest pin to a huge factory" (Nikitin, 1983: 41) is traded as a commodity. Even "the relations between people in society take the shape of relations between commodities" (Nikitin, 1983: 41). The commodity exchange process is seen as the central feature of the capitalist system. It separates the acts of production and consumption, and it is the means of realising the embodied value that is held in an asset. An illustration of the exchange process can be seen in Figure 2.2. In this example the resource owner purchases commodities for production using money as the exchange medium. After these resources have been used to produce an item of exchange the owner will on-sell the good for a monetary return. The resource owner will then start the process over again.

FIGURE 2.2
Commodity Exchange Process (Nikitin, 1983: 76)

Money -------> Commodity (labour power/instruments of production) ------>

Production -------> Commodity -------> Money (Commodity sold) -------> ... etc

When a commodity is traded it embodies both a use value (otherwise known as utility value), as well as an abstract exchange value (labour value) (Harvey, 1982: 5). The use value of a commodity may bear little resemblance to the exchange value of the commodity. "The most useful things are often either free of charge (such as air) or very cheap ... while things of little use to mankind often cost a lot (such as diamonds). ... Utility or use value, is therefore a condition of and not the reason for value" (Nikitin, 1983: 46-47). This implies that the

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3 The major transfer payments by the Government are pensions and welfare payments.
exchange value of a commodity is related to factors other than their use value. Political economy writers contend that "commodities are produced and exchanged in correspondence with the quantity of socially necessary labour expended on making them" (Nikitin, 1983: 64). In other words, commodities are exchanged at the value of their embodied labour.

Writers use this concept of exchange value only as a theoretical equilibrium. In reality the market price and the return each producer gains will vary significantly from the expected exchange value. Market prices diverge from the equilibrium level due to changes in demand and supply. This occurs as the level of demand is unlikely to ever perfectly match the level of supply. This means that variations from the equilibrium price will be the norm, rather than the exception. At the producer level there will be variations between the return each manufacturer receives because they incorporate different levels of labour and capital. This means that some producers will receive higher returns, as they incorporate more efficient manufacturing procedures.

iii) Capital Accumulation (The Return to Capital)

The process of capital accumulation is seen as a central element in the development and maintenance of the capitalist economic system. At the base of this concept is the belief that investors will move their capital between activities and geographical regions in search of higher rates of return. If an activity is not returning an acceptable rate of return the capital is withdrawn or the level of investment is run down over successive cycles of production.

To appreciate how the accumulation process operates it is necessary to examine how capital is used in the production process. Initially, capital (in a monetary form) is used to purchase the tools of production (e.g. buildings, machinery, land, and technology). This form of capital is known as organic capital. By itself organic capital is incapable of producing a return, as it is comprised of inanimate objects. To produce a return the capitalist must also employ labour, which is categorised as variable capital. Together these two forms of capital can be used to
produce commodities for exchange. When a commodity is exchanged the resource owner will receive a return that is equal to the value of the capital inputs, plus the level of surplus labour that is embodied in the commodity. This surplus component is seen as profit and it accrues to the resource owner. At the end of this cycle of production the surplus will be re-invested as additional capital and the capital base will expand accordingly.

\[ \varphi_l \text{ (rate of profit)} = \frac{m \text{ (surplus)}}{c \text{ (constant capital)} + v \text{ (variable capital)}} \]

After each cycle of production the resource owners will assess if they are maximizing their 'rate of profit' (as defined in Equation 2.1), by comparing their returns with those within the same industry and across a range of industries. If the return is below the accepted average the resource owner may switch the balance between constant and variable capital (e.g. new technology may replace labour inputs), or they may move their capital (in a monetary form) to a new industry. This constant movement of capital in search of higher returns has two significant impacts. The first point is that it levels out the rate of return between industries, as activities with a higher yield will see an inflow of capital investors. These new investors will increase total output and will force the rate of return down, through excess supply. The second impact which results from a high level of capital mobility is economic instability. The rapid movement of capital in an unplanned fashion brings instability to the market and results in periods of shortage and over supply.

The final issue which needs addressing in this section concerns the long term sustainability of a market driven economic system. Marx believed that the equilibrium rate of return would decline over time, as a result of improvements in technology. Advances in technology will lead to a situation where variable capital (labour) is steadily replaced by organic capital.
in turn will lead to a decline in profitability as economic surplus can only be derived from labour and not from inert items of machinery. This decline in profitability will slow the capital accumulation cycle and is likely to bring about a crisis within the capitalist system. The eventual result of this crisis will be the collapse of capitalism and its replacement by a socialist economic structure (Marx, (ed. Jorden), 1971, Marx & Engels, (ed. Feurer), 1959).

iv) Modes of Production

The final aspect of Marxist political economy which needs to be examined is the 'modes of production' concept. This is a key feature of the political economy approach as it is used to explain how societies function and evolve over time. At the base of this concept is the idea that societies progress through a sequence of development stages (development modes) which are characterised by distinct forms of production and social interaction. These social and economic relationships are seen as the factors which shape "political and intellectual life" within a society (Marx, in Howard & King: 1985, 5). They influence the way institutions develop and they affect the policies that a society will follow. The institutional framework which develops from this process has the aim of sustaining and reinforcing the dominant mode of production (Dunleavy & O'Leary, 1987: 210-211). This situation can be seen in the way political institutions have been used throughout history to support the dominant economic activity within a society. For example, societies have developed institutional structures which have legitimised the alienation of property, the accumulation of private capital, and even the practice of slavery.

The major features which underlie a mode of production have been modelled by Nikitin (1983), and can be seen in Figure 2.3. In this model he demonstrates that a mode of production is shaped by the productive forces within a society (i.e. the level of technical development) and by the socio-economic relationships which occur between groups. The
socio-economic relationships which Nikitin identifies can be broken down into three distinct forms. They are:

i) the forms of resource ownership;

ii) the forms of wealth distribution; and

iii) the forms of interaction between social classes.

These relationships are important as they determine the social framework within a society and they establish what the dominant form of resource ownership will be. They also act as the basis upon which the superstructure of society is created (e.g. the policies and institutions that control the day to day operation of the economy). It is important to remember that these underlying relationships will shape institutions in a manner that will benefit the dominant mode of production. In particular, it is important to realise that the state apparatus is designed to facilitate the continuation of the mode of production. The state, according to Johnston (1984) is not a neutral element within society. It legitimates the actions of the dominant class through the legal system and it attempts to reduce the tensions between the social classes, so that the existing relations can be maintained (e.g. in a capitalist mode, the state promotes capital accumulation, but it also attempts to reduce class tensions through the welfare system).
The state should therefore be seen as a mechanism for resisting change and for perpetuating the dominant mode of production. State authority is used "in protecting the privilege enjoyed by one part of society through its ownership of the means of production" (Lange, 1963: 25).

As outlined at the start of this section the 'modes of production' concept is based upon the idea that a society will progress through a series of development modes. A society will progress from one dominant mode to another when the underlying social and economic relations come into conflict. This occurs when traditional relations (i.e. serfdom) hinder the development of new structures, such as wage labour. At some stage these two structures become incompatible and the traditional mode is replaced. This replacement causes a transformation within society, as institutions are re-formed to reflect the new dominant economic relations (Howard & King, 1985: 5).

"When the fundamental production relations change (i.e. when the ownership of the means of production changes), the superstructure changes as well: a new social formation is born" (Lange, 1963: 30)

The transition from one social formation to another produces a number of contradictions within society. The most obvious of these contradictions is the conflict between the new productive forces and the old production relations. This conflict will gradually subside as the new productive forces will absorb or replace the traditional relations.

The transition from one dominant mode to another can be a long, drawn out affair (in historical terms). This means that a society may exhibit signs of more than one mode of production. This process of change from one dominant mode to another is known as the 'articulation of modes of production'. Figure 2.4 highlights the situation where there can be more than one mode of production operating within a society. In this case the dominant mode (capitalism) co-exists with three other forms of production. The capitalist mode is in a

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4 This term refers to the process where an emerging mode replaces the existing dominant mode. The move from one dominant mode to another causes the political and socio-economic super-structure of a society to be re-arranged.
position to either preserve or destroy earlier modes of production. Earlier modes, such as petty commodity production will be preserved if they are seen as efficient for capital accumulation. Within this same framework there is also likely to be an emerging mode, which in the course of time will replace the existing dominant mode.

In the course of his writings Marx identified five distinct modes of production, which societies progress through. "Each of these is based on a specific form of ownership of the means of production" (Nikitin, 1983: 17). The five stages of development are: primitive-communal, slave-owning, feudal, capitalist, and socialist. Only in the socialist mode is there believed to be an absence of class exploitation, as development is planned and resources are distributed rationally, rather than to specific classes. The transition stage between each of these modes is characterised by a social revolution, which occurs when the traditional social relations come into conflict with more advanced social and productive forces.
SUMMARY

This chapter has been used to introduce Marxist political economy and to examine four of the key concepts within this approach. The intention has been to show that the political economy approach is capable of interpreting the developments within rural society. The chapter has shown that Marxist political economy provides a valuable insight into the economic relations within a community and the role political institutions play in the planning process and in welfare provision. The discussion has also highlighted the contribution this approach has made to the study of class relations, commodity exchange, and social formation. These insights show that Marxist political economy is a valuable tool for studying the processes at work within society.
CHAPTER THREE

HOW APPROPRIATE IS MARXIST POLITICAL ECONOMY FOR THE STUDY OF RURAL CHANGE?

INTRODUCTION

"The use of a political-economy approach offers rural geographers substantive expectations of progress in a number of important areas: especially the analysis of economic progress; understanding restructuring within society; and understanding both the role played by the state and the connections between economy, civil society, and the state." (Cloke, 1989: 169)

This chapter will examine the areas where Marxist political economy has been used in rural analysis and how it has contributed to our understanding of societal change. The purpose of this discussion is to show that a broader structural approach is a necessary tool in rural geography. A broader approach is needed if geographers are to analyse the underlying structures within the rural community and the complex relationships which determine the direction of social and economic behaviour.

The inclusion of broader social theory in rural geography should be seen as adding another dimension to traditional research, rather than as an attack upon existing forms of analysis. The traditional, applied forms of analysis need to be retained as Marxist political economy is weak in explaining individual behaviour and the uneven pattern of farm, business, and household development that occurs within a region. If researchers are to understand both the general processes at work within society and the local pressures on rural activity, it is necessary to combine broader social theory with a behavioural/managerial perspective. This point will be argued in the final part of the chapter. The discussion will emphasise the
continuing need for a behavioural/managerial perspective when analysing rural business and household activity.

**WHAT INSIGHTS DOES MARXIST POLITICAL ECONOMY BRING TO THE STUDY OF RURAL ECONOMIC SYSTEMS**

The political economy approach has been used increasingly by geographers to study the structure of the rural economy and the processes that are re-shaping farm and business activity. Geographers have turned to Marxist political economy as existing approaches have been criticised for their level of economic analysis. There has been a neglect of the broader economic environment in which businesses operate and there has been little appreciation of the production chains that farmers and processors are part of.

Geographers have been drawn to Marxist political economy as it explores the economic relations within society. It examines the nature of production and how sectors of the economy are organised. The literature looks particularly at the investment cycles within the capitalist system. It examines how changes in profitability and investment produce restructuring within a business sector, or within the economy as a whole (Johnston, 1984: 475 - 477). The political economy approach has been used in rural geography to study the restructuring that has been occurring in the primary production and processing sectors. Researchers have studied the response of farmers and processors to the declining profitability of traditional products and the changing state of international commodity markets. The research has found that primary producers are adopting a number of strategies to cope with declining profitability. These include: changing the structure of their enterprise (i.e. moving to a corporate structure with an increased capital base and ties to exporting firms); diversifying the economic base of their property by investing in new or niche areas of production; or reducing the costs of production through greater capital investment and the shedding of labour (Grosvenor, Le Heron and Roche, 1995, Ilbery, 1991, Miller, 1995, Willis, 1988). In the area of primary
processing, geographers have found a steady shift to larger scale production units, that can compete at an international level (Robinson, 1988).

The political economy approach has also provided geographers with a better appreciation of the economic structures within rural communities and how they have been evolving overtime. The major area where researchers have made progress is in the study of production chains. Instead of treating farm and processing units as separate areas of analysis, geographers are now exploring "the totality of the food 'chain'" (Bowler & Ilbery, 1987: 328). The emphasis is on understanding the linkages between the producers, processors, distributors and consumers. In particular, there have been studies of the unequal relationship that exists between producers and the agro-businesses they sale to. The relationship is seen as an exploitative one, as the surplus created by the farmer is siphoned off by corporate entities.

"Alterations to the Australian economy are creating expanded opportunities for the exploitation of farmers and for the unequal exchange between the competitive farm sector and the corporate industrial (monopoly) sector" (Lawrence, 1987: 108)

This siphoning off of surplus production has been highlighted in the case of 'contract buying' of commodities (Lawrence, 1987, Miller, 1995). Contract buying enables the corporate processors to purchase commodities at less than full value, while the producer bears the costs and risks of production.

The research into production chains has shown that the balance of power in the rural economy has been shifting to agro-businesses and the larger financial institutions.

"The balance of power in the food chain has shifted from the primary producers and the agricultural supply industry towards the food manufacturers and retailers" (Cox, Lowe & Winter, 1987: 77)

As agro-businesses have grown they have been able to create exploitative situations, particularly in the area of commodity purchasing. Farmers have had to accept this unequal situation, as they are usually faced with a single, or limited number of purchasing
organisations. This trend in rural economic relations could not have been identified as clearly as it has without a political economy perspective.

The final area where Marxist political economy has aided our understanding of rural economic activity is in the area of service provision. The restructuring of the rural service sector is tied in large measure to national economic conditions. The political economy approach has provided a window into these conditions and how they are impacting upon rural communities. Researchers have studied how the restructuring of service networks disrupts the local provision of facilities (Jussila, Lotvonen & Tykkyläinen, 1992). Restructuring can occur when businesses merge, or when declining profitability forces the rationalisation of services. The merger of firms with similar services (e.g. banking institutions and stock firms) will inevitably lead to a rationalisation of premises. The decision to close a particular store tends to reflect national criteria, rather than the financial state of the individual enterprise. This point emphasises why a broader structural approach is a necessary tool in rural analysis.

**CAN MARXIST POLITICAL ECONOMY AID OUR UNDERSTANDING OF THE STATE AND ITS ROLE IN SOCIETY**

The political economy literature places a strong emphasis upon the state. The state is viewed as having a central role in the distribution of resources and in the mediation of social tensions (Wade, 1983: 122 - 123). The literature identifies three major functions that the state performs. These functions are summarised in the points below:

i) The state protects the property rights of individuals and companies through legislative and regulatory safeguards (Knox and Resnick, 1974: 4 - 5);

ii) The state intervenes in the economy to overcome obstacles to capital accumulation (i.e. it provides credit to the agricultural sector when other sources of finance are constrained) (Mooney, 1986); and

iii) The state seeks to reduce the tension between classes and sector groups (Bullock, 1995: 1241 - 42, Smelser, 1975: xix).
The state is viewed essentially as a mechanism for reducing conflict and for ensuring a stable economic environment. It achieves this by establishing a legislative and regulatory framework that protects property rights and encourages capital accumulation (Johnston, 1984: 480). Political economists see this intervention as setting the rules of social behaviour for a society (Wade, 1983: 129).

Interest in this perspective has grown within rural geography as it sheds light on the way government policy is formed and how the benefits of political intervention are distributed. The literature has shown geographers the pivotal role that major business and sector groups play in the formation of government policy. These groups use their economic strength to exert influence over the direction of government decision making. This point was highlighted by Urry (1984), in his examination of British agriculture in the post-war period. He found that the farming lobby was able to exert considerable pressure on the British government. This pressure was used to maintain support payments and to put in place planning legislation that restricted non-farm activities. Bullock (1995) found a similar situation in the United States. The major farming unions were able to pressure Congress and the Senate to build a complex system of support payments (i.e. target prices for certain commodities). These supports artificially inflated rural incomes, especially those of the larger, capitalist farmers. Both of these examples show the influence business groupings can have on government policy. They also show how government intervention in pricing causes a redistribution of resources. The British and United States governments used their regulatory powers to re-distribute resources from the taxpayer (consumer) to the producer (Bullock, 1995: 1241 - 42).

Geographers have also taken on board the idea that the state will intervene in the economy to remove obstacles to development. Le Heron (1989 (a), (b)) examined this point in his study of New Zealand livestock expansion from 1960 to 1984. Government studies in the early 1960s concluded that livestock production was being stalled by a lack of financial incentives. To remedy this, the government introduced a number of incentive measures to foster investment. Le Heron found that these incentives spurred investment in the livestock rearing
industry during the 1960s and 70s. The Le Heron example shows that it is important to pay attention to the state's role in the promotion of rural economic activity.

The political economy literature also highlighted the role of the state as a mediator between the social groups within society. This is an area which has received limited attention by rural geographers but which offers significant research opportunities. Research from other disciplines has shown that the mediation process can take a variety of forms, depending upon the type of tension or conflict that exists between social groups. In the case of rural communities, the tensions range from a lack of adequate housing through to low wage rates for farm and agricultural workers. To alleviate these tensions, governments provide income supplements and they fund the provision of public housing. This mediation role is critical for the continued well-being of the rural economy. This point will be addressed during the course of the thesis. The thesis will look at the tensions within rural communities and how the state (both central and local government) has tried to alleviate these conditions.

THE RESTRUCTURING OF LABOUR AND SOCIAL RELATIONS: A POLITICAL ECONOMY PERSPECTIVE

Another reason geographers have turned to Marxist political economy is that it provides an understanding of the labour and social relations within society. It explores the nature of these relations and how they have evolved over time. The political economy approach argues that the changes in the labour market and in the social structure of a community are the product of economic reform. As investment is transferred from one sector of the economy to another there tends to be a re-location of employment and a re-composition of labour relations (Cloke, 1987: 4 - 6, Day, Rees & Murdoch, 1989: 228 - 229, and Newby, 1986: 210). This occurs as the new areas of growth have different skill and locational requirements from existing forms of production. These requirements mean that the composition of the labour force will change. The gender balance will alter, along with the age of the workforce, and the skill factor of the employees. These new areas of growth are also likely to attract migrants from
other regions and countries. The inflow of migrants and the re-composition of the labour force has a major bearing on the social structures within the local community.

"as different social groups take up their places, so the local class stratification is recomposed" (Day, Rees & Murdoch, 1989: 230)

Day, Rees & Murdoch (1989) highlighted this point when they looked at the recent growth in industrial activity in rural Cornwall. The movement of light industry into rural Cornwall has created new job opportunities. These new positions have been taken up disproportionately by women. For the majority of these women it was the first time they have entered into "capitalist wage relations" (Ibid: 230). The increase in female participation has had a bearing on household and community relationships, as financial independence has enabled women to play a greater role in decision making.

Economic restructuring affects not only community structures but also the broader social relations within society. This occurs as a shift in investment affects the relative position of sector groups within the economy. This point can be seen in the rural context, where the traditional influence of property owners has come under increasing pressure from manufacturers. Property owners have historically played an important role in shaping the direction of government policy towards the rural sector (Cloke, 1987: 13). The planning and regulatory frameworks in Britain and Western Europe have tended to reflect the interests of the property owning class. This ability to influence the direction of public policy has declined with the falling profitability of the agricultural sector, and the rising demand for rural land by manufacturers and processors. Demand for manufacturing sites has risen as improvements in transportation and tele-communications have made the siting of production units in rural communities a more economic prospect. The growing importance of rural manufacturing has increased the influence of business leaders over public policy, in particular, planning legislation. The increased strength of manufacturers is reflected in the more liberal planning regimes that county and district councils have been introducing.
THE CONTRIBUTION OF MARXIST POLITICAL ECONOMY TO THE STUDY OF AGRICULTURAL CHANGE

Within Marxist political economy there is a significant body of research on the structure of the agricultural sector. This research shows that the production and labour relations within the agricultural sector differ markedly from those in manufacturing and processing. One of the major differences is in the use of labour. The agricultural sector continues to make great use of family labour while the manufacturing sector relies almost exclusively on paid labour. This reliance on family labour means that the agricultural sector is closer to petty commodity production than to capitalist production.

The literature has also studied the areas where capitalist structures have penetrated agricultural activity. Marx believed that the agricultural sector would gradually take on a capitalist form as advances in technology would "overcome the constraints of its biophysical foundation and the uneven demand for labour on farms" (Moran, Blunden & Greenwood, 1992: 4). This deterministic perspective has been challenged in recent decades. There is now a vigorous debate within Marxist political economy as to the future direction of agricultural production. The debate has produced a strong body of research that supports the view that traditional forms of agricultural production will remain, at least in part, because of their natural advantages over the capitalist wage system. The studies from this debate have provided an important window into the primary production sector. They have examined the changing nature of farm production and the different strategies adopted by primary producers to cope with the economic restructuring of recent decades.

i) The Production and Labour Relations Within the Agricultural Sector

The political economy literature shows that the production relations within agriculture differ significantly from those within the manufacturing and processing sectors.

"In industry, the value of a commodity and the price of production are determined by the
average conditions of production, in farming ... [it is] ... the average conditions of production on the poorest land" (Nikitin, 1983, 134)

This variation between agriculture and other forms of production occurs for two principal reasons. The first relates to the differences in climatic conditions and soil fertility between regions. Farmers in areas with poor soil and climatic conditions can do little to improve productivity levels. Even with the recent advances in technology there are still major variations in production levels. This contrasts with the industrial sector where differences in production levels can be compensated by the addition of new capital and technology.

"Secondly, an expansion in agricultural production entails drawing more inferior lands into cultivation" (Harvey, 1982: 343). This can only be achieved when the returns for primary production increase in real terms. Only with higher returns is it economic to bring marginal lands into production. This situation does not arise in the case of industry, where production can be increased by the addition of new plant. This new plant may actually reduce the average cost of production, as economies of scale are possible.

Under this scenario, the market price for a farm commodity is the price that it costs\(^1\) to produce the commodity on the poorest quality land. This can be portrayed graphically by

**FIGURE 3.1**

**Differential Farm Rent** (Nikitin, 1983: 134)

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\(^1\) In Marxist political economy, 'farm costs' include not only production costs, but also a profit component, which is seen as a payment for labour.
comparing the returns for a commodity on high and low fertility land (see Figure 3.1). Land
category 'A' is the least productive and it costs $30 to produce each unit of production. This
includes a profit component which is necessary to encourage the farmer to undertake
production. The profit component is not seen as a surplus, but as a payment to labour. It is
equivalent to the amount of labour that is used in the production of the commodity. A farmer
will only receive a surplus when his or her costs of production are below those on the poorest
quality land. This situation can be seen for farms B and C. In both cases production per
hectare is higher than for farm A. This additional production (due to better fertility) produces
a higher dollar return per hectare. The higher return is seen as surplus value, as it is gained
without having to increase the level of labour inputs. This surplus value is termed as
differential rent, as the return varies depending upon soil fertility (in a real world situation
other factors such as transport and storage facilities would also need to be considered).

When the land is worked by a tenant, rather than the owner, the surplus value is siphoned off
in the form of land rent. Tenants will receive the average profit, but any surplus will flow to
the resource owner. The resource owner is therefore the beneficiary of the surplus value,
whether they directly work the land or not.

Another factor which distinguishes agriculture from other forms of production is its high level
of dependence upon family labour. Industrial production relies almost exclusively upon paid
labour, while the agricultural sector draws much of its labour from family members, at little or
no cost. This reflects the fact that farming units have traditionally been small scale family
operations (even in cases where the land is rented). Family labour has helped farmers to ride
out periods of economic uncertainty. It is also more flexible than paid labour, as family
members are prepared to work for extended lengths of time during critical periods of the year.
ii) The Future Direction of Agricultural Production

Marx assumed that the traditional form of farm ownership (often seen as a type of petty commodity production) would gradually decline with the growing penetration of capitalist structures into the rural economy. He believed that improvements in technology would make agriculture more favourable to capital by bringing down production time and reducing the physical constraints. This trend has been seen in areas such as poultry and bacon production, where properties can be structured along capitalist lines. In these areas, family interests have given way to large-scale operations, with paid workforces. Outside of these limited examples, there is little evidence of a wholesale move towards capitalist agricultural production.

The traditional view that there would be a transition to capitalist agricultural production has come under intense scrutiny since the mid 1970s. The majority of writers accept that agriculture has become part of the market economy, but there are diverging viewpoints upon the direction agriculture is taking and the extent to which it will become merged into the capitalist mode (Moran, Blunden & Greenwood, 1992: 3). Fairweather (1992) has identified three avenues of thought concerning the future course of agriculture.

"Those emphasizing the persistence or survival of petty commodity producers, those emphasizing subsumption and the inevitable differentiation of petty commodity producers into antagonistic social classes, and those seeking synthetic positions" (Fairweather, 1992: 3)

The subsumptionist school follows the traditional political economy belief that agriculture will gradually be penetrated by capitalist relations of production. The central theme in this approach is that large corporate agro-businesses will develop at the expense of family units. Family units will decline, according to Mottura (1980), as their reliance upon household labour makes them less efficient and more prone to price instability. In addition to this, they lack the capital requirements which will be needed in the future to maintain an adequate level

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2 This term is used to refer to small scale farming enterprises, such as family farms.
of production. Producers who try and stay on will gradually be swamped by increasing debt levels (Mooney, 1986).

In contrast to this, the survivalist approach contends that agriculture is unattractive to capitalist investment (Mann, 1978). Agriculture is an activity which ties up capital for extended periods and which yields only a modest return. This is unattractive to capital which concentrates in activities with a high level of circulation (i.e. quick turnover), as this allows more freedom for moving capital between investments. Agriculture is also characterised by a fairly inflexible growing period. This means that there is little opportunity to accelerate production, or to reduce the average growing time. As a consequence of this, capital has shied away from most forms of agriculture. Only in activities where there is a potential to reduce production time (e.g. the poultry and pork industries) has there been significant capital penetration. Friedmann (1978) has also identified technical innovations as a factor in sustaining family farming. Advances in technology have allowed farmers to replace paid employees with family labour and to increase productivity without having to engage further labour inputs (Marsden, Munton, Whatmore & Little, 1986: 501 - 502).

The third approach has been classed as the 'synthetic' perspective as it attempts to bridge the gap between the two earlier approaches. Proponents of this approach believe that "variability in farm structure is explained by differences in the economic, social, and political factors present at a particular time and place" (Pfeffer, 1983: 540). The contention is that local conditions will determine whether an area remains orientated to family farming or adopts capitalist production relations.

The debate between these three approaches has continued in recent years, without any clear resolution. Opinions remain divided on the extent to which capitalist economic relations have penetrated traditional farming systems. This issue of capital penetration will be studied closely in the thesis. The discussion will look at how the farming systems in New Zealand and other developed countries have evolved over recent decades. The findings from this research will
contribute to the debate on farming activity and its future direction (i.e. will there still be a place for small scale, family farms).

THE CONTINUING NEED FOR A BEHAVIOURAL/MANAGERIAL PERSPECTIVE WITHIN RURAL GEOGRAPHY

Marxist political economy has helped geographers to understand the wider pressures on rural activity. It has enabled researchers to study the national context in which events are occurring and the effect international conditions are having upon rural life. These insights have been important for understanding the general trends in rural society but they have been of limited value when studying how individuals and local communities are coping with change. This reflects the fact that Marxist political economy is essentially a conceptual approach.

FIGURE 3.2
The Behavioural and Structural Influences on Migration (Woods, 1985: 3)
To understand the variations in individual and community activity it is important to retain a behavioural/managerial perspective within rural analysis. This enables geographers to explore the attitudes and perceptions of the decision makers within a community. These views need to be understood as they have a direct bearing on the way businesses and households react to change. The need for this behavioural context can be seen when looking at the decision making process individuals and households go through when deciding whether to migrate or to stay within a region. Figure 3.2 shows that structural conditions, such as the state of the economy, are only one of a number of factors that individuals and families consider when deciding whether to migrate or not. The figure highlights the central role behavioural factors play in the decision to move or stay (i.e. the attitude and aspirations of the migrant).

Another area where behavioural factors are extremely important is in the adoption of new technology and management practices. The speed of acceptance depends largely upon personal conditions. If a farmer is open to new technology and seeks out product information from neighbours and friends, he or she is likely to be an early acceptor of new developments (Wilkening, 1957: 387-389). Variations in acceptance rates can only be determined by studying the willingness and ability of the target population to accept change (Jones, 1967: 16). The importance of this behavioural perspective can be seen in a quote from Gibbs (1973).

"An individual could, while mentally accepting a new practice, rationally fail to adopt it because in his particular circumstances it is inappropriate or he feels he does not possess the resources required to effect one or several of the types of change required" (Gibbs, 1973: 8).

In addition to understanding the social environment within a community, researchers also need to have an appreciation of the local economy, the political framework, and the physical environment. These local conditions need to be understood as they all have a bearing on the way events in the wider economy are perceived and responded to. Campbell (1973) highlighted this point when looking at the grazing industry in Australia. When the price of
wool fell, grazing properties in moderate and high rainfall areas moved into cropping, whereas farmers in more arid areas had no capacity to change their form of production. The difficult climatic conditions meant that they had to ride out periods of low returns, rather than moving into alternative forms of production.

Finally, it is important to retain a behavioural/managerial perspective as researchers need to understand the role managers play as gatekeepers in the provision of finance, the approval of planning permits, and allocation of resources. At a district and regional level, managers play an important role in determining what areas will be developed and how resources will be distributed. It is therefore critical to understand how these managers use their discretionary powers (i.e. what priorities they are following).

**SUMMARY**

This chapter has argued that Marxist political economy should be incorporated more fully into rural geography. The approach gives geographers an overall picture of the rural economy and a detailed understanding of the processes which are shaping business and household activity (i.e. the process of capital accumulation). This insight enables geographers to study how communities are formed and how they are responding to the changing political and socio-economic environment around them. The major advantages of this approach for analysing rural change are summarised in the points below.

i) the political economy approach enables geographers to study the rural economy as a whole;

ii) the political economy approach gives geographers the opportunity to study the wider social and economic framework in which rural change is occurring; and

iii) the political economy approach brings to rural geography a developed conceptual base, on which future research can be developed.

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3 The term gatekeeper was coined by Pahl (1970, 1977). The term refers to managers in the private and public sectors who control access to finance, planning authority and information.
The political economy approach is an important tool for studying the changes in rural society. It helps geographers to understand the rural economy and to identify the major conditions that are impacting on business and household decision making.

"Political economy provides us with a number of conceptual tools ... which can be employed in the study of contemporary rural society" (Lawrence, 1987: 102)

The incorporation of the political economy approach into rural geography should be seen as adding another dimension to existing research, rather than as an attack upon traditional forms of analysis. The political economy approach brings to rural analysis the broader setting that has been lacking in existing research. Existing forms of research still have a definite role to play, as the political economy approach is deficient in the area of local analysis. It does not have the ability to draw out all the factors that cause variations in social and economic behaviour. Marxist political economy must therefore be joined with a behavioural perspective.
CHAPTER FOUR

THE ARGUMENT FOR A BROADER RESEARCH APPROACH WITHIN RURAL GEOGRAPHY

INTRODUCTION

This chapter will outline the case for a broader research approach within rural geography. The chapter will look at why a broader perspective should be adopted and how it can aid researchers in identifying the causes of rural change. The major reason geographers are turning to a broader research approach is to gain a better understanding of the context in which rural businesses and households are operating. It enables geographers to explore the wider economic environment in which businesses operate and the effect broader social conditions are having upon community relations. A broader approach is also important for studying the role of the state in rural society. This is an area which has received limited attention in traditional research but which is seen by political economists as being important for studying the planning environment in rural areas and for examining issues related to resource allocation.

These points will be brought together in a framework which shows the complex nature of rural change. The framework emphasises the wider setting in which rural change occurs and the importance of viewing developments in society from the vantage point of the decision makers. The framework also argues that the inclusion of a broader perspective does not mean sacrificing the essential elements of rural geography. A local perspective is retained and there is recognition of the fact that spatial variations occur in the way communities respond to change. This framework and the associated discussion will be used as the basis for the research in chapters five through to seven. These later chapters will explore how rural communities are tied into the wider economy and to what extent a local perspective needs to be preserved in rural analysis.
THE BROADER PRESSURES ON FARM, BUSINESS, AND HOUSEHOLD ACTIVITY

Our understanding of the rural economy has been constrained, according to Bowler and Ilbery (1987), by the narrow focus taken in existing research. In their study of agricultural activity they argued that the changes in primary production could not be explained without an appreciation of the broader "economic, societal and political structures within which the food chain operates" (Bowler and Ilbery, 1987:329). This broader context is important as changes in political policy and in the economic environment have a direct bearing upon primary production and processing (Cox, Lowe & Winter, 1987:77, Lawrence, 1987). With a broader perspective researchers are able to explore the linkages within society and to study how changes in wider political and socio-economic conditions work through an economy to the local environment (Cloke & Little, 1990:11, Hoggart, Buller, and Black, 1995:250).

A broader perspective enables geographers to examine the key economic processes at work within an economy and to investigate their impact upon rural decision making. Two of the major issues which need examining are the effect changing commodity and financial markets are having upon the direction of rural activity. Both of these areas have received insufficient attention in existing research yet they are central to the changing agricultural patterns in rural communities and to the developments in the processing sector. Primary producers watch the international commodity market as it is the major mechanism for determining prices (Adams & Behrman, 1976). It is the demand and supply conditions in the international market that sets the price for a commodity, rather than the conditions in an individual economy\(^1\). This is true even in situations where only a small proportion of the commodity is traded internationally, such as in the case of dairy products (Oyejide, 1989). This means that farmers are essentially operating in an international market and that their production decisions will be based upon the returns in this market. Another area researchers need to pay increased attention to is the state of the capital market, both internationally, and within individual countries. The availability of

\(^1\) Local prices can vary from those in the international market if a government intervenes to support farm profitability. The principal forms of intervention are price supports and import quotas.
capital is a prime determinant in the expansion of agriculture and primary processing, as these sectors are relying increasingly upon debt to fund their development. This means that the tightening of liquidity or a rise in interest rates can have a significant bearing upon rural communities. It restricts the extent of new development and it makes existing investments more marginal. Recently settled countries are especially prone to changes in the financial market as they depend to a large extent upon imported capital for their development (Kindleberger, 1981). This point can be seen in New Zealand, where the withdrawal of British capital from the meat industry in the mid to late 1970s limited new investment and long overdue restructuring. These broader financial conditions need to be appreciated if geographers are to explain the variations in agricultural investment and in processing.

Another reason geographers should be moving to a broader research approach is to gain a better understanding of the social and political structures within rural society. Both of these areas have received limited attention in traditional research. Geographers have concentrated on economic explanations for the causes of rural change (Cloke, 1990: 126). This narrow focus has restricted our understanding of rural society and of the processes that are shaping business and household development. If geographers are to gain an accurate picture of the changes in rural society, it is necessary to look beyond simple economic criteria.

Researchers need to have an understanding of the social relations within society as they have a major bearing on the way rural communities and households are organised. The key issues that geographers need to study are the ownership structures within society (i.e. which groups own or control property and capital), the organisation of labour, and the gender divisions within employment, politics, and household affairs. These relationships determine to a large degree which groups dominate decision making and the political process (Newby, Bell, Rose & Saunders, 1978). This overview is important for geographers as it helps to explain the power relations within rural communities (e.g. the historical dominance of land owners in the political system), and how these relations are perpetuated.

"Intricate social arrangements have been developed in order to ensure the smooth
transition from one generation to the next of the family holdings" (Newby, 1986: 210)
A social perspective is also important for studying the way rural households are structured. It
sheds light on the diversion of labour and decision making responsibility.

Geographers also need to study how changing social relations in the wider economy (i.e. at
the national and international level) are affecting the structure of rural communities. For
example, the emergence of a new property owning class will challenge the dominance of
traditional groups in politics and community affairs, while the breakdown in the barriers to
female participation will change the character of employment and household relations.
"as different social groups take up their places, so the local class stratification is
recomposed" (Day, Rees & Murdoch, 1989: 230)

Another area geographers need to pay greater attention to is the role of the state (both central
and local government) in the development of the rural economy. The state permeates most
aspects of rural life through its planning, regulatory, and welfare functions. It is therefore
important that geographers understand these forms of intervention and what the state is trying
to achieve in its actions. In terms of the rural sector, the state is involved in the planning
process, the development of infrastructure, and the provision of support payments. The state
intervenes in these areas to enhance conditions for capital accumulation and to resolve conflicts
over resource use (Cloke, 1987: 3, Marsden, Murdoch, Lowe, Munton & Flynn, 1993: 13). State intervention has had a significant bearing on the direction of farm and business activity. For this reason, it is important to study how central and local government policies affect the
decision making behaviour of groups within the rural sector.

Finally, it is important to view events from a broader perspective as the barriers that once
divided rural communities from the wider economy have been eroded by advances in
transportation and telecommunications (Robinson, 1990: 26). Telecommunications have
advanced to the stage where distance is no longer a barrier, while the time and cost of
transporting commodities has been falling steadily over recent decades. The result has been
the emergence of a global economy. This means New Zealand producers are having to compete for market share and investment against competitors in Chile, South Africa, and North America. This has made farmers, business leaders, and households more responsive to events in the wider national and international economy.

"The increasing integration of rural areas into the world economy has increased their exposure to the vagaries of international markets, business cycles, shifts in production technology and... work practices." (Marsden, Murdoch, Lowe, Munton & Flynn, 1993: 8)

THE INCLUSION OF A BROADER PERSPECTIVE WITHIN RURAL GEOGRAPHY

The points raised in the previous section show the importance of incorporating a broader perspective within rural geography. The discussion highlighted the linkages between the rural sector and the wider economy, and how changes at the national and international level feed through to local decision making. Geographers have been hesitant however in employing a broader research approach as the studies which have emerged from this quarter down play the role of local conditions in decision making and the need for a spatial context when examining rural change. These issues have traditionally been at the heart of rural geography. If they were to be lost there would be little to distinguish the subject from related disciplines (i.e. economics or rural sociology). To overcome these reservations it is important to show that a broader perspective can be brought into rural geography without sacrificing the essential elements of the subject. This is the aim of the thesis and of the framework shown in Figure 4.1. The framework portrays the decision making environment in rural society as well as the major issues that need to be considered when looking at economic and social change. The framework stresses that the conditions shaping business and household activity originate at a number of scales and that the pattern of development reflects a series of trade-offs between key political and socio-economic factors. This portrayal of the decision making process will be used as the basis for the research in subsequent chapters. The issues addressed in the
framework will be studied to determine whether a middle path can be found in the debate over a broader research approach within rural geography.

**FIGURE 4.1**
THE PROCESS OF RURAL CHANGE
(A GENERAL FRAMEWORK)

Source: Author
The points which underlie this framework and which will be examined in subsequent chapters are summarised in the comments below:

i) The changes taking place within the rural economy need to be seen from a national and an international perspective if geographers are to identify the major processes that are shaping farm, business and household activity (Robinson, 1990, Marsden, Lowe & Whatmore, 1990);

ii) Greater attention needs to be paid to the political and social environment in which decisions are made, as both of these areas have been neglected in existing geographical research;

iii) Researchers need to concentrate more on the decision makers and how they view the changes around them. In particular, it is important to study the trade-offs they make when determining their future course of action; and

iv) The spatial variations in business, community, and household activity can not be explained without referring to conditions in the local economy. Local conditions affect the priorities decision makers have and their ability to respond to change.

The framework focuses upon the decision making process within the rural economy. This allows the broader pressures on rural activity to be examined alongside local conditions. This is important for drawing out the general trends within rural society and for identifying the spatial variations that occur in land use, business activity and settlement. The value of this approach can be seen in the move towards dairy production in the early to mid 1990s in New Zealand. Comparatively high dairy returns encouraged a trend towards dairy conversions. This trend had significant regional variations, as the ability of farmers to convert properties depended upon the price of land, the availability of irrigation, accessibility to processing facilities, and appropriate soil and climatic conditions. These local factors have restricted the ability of primary producers to move into dairy production. The result has been a patchwork of conversions, instead of a uniform trend as would be predicted by the general conditions in the rural economy.
Another reason for focusing on the decision making process is to examine the role social and political conditions play in shaping farm, business, and household activity. Both of these areas need additional research as geographers have concentrated their efforts on understanding the economic pressures on rural society. Geographers have traditionally looked at the state as a regulatory agent and as a mechanism for promoting development. It is important to look beyond these limited roles and explore the welfare functions of the state and how it intervenes in labour and community relations (e.g., through equal opportunity legislation). These aspects of state intervention have a significant bearing on employment conditions and on the structure of community and household relations. Another area neglected in existing geographical research is the social environment in rural communities. Researchers need to pay greater attention to the power relations within rural society and how they have been evolving in recent decades (e.g., the declining power of the traditional land owning classes). It is also important to study how the traditional community and household structures have been changing. Geographers need to understand these social conditions as they have a bearing on which groups yield power in rural society. They also shape the division of responsibility at the household level.

This framework should be seen essentially as a platform for studying the rural economy and the concept of a broader research approach. It will be used to examine how rural communities are structured and in what ways they are tied into the wider national and international economy. It also demonstrates that a broader perspective can be combined with traditional research.

ASSESSING THE NEED FOR A BROADER RESEARCH APPROACH

The task of assessing whether a broader research approach is needed in rural geography will be tackled in chapters five through to seven. The basis for this examination will be the framework shown in Figure 4.1. The initial part of the examination will look at the national and international processes that are shaping the direction of rural activity (chapters five and
This discussion will be used to build up an understanding of the environment in which primary producers, servicing industries, and communities operate. In the case of primary producers and processors the thesis will examine the broader financial, trading, and political environment in which they are working. The discussion will examine how swings in commodity prices and changes in tariff regimes flow through to individual producers. The appropriateness of a broader perspective for examining the changes in community and household relations will also be explored. The discussion will show that changing cultural attitudes towards female employment, coupled with 'equal opportunity' legislation and the breakdown of traditional employment practices is creating greater opportunities for rural women to participate in the paid labour force.

Chapter seven will study the continuing need for a local perspective in rural analysis. The chapter will argue that a local context needs to be retained as developments in the wider economy do not impact evenly upon rural communities. This is due to different levels of infrastructure, variations in the structure of communities (e.g. different age profiles), and physical differences. These factors cause communities and even regions to vary from the expected path of development.

The overall goal of this research will be to assess the relevance of a broader approach for the study of rural systems. The thesis will examine the linkages within society and how responsive rural communities are to developments in the wider economy. The research will also study whether a broader perspective can be incorporated into rural geography without sacrificing the focus on 'place' and 'spatial diversity'.
CHAPTER FIVE

WHAT CONTRIBUTION CAN AN INTERNATIONAL PERSPECTIVE MAKE TO THE ANALYSIS OF RURAL CHANGE

INTRODUCTION

The international economy has evolved to an extent where there are no longer clear distinctions between countries and regions. Advances in communications and technology have created "a world market, in which" producers face a common set of trading conditions (Friedmann, 1978: 546). These developments have eroded the power individual governments have to intervene in economic matters. States are finding that they have diminished control over monetary policy and that they are constrained in the types of support they can give to producers, especially those in the exporting sectors.

"The markets for major commodities are beyond the control of any single country. World commodity markets transcend national boundaries" (Adams & Behrman, 1976: 1)

The emergence of a global economic system has produced a situation where local production is influenced by international trading and financial conditions. This means that researchers need to understand the international market and how changes in economic activity affect the pattern of rural development.

The processes which have been eroding the economic barriers between countries have also been re-shaping the political and social structures within society. Closer economic relations and the greater exchange of ideas between nations has encouraged calls for increased political integration. This can be seen in the emergence of regional trading blocks and the development of international agencies to regulate trade and key services (e.g. postal and telecommunication services). Cultural integration is also occurring through the medium of mass communications.
Modern communications allow the rapid diffusion of new social attitudes within countries and around the globe. These developments mean that the old ideas of political and cultural sovereignty are being replaced by concepts of interdependence and exchange (Taylor, 1989). It is no longer appropriate to view states as independent entities. A more effective approach is to see them as part of a geo-political, or a geo-social world system. This shift needs to be reflected in geographical research.

INTERNATIONAL ECONOMIC CONDITIONS

An understanding of the international economy is important as countries, even those with large economies, have little influence over trading and financial conditions. The returns that their producers receive for primary and manufactured goods are dictated by the prevailing conditions in the international market (Easton, 1982: 14). The international market sets the basic price for each commodity and it influences the types of production that are undertaken. Producers are in effect supplying a single market. The international market also plays a major role in determining where capital and technology will be directed. New capital and technology will flow to countries and regions that provide attractive opportunities for investment (e.g. low cost structures and high worker productivity). Conversely, countries which are experiencing restructuring or employment difficulties are likely to experience significant capital outflows.

In addition to these points it is important to consider how movements in exchange and inflation rates can affect the competitiveness of a country in the international market place. Movements in these two variables will affect the relative productivity of labour and capital between countries. This can lead to a movement of capital and resources from one region to another. The final theme which will be examined in this section is the growing role multinational corporations are playing in economic development. The discussion will look at how they have come to dominate important sectors of the economy (e.g. farm servicing and primary processing) and what priorities they are following.
i) **International Trading Conditions**

The prices agricultural producers, manufacturers, and processors receive for their production are determined primarily by international market conditions. The supply and demand pressures in the international market establish the prices at which commodities and increasingly services are traded. The international market has emerged as the principal mechanism for determining prices as commodity production is no longer confined to national boundaries but is global in its nature. As trade has increased and the cost of transportation has declined, businesses and communities have been able to source commodities and services from further afield. This has created a global market place, in which consumers and producers can be many thousands of miles apart. The effect of this for producers is that they have to pay close attention to the international market, and to any trends that are developing. This is especially true in the case of primary producers as their returns "tend to fluctuate widely because of demand and supply conditions" (Oyejide, 1989: 97).

Domestic prices will normally follow the international trend due to the competitive forces within each economy. This point can be seen in the case of wheat production. A low domestic price for wheat will encourage producers to export rather than to sell on the local market. Over time this will force the local price up, until it matches the international rate of return. Conversely, when the domestic price is high, the country will experience an inflow of wheat, which will suppress the local price of exchange. The international price is used as the benchmark even in cases where only a small proportion of production is traded on the global market (Mahler, 1986). A prime example of this is dairy production. Less than five percent of dairy production is traded internationally, yet it is the returns in this market that determine the domestic price for casein, cheese, and milkfat.
The international marketing system brings both advantages and disadvantages for producers. The major change is that the prevailing price for commodities is determined by trading conditions in the international economy, rather than by the local costs of production. In essence, producers have become price takers, as individual producers, and even countries, lack the scale of production to influence the international trading environment. The establishment of an international price for commodities benefits producers who have low cost structures and high productivity, as it gives them a global market for their goods. The reverse side of the coin is that high cost producers are forced to restructure and find alternative areas of production. Producers can only supply the international market as long as their production costs remain below the prevailing world price. This point is portrayed in Figure 5.1. The figure shows how domestic producers are confronted with a fixed (inflexible) price for their production (Po). This price allowed only a limited quantity of domestic production (Qo). Beyond this point, the cost of domestic production exceeds the rate of return in the international market.

The price level in Figure 5.1 bears little relation to the costs of production within the domestic economy. Producers are required to work within a pricing regime that responded to international forces, rather than to local growing and production conditions. The difficulties

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1 There are several notable exceptions to this point. These include Brazil's dominance of coffee production and South Africa's central position in the diamond market.

2 This situation excludes intervention in the market by governmental agencies.
of working within an international environment can be seen by looking at the returns New Zealand primary producers have received for three of their major commodities (Figure 5.2). The returns from these commodities were determined predominantly by international demand and supply conditions, rather than by domestic factors. The figure shows how the returns for these commodities have varied markedly over time. The vagaries of the international market can be seen clearly in the returns for wool. The price of wool has traditionally fluctuated from year to year as yarn and fabric manufacturers tend to stockpile large quantities of wool. As a result, the price received by the producer can vary by more than a quarter

3 The effect of supplementary Minimum Prices and Equalization Payments on local returns will be examined in Chapter Six. The impact of exchange rate movements will be discussed later in this chapter.
between successive seasons (e.g. 1919-20 to 1920-21, 1950-51 to 1951-52, and 1973-74 to 1974-75). During these periods the wool clip has remained virtually unaltered, "as the shear depends greatly on the existing population of sheep" (Adams & Behrman, 1976: 32). The only change in these periods has been in the international trading conditions. Of particular note was the dramatic increase in wool prices in the early 1950s. This period of strong demand was a result of the Korean war. The difficult climatic conditions in this theatre of war created a demand for woollen garments.

The trends shown in Figure 5.2 not only indicate an unstable pricing system, but also a declining rate of return for our major commodities since the mid 1960s (Philpott, 1973: 264). Generally, "it is believed that a downward trend in the real prices of commodities, other than petroleum, is perceptible from the mid-1950s, and may have worsened since the early 1970s" (Oyejide, 1989: 96). The decline in the international price for our major agricultural commodities has been caused largely by an artificial over-supply in the world market. The underlying reason for this has been "agricultural support policies in industrial countries" (International Monetary Fund: Occasional Paper No. 63, 1988: 64). These policies have had the affect of "stabilizing domestic prices ... [but increasing] ... the instability of world prices" (Ibid: 64). Support programmes in the European Community and North America have produced agricultural surpluses which have been stockpiled or "dumped on world markets" (Gill & Law, 1988: 233). Both of these practices put downward pressure on international commodity prices. From a longer term perspective the benefits of price support are largely outweighed by the instability they bring to the international market. The downward trend in international commodity prices has impacted most upon primary exporting nations, such as Argentina, Australia, and New Zealand. Producers in these countries have seen their real returns decline markedly over the past 20 years.

The points covered in this section have shown how local producers are tied to the international commodity market, even though they maybe producing primarily for domestic consumption. This finding is important for understanding the economic environment in which rural decision
making occurs. It shows that producers must weigh up not only the production alternatives for their land but also the trends in the international commodity market (Adams & Behrman, 1976: 6). It also helps to explain why land use patterns do not necessarily reflect the optimal use of the property (in a production sense).

ii) **International Exchange Rates**

Movements in the international exchange rate regime can have a significant affect upon the price a producer receives for their production. This occurs as commodities are usually valued in a specific currency (either the United States Dollar or the British Pound). Changes in the exchange rate between New Zealand and the United States or Britain will affect the local price producers receive for their production. The local rate of return is the critical value producers use in their planning, rather than how many US dollars they can receive for each kilo of beef or milkfat. Producers need to know how much the commodity is worth in their local currency so as "to judge whether [their] trading activities are profitable" (Coninx, 1990: 39).

At a broader scale, exchange rate movements will affect the price structure of an economy (Cairncross, 1975: 107). Movements in the exchange rate will alter the competitiveness of local production compared to international levels and will affect the price of overseas imports. This can be seen by looking at an economy with a depreciating currency. A depreciating currency will improve the competitive position of local production compared to their overseas competition. This occurs as local wages and costs of production are effectively reduced by a decline in the currency. This enables local producers to receive a higher return on their production (in local dollar terms), even though the international price for their commodities have remained unchanged\(^4\). The reverse side of this equation is the fact that import prices will rise as overseas goods will become more expensive after a devaluation. These higher import prices will feed through the economy and can lead to increased inflation. Higher import costs

\(^4\) This situation will not occur if a country is the dominant producer of a commodity. For example a depreciating Brazilian currency will weaken coffee prices due to their dominant position within this market.
will mainly affect those activities which are reliant on imported componentry. In the case of agriculture this would mean higher machinery and fuel costs.

The effect of a currency movement on the rural sector needs to be viewed from both a short term and longer term perspective. In the short term the major impact will be upon the price producers receive for each unit of production, while in the longer term the effect will be upon production volumes. There is this distinction as changes in production take several seasons to occur.

**FIGURE 5.3**

**The Effect of a Currency Movement on the Production of a Commodity**

The initial consequence of a currency movement is to alter the domestic price producers receive for their production. The movement in the domestic price will vary however depending upon the commodity and the structure of the activity. If a country is a major producer of a commodity then a change in the exchange rate will have a bearing on the international price. In this situation a devaluation in the local currency may also cause a decline in the international price level. In the majority of cases however countries are price takers, rather than price setters. This means that a movement in the exchange rate will have virtually no effect upon the international price. More importantly for producers it means that the domestic price will move in line with the currency adjustment (Carter & Gardiner, 1988: 105). This situation can be seen in figure 5.3. In this model a depreciation of 10% in the local currency will push the price of the commodity up by 10% (i.e from $100 to $110). The opposite case would occur for a 10% appreciation. Figure 5.3 also highlights that in the short
run there is little impact upon supply. This occurs as most rural producers have a fixed level of production. It takes several seasons to increase stocking levels or to bring in more land to take advantage of improvements in price. A limited increase in supply may occur if producers are able to call on production which has been stockpiled.

"The effect of a devaluation on farm prices is estimated to be slightly more than proportionate, because the farm price is a residual after deduction of transport, handling and storage costs" (Martin & Shaw, 1986: 106). This point is brought out in figure 5.4. The figure shows that producers face a set of production costs (fixed [FC] and variable costs [VC]) that are not directly related to the price of the commodity. This means that producers are required to pay these costs whatever the return on their production. Therefore any increase in the domestic price (i.e from $100 to $110) will give producers a 'wind-fall' profit, as their costs will not go up to the same extent. In the case of an appreciating currency the opposite effect would occur. Profit levels would fall by more than the appreciation, as costs remain virtually the same. It must be remembered when looking at currency changes they do not impact evenly across the different sectors of an economy. This is due to the fact that each sector has a different set of fixed and variable costs.

**FIGURE 5.4**

**The Impact of a Devaluation on Producer Returns**

![Diagram showing the impact of a devaluation on producer returns. The diagram illustrates the relationship between price in local currency, fixed costs (FC), variable costs (VC), and surplus at different price points ($100 and $110).](image-url)
"In general, the supply of agricultural products is slow to react to rising prices and what is more, the response is frequently limited, particularly in the short run. Likewise, if prices fall, production is often maintained at pre-established levels" (Campbell, 1973: 22). Production volumes do not respond rapidly to currency movements as it takes time to alter land use patterns and to bring new plant and machinery into operation. It must be remembered that current production levels reflect decisions made in previous seasons. To judge how currency movements affect production it is therefore necessary to examine the long term planning strategies that are followed by producers. Favourable currency changes will encourage producers to undertake land improvements (i.e introducing drought resistant grasses, developing irrigation, and sub-dividing pastures) which will in the longer term (5 to 10 years) produce increases in production. Conversely, a rising currency will squeeze profitability and will cause farmers to retrench their expenditure on development and even maintenance. This will cause production volumes to remain static in the short run and in the longer term it may cause production to decline.

**TABLE 5.1**

Movements in the New Zealand Currency Since 1968

<table>
<thead>
<tr>
<th>March Value</th>
<th>British Pound</th>
<th>United States Dollar</th>
<th>Australian Dollar</th>
<th>Exchange Rate Index (June 1979 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>0.4666</td>
<td>1.1208</td>
<td>1.0000</td>
<td>.....</td>
</tr>
<tr>
<td>1969</td>
<td>0.4666</td>
<td>1.1159</td>
<td>1.0000</td>
<td>113.1</td>
</tr>
<tr>
<td>1970</td>
<td>0.4666</td>
<td>1.1224</td>
<td>1.0000</td>
<td>113.0</td>
</tr>
<tr>
<td>1971</td>
<td>0.4666</td>
<td>1.1272</td>
<td>0.9375</td>
<td>110.4</td>
</tr>
<tr>
<td>1972</td>
<td>0.4556</td>
<td>1.1952</td>
<td>0.9375</td>
<td>120.8</td>
</tr>
<tr>
<td>1973</td>
<td>0.5340</td>
<td>1.3272</td>
<td>0.9862</td>
<td>133.1</td>
</tr>
<tr>
<td>1974</td>
<td>0.6072</td>
<td>1.4669</td>
<td>0.9920</td>
<td>124.8</td>
</tr>
<tr>
<td>1975</td>
<td>0.5561</td>
<td>1.3428</td>
<td>0.8194</td>
<td>106.1</td>
</tr>
<tr>
<td>1976</td>
<td>0.5328</td>
<td>1.0230</td>
<td>0.8715</td>
<td>105.3</td>
</tr>
<tr>
<td>1977</td>
<td>0.5574</td>
<td>0.9913</td>
<td>0.8945</td>
<td>105.3</td>
</tr>
<tr>
<td>1978</td>
<td>0.5476</td>
<td>1.0225</td>
<td>0.9437</td>
<td>105.3</td>
</tr>
<tr>
<td>1979</td>
<td>0.5123</td>
<td>1.0552</td>
<td>0.8707</td>
<td>96.2</td>
</tr>
<tr>
<td>1980</td>
<td>0.4333</td>
<td>0.9431</td>
<td>0.7874</td>
<td>90.1</td>
</tr>
<tr>
<td>1981</td>
<td>0.4086</td>
<td>0.9200</td>
<td>0.7299</td>
<td>84.5</td>
</tr>
<tr>
<td>1982</td>
<td>0.4303</td>
<td>0.7668</td>
<td>0.7536</td>
<td>78.4</td>
</tr>
<tr>
<td>1983</td>
<td>0.4427</td>
<td>0.6507</td>
<td>0.7097</td>
<td>84.4</td>
</tr>
<tr>
<td>1984</td>
<td>0.4599</td>
<td>0.6649</td>
<td>0.6558</td>
<td>62.1</td>
</tr>
<tr>
<td>1985</td>
<td>0.3746</td>
<td>0.4623</td>
<td>0.7415</td>
<td>64.7</td>
</tr>
<tr>
<td>1986</td>
<td>0.3614</td>
<td>0.5340</td>
<td>0.8042</td>
<td>60.3</td>
</tr>
<tr>
<td>1987</td>
<td>0.3519</td>
<td>0.5658</td>
<td>0.8894</td>
<td>64.1</td>
</tr>
<tr>
<td>1988</td>
<td>0.3501</td>
<td>0.6512</td>
<td>0.7527</td>
<td>60.9</td>
</tr>
<tr>
<td>1989</td>
<td>0.3653</td>
<td>0.6165</td>
<td>0.7689</td>
<td>61.7</td>
</tr>
<tr>
<td>1990</td>
<td>0.3538</td>
<td>0.5798</td>
<td>0.7570</td>
<td>59.6</td>
</tr>
<tr>
<td>1991</td>
<td>0.3120</td>
<td>0.6000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the case of New Zealand, the currency depreciated sharply against those of our major trading partners from the mid 1970s through until the early 1990s. Table 5.1 shows how the value of the New Zealand dollar more than halved against the United States dollar between 1974 and 1991. Another important point to note is that the trade weighted index\(^5\) has fallen steadily over this period. This indicates that the New Zealand dollar has been declining not only against our major trading partners, but across the board.

A depreciating currency should improve the competitiveness of producers and lift the prices they receive for their production. These benefits were short lived in New Zealand's case, as they were negated by high domestic inflation and protectionist economic policies (i.e quota and tariff barriers). High inflation meant that the costs of production in New Zealand rose at a faster rate than in Australia, Canada, or the United States. As a result of this, producers quickly lost the competitive advantage they received from a devaluation (a more detailed explanation of this issue will be given in the next section). The benefits of a devaluation were also negated by the government's protectionist economic policies. The government used trade and financial barriers to protect inefficient industries from overseas competition. The effect of these policies was to raise the cost of production and to reduce the competitiveness of farmers and exporters. The distorting effect of these policies was recognised by the Fourth Labour government, which removed the majority of these barriers. The Labour government and its successor have also had success in restoring New Zealand to a low inflation economy. This means that the benefits of any future devaluation will flow through to the producers, rather than being lost through inflation or inefficiencies in the economy.

iii) **International Inflation**

In this section we will examine how inflationary pressures at the international level can feed through to the domestic economy. The discussion will also be used to look at the economic

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5 The trade weighted exchange rate index is based upon a basket of major currencies. It shows how the New Zealand currency is performing generally against our major trading partners.
difficulties that occur when the inflation rate in a country is above that of its competitors. These are important issues for small trading nations such as New Zealand, which rely upon trade and commerce with the major economies of the world.

The concept of international inflation has emerged with the growing "economic integration of the world economy" (Krause & Salant, 1977: 175). With an integrated economic system it is possible for conditions in the industrialised world to be transmitted to other areas around the globe. The emergence of a world economy has also produced a situation where the majority of developed countries follow a similar inflation and economic path.

Research on international inflation has identified three sets of factors which determine the direction of international prices. These are:

i) the level of demand in the international economy;

ii) the supply conditions for major commodities; and

iii) the level of liquidity in the financial market.

The discussion will comment briefly on each of these factors and how they contribute to inflation.

"As demand increases, it presses more and more strongly on capacity and begins to force up prices" (Cairncross, 1975: 70)

At any given time the world economy has a finite production capacity (this is expressed by the production possibility curve in Figure 5.5). If output is below this curve, as is demonstrated by Point A, there is excess capacity. This depresses prices, as resources (capital and labour) are not being used to their potential. If demand increases there is greater competition for resources and purchasers will bid-up prices, due to their finite supply in the short term. This produces a situation where inflationary forces are being built up. "The increase in inflation in

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6 The transmission of inflationary forces is not simply a one way relationship between the developed and developing world. There have been instances when inflation has been imported to the West. This has mainly been in the form of supply (cost) inflation e.g. when the OPEC countries raised oil prices in 1973-74 and again in 1979-80."
the OECD area from about one percent in 1958 to about six percent in 1969 (second half of year)" (Lindbeck, 1980: 21) was due to a combination of increasing demand and a lack of new production. High demand in individual countries may produce some upward price movement at the international level, but in general there needs to be a global increase in demand, as occurred in the late sixties and early seventies (Lindbeck, 1980: 34). Individual increases in demand can usually be compensated for by under-utilized capacity in other countries.

Supply side inflation has two distinct forms. These are shock inflation and on-going inflation. In the first situation prices rise when there is a sudden decline in supply. This can be caused by natural occurrences, such as crop failure, or by market manipulation, as in the case of OPEC intervention in the oil market. These one off (or short term) rises feed through the international market and push up the general cost structures within an economy. At the other end of the scale there are on-going pressures in areas such as the labour market, where workers are striving to improve wage levels and their standard of living. Labour demands have been seen traditionally as being national issues, but with the growing integration between countries there is a move towards a single labour market. Workers are moving between countries for employment and labour unions are striving for relativity with counterparts in neighbouring states (Lindbeck, 1980: 67).

The third group of factors which are regularly reviewed in conjunction with international inflation are known as monetary forces. The general contention behind this perspective is that
an increase in the money supply of the major economies will contribute to an increase in international price levels. This situation was highlighted in the 1971 to 1973 period when the stock of money rose "12 percent per year for the OECD area" (Lindbeck, 1980: 22) and commodity prices rose at a rate "out of all proportion to the level of capacity utilization" (Lindbeck, 1980: 22). An increase in the money supply is therefore seen by economists as "a pre-condition of any sustained rise in prices" (Cairncross, 1975: 67).

Finally in this section it is important to see how variations from the international rate of inflation can effect competitiveness within local economies. New Zealand is a relevant example of this situation as its inflation rate has "tended to be above the OECD average" (Sandrey & Reynolds, 1990: 44), since the late 1960s. The inflation pattern in New Zealand can be seen in Table 5.2. The important points to recognise about inflation are that it raises the cost of production and it affects the competitiveness of local producers. If local producers face an inflation rate that "exceeds the general level prevailing in other countries" (Coninx, 1990: 45) then they are likely to see their competitiveness deteriorate, as local costs will be rising more quickly than the international average. This will result in lower returns for producers and will create an environment which is not conducive to investment and innovation. The linkage between high inflation rates and declining competitiveness can be seen in the trends for farm investment in New Zealand (Table 5.3). Constantly high levels of inflation have

**TABLE 5.2**

**Movements in the New Zealand Inflation Rate (1965 to 1990)**

(Average Annual Increase)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Inflation</th>
<th>Year</th>
<th>Rate of Inflation</th>
<th>Year</th>
<th>Rate of Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>3.4%</td>
<td>1974</td>
<td>11.1%</td>
<td>1983</td>
<td>7.4%</td>
</tr>
<tr>
<td>1966</td>
<td>2.7%</td>
<td>1975</td>
<td>14.6%</td>
<td>1984</td>
<td>6.1%</td>
</tr>
<tr>
<td>1967</td>
<td>6.1%</td>
<td>1976</td>
<td>16.9%</td>
<td>1985</td>
<td>15.5%</td>
</tr>
<tr>
<td>1968</td>
<td>4.3%</td>
<td>1977</td>
<td>14.4%</td>
<td>1986</td>
<td>13.3%</td>
</tr>
<tr>
<td>1969</td>
<td>4.8%</td>
<td>1978</td>
<td>11.9%</td>
<td>1987</td>
<td>15.7%</td>
</tr>
<tr>
<td>1970</td>
<td>6.5%</td>
<td>1979</td>
<td>13.7%</td>
<td>1988</td>
<td>6.4%</td>
</tr>
<tr>
<td>1971</td>
<td>10.5%</td>
<td>1980</td>
<td>17.1%</td>
<td>1989</td>
<td>5.7%</td>
</tr>
<tr>
<td>1972</td>
<td>6.9%</td>
<td>1981</td>
<td>15.4%</td>
<td>1990</td>
<td>5.9%</td>
</tr>
<tr>
<td>1973</td>
<td>8.2%</td>
<td>1982</td>
<td>16.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Season</th>
<th>Total Expenditure (Current Dollars)</th>
<th>Total Expenditure (Constant Dollars) 1989 Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980/81</td>
<td>651,289,000</td>
<td>1,466,245,000</td>
</tr>
<tr>
<td>1981/82</td>
<td>844,234,000</td>
<td>1,635,978,000</td>
</tr>
<tr>
<td>1982/83</td>
<td>843,979,000</td>
<td>1,522,936,000</td>
</tr>
<tr>
<td>1983/84</td>
<td>883,509,000</td>
<td>1,503,076,000</td>
</tr>
<tr>
<td>1984/85</td>
<td>915,942,000</td>
<td>1,349,414,000</td>
</tr>
<tr>
<td>1985/86</td>
<td>615,886,000</td>
<td>801,321,000</td>
</tr>
<tr>
<td>1986/87</td>
<td>467,334,000</td>
<td>525,485,000</td>
</tr>
<tr>
<td>1987/88</td>
<td>392,534,000</td>
<td>414,934,000</td>
</tr>
<tr>
<td>1988/89</td>
<td>445,632,000</td>
<td>445,632,000</td>
</tr>
</tbody>
</table>

Note 1: The survey covers holdings of over one hectare.
Note 2: The survey period is for the June year.
Note 3: The adjustment figures used in this table are based upon the 'annual average' increase in inflation.


undermined the ability of farmers to afford new capital investment. This inability (or unwillingness) to invest will have long term repercussions for New Zealand's competitiveness as an agricultural producer. New Zealand producers will become relatively less competitive, compared to those countries where farmers are still spending heavily upon farm investment.

iv) International Capital

"The main justification for international capital movement is that it shifts savings from locations where they are abundant and cheap ... to places where they are scarce and expensive" (Kindleberger, 1981: 226)

Historically, the movement of capital has been from the developed to the developing world. Developing and recently settled areas lack the financial resources which are necessary to enable rapid growth to occur. Capital is therefore imported to make up the short fall between local savings and demand. Importing capital has several major advantages for an economy. Its initial effect is to hold down domestic interest rates, by expanding the money supply. This increase in liquidity allows borrowers to invest in a range of activities, that would not otherwise be possible. The second and more important impact is that it allows a country to develop at a steady pace, because it is not constrained by a lack of resources (Kindleberger, 1981: 227). The importation of capital (primarily British) into Australia, New Zealand, and
South Africa has allowed these nations to develop at an accelerated rate during the past century. Foreign capital has stimulated local enterprise in these countries and it has enabled governments to develop basic services. Finally, international capital is used by governments (and governmental agencies) to cover short term funding difficulties. This ranges from producer boards borrowing funds to cover seasonal payments to growers through to central governments borrowing capital to cover balance of payments difficulties.

The benefits of international capital should in any analysis be balanced against their potential drawbacks. In particular, researchers need to consider the transient nature of international capital. International capital can shift rapidly out of a currency if there are concerns about the local economy or about the political stability of the country (Harvey, 1982, Nikitin, 1983). This can lead to a sudden tightening of liquidity, as occurred in New Zealand during the early 1920s and again in the 1980s. In both periods foreign capital left New Zealand due to uncertainty about local economic conditions. In the earlier case the loss of capital brought the 1920s land boom to an end and caused a collapse in farm property prices. This undermined confidence in the farming sector and it caused a contraction in long term farm development.

The financial burden of foreign debt can also be a major difficulty for an economy if the loans are used for consumption rather than for investment. If international capital is used to cover budgetary deficits or to support the local currency (i.e. under a fixed exchange rate regime) then there is no long term benefit for the economy. In fact, it can lead to a deterioration in the economy, as local capital will have to be exported to repay the loans. This type of borrowing actually contracts the money supply and can lead to higher domestic interest rates. This situation occurred in New Zealand during the 1970s and early 80s when the government borrowed heavily to cover budgetary deficits and to maintain the dollar.
v) Multinational Corporations

Multinational corporations have emerged as a major force within the world economy (Hood & Young, 1979: 19; Modelski, 1979: 23). Their manufacturing and distribution networks have brought national economies closer together and they have acted as a conduit for the transfer of information and technology. Their capacity for generating investment capital dwarfs that of many developing nations. This ability to raise capital gives these companies a major role in economic development. For this reason it is important to look at the priorities of these companies and their impact upon national economies.

To understand the behaviour of a multinational it is important to appreciate that they operate at an international scale. They see the world as a single market and they respond to global events, rather than to conditions within a particular economy (Brooke & Remmers, 1970). This means that their investment patterns will not necessarily correspond with those of domestic producers (Vernon, 1972).

Multinationals tend to invest in an area for one of four reasons. They are:

i) to extend their manufacturing and distribution network;

ii) to obtain access to raw materials;

iii) to gain entry to a market (the market maybe closed to imports through domestic trade barriers); or

iv) to take advantage of favourable economic opportunities (i.e. low tax rates or liberal regulations on profit repatriation) (Brooke & Remmers, 1970).

A multinational will continue to invest in a country as long as it allows them to maintain a competitive advantage over their rivals. If there are any changes within the country which affect this competitive advantage the multinational will re-evaluate the feasibility of maintaining a local plant (e.g. movements in the inflation and exchange rate). This means that multinational owned plants must remain internationally competitive if they are to survive.7

7 Plants which are established to overcome trade barriers will not necessarily fit this rule, as they tend to be smaller units.
Multinationals have tended to operate within "a fairly small range of industrial sectors [which are] characterised by fast growth, export-orientation and high technology" (Modelski, 1979: 25). In the case of New Zealand the data suggests "that there is some concentration in four manufacturing industries (food, beverages, tobacco; textiles; wood, paper and chemical products; and metals) and in mining and quarrying. The technological and market conditions in these industries offers scope to large enterprise groups with access to capital and technical expertise" (International Labour Organisation, 1981: 47). Multinationals shy away from activities which tie up capital for extended periods and which rely on small scale production units (e.g. farming and handicrafts). Multinationals have entered the agricultural sector but they have tended to concentrate in the distribution and processing areas, where there are opportunities for large scale production. Agricultural multinationals (often referred to as agribusinesses) have grown steadily in recent decades and in a number of countries, such as Australia, they now dominate the processing and distribution of agricultural produce (Lawrence, 1987).

"Direct foreign investment can make a positive contribution to the host economy through the supply of capital, technology and management" (Hood & Young, 1979: 183). For capital poor countries such as New Zealand and Australia foreign investment has been the catalyst for their development. Multinational investment "was responsible for the growth of manufacturing in New Zealand in the forties, fifties and sixties" (Jesson, 1987: 61). In addition to this the transfer of industrial and agricultural technology from Europe, North America, and Japan has helped to bring local production standards up to international levels (Biersteker, 1978). This transfer of technology has been vital for smaller trading nations as "the process of creating new technology through research and development is an enormously costly, hit and miss affair, and the necessary skilled manpower is not available" (Hood & Young, 1979: 185).

Foreign investment continues to play an important role in New Zealand's development. This can be seen by the high level of foreign investment in the forestry sector. One of the larger
investors has been the Rayonier Corporation of America. It has been investing heavily in the development of new forestry processing facilities in Gisborne, Hawkes Bay and Southland. Japanese investment in forestry processing has also been growing, as can be seen by the Juken Nissho mill near Masterton. This foreign investment is crucial to the development of the forestry industry, as there are insufficient resources within New Zealand to fund the additional processing capacity that will be required over the next ten to fifteen years.

Foreign investment has not been without its costs. In small economies, multinationals are able to gain a stranglehold over key sectors of the economy. This allows them to manipulate prices and to gain an economic surplus. This situation has been witnessed in the Australian agricultural sector, where the major agri-businesses have been able to overprice the cost of farm inputs (Lawrence, 1987: 114). In addition to this, multinationals undertake what is known as transfer pricing so as to reduce their tax liability (Mathewson & Quirin, 1979). This occurs when a company overvalues the cost of production in a particular country, so as to avoid paying tax. The effect of this is to deprive the local government of tax revenue. Multinationals also withdraw funds from the local economy to repay loans or to pay dividends. This is seen as a constant drain upon a country's currency reserves. Finally, the unstable nature of foreign investment can be detrimental to the local economy. Multinationals will scale down their investment within a country if the local economy deteriorates. This situation occurred in New Zealand during the late 1970s and early 80s. High inflation and a deteriorating economic environment encouraged investors (principally British firms) to liquidate their holdings. This loss of capital was felt particularly in the freezing industry and in the stock and station sector. Both of these sectors saw established British firms withdraw from the New Zealand market. This loss of capital produced dislocations within the affected industries. In conclusion, multinational investment is a double edged sword. It can bring positive gains to an economy but it can also produce greater instability.
"Just as the world-economy has expanded overtime, its political expression - the interstate system - has expanded" (Wallerstein, 1984: 4)

Over the past seventy years there has been a move towards greater political integration between states. States have become increasingly linked through the establishment of international forum and through the development of trading blocks (e.g. the Benelux Economic Union between Belgium, the Netherlands and Luxembourg). This transfer of power to international agencies and the breakdown of regional boundaries has meant that most states are now working within a global political system. This means that states are no longer able to act without considering the wider implications of their actions. In terms of this study, it is important to understand how international agencies and trading blocks operate and what bearing they are having upon national policies.

The movement towards a global political system can be seen clearly in the growth of international forums (e.g. the International Monetary Fund, the GATT Secretariat, and the Court of International Justice). The majority of these were established to regulate aspects of international trade and finance. In the case of the World Court, the intention was to establish a forum with the power to settle international disputes and to interpret treaty guidelines. The growth in these agencies and in their responsibilities has meant that nation states have been giving up a proportion of their sovereign power to trans-national institutions (Taylor, 1989). This loss of sovereign power can also be seen in the development of regional trading blocks. To enter these trading blocks, nations have had to standardise their trade practices and to give up their power to impose countervailing tariffs. If nations want to impose new trade standards they have to reach a collective agreement with the other members within the trading block. These restrictions mean that most countries no longer have the power of independent action on trade matters. Smaller countries are also limited in their actions by the dominance of the major

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8 The GATT Secretariat was reformed after the 'Uruguay Trade Round' and is now the World Trade Organisation.
9 The World Court (Permanent Court of International Justice) was established by the League of Nations in 1922. In 1945 the functions of the Court were taken over by the Court of International Justice.
powers in trade and financial matters (i.e. the United States, Japan, and the European Community). The United States and the European Community have used their dominant position to restrict the movement of capital (Cairncross, 1975: 114) and to influence the returns for their producers. This dominance needs to be understood when studying the changes in international trade and finance. In particular, researchers need to understand how European and United States intervention has impacted upon small countries such as New Zealand (e.g. how British and US restrictions on the export of capital during the 1930s prolonged New Zealand’s economic recession).

i) **International Institutions**

In the period since the First World War there has been a steady growth in international political institutions. The emergence of these institutions stems from the economic and political uncertainty of the post World War One period when the world economy suffered from trade restraints and financial instability. This period highlighted the need for institutions which could transcend national boundaries, and which were able to play a leading role in the management of the world economy.

The growing role of international institutions in the world economy can be seen by looking at examples in the areas of finance and trade. International institutions were established in these areas in an attempt to stabilise world financial markets and to promote trade (Gill & Law, 1988: 143 and Sirc, 1973: 124). The principle agencies involved in these activities were formed during the 1940s in response to American and British initiatives (the International Monetary Fund - 1945, the World Bank - 1945, and the GATT Secretariat - 1948). Since their establishment they have played a leading role in the liberalization of world trade and finance.

"The success of GATT and also the IMF and the World Bank in promoting liberalization is evident in the faster growth of world trade than of world output since 1950" (Gill & Law, 1988: 145)
In the field of international finance the two major agencies have been the World Bank and the International Monetary Fund (IMF). The World Bank and its two principal subsidiaries (the International Bank of Reconstruction and Development (IBRD) and the International Development Association (IDA)) have acted primarily as long-term lenders to countries undergoing development or re-construction. In its initial phase the Bank lent principally to the capitalist countries of Europe in an attempt to rebuild their economies. Since the 1950s however its lending has been directed more towards the developing world. The chief role of the Bank has been to provide areas which are capital poor with the resources they need for development (Kelly et al, 1988, Watson et al, 1984). In the majority of cases the countries which receive these loans would not be able to attract private capital, due to uncertainty about their ability to repay and because of concern over their political stability.

The World Bank is for a number of countries their major source of foreign capital. Without this capital, development progress would be severely restricted. The scale of World Bank operations can be assessed by looking at the size of their loan portfolio. As at June 1985 the IBRD had advanced $112.9 Billion dollars and the IDA had lent $36.6 Billion dollars. The major difference between the loans from these two organisations is the rate of interest on the advances. IDA loans are given at concessionary rates for projects which have a high economic priority, while IBRD loans are given at commercial rates of interest. The IBRD should be seen basically as a financial intermediary. It borrows money from the international market at favourable rates and then passes it on to developing countries (Gill & Law, 1988: 145). It also acts as the guarantor of the loans.

In contrast to the World Bank, the IMF is more of a financial regulator than a source of long term capital. Its principal role has been to stabilise world financial markets. This has entailed supporting currencies that are under short term pressure and advising countries on the policies they need to introduce to restore foreign confidence in their economies (Watson et al, 1984). Direct IMF intervention was common in the period from 1950 through until 1975, when most major currencies were part of the fixed exchange rate system. The IMF would provide short
term loans of one to three years to overcome periods of currency speculation or to smooth out current account problems. This enabled countries to avoid devaluing their currencies, which was seen as important if stability was to be maintained in the international trading arena. At various times during the 1960s the IMF intervened to support both the Pound and the Franc in the international money market. Without this support both countries would have been forced to sharply devalue their currencies. The focus of IMF intervention has shifted since the 1970s. The IMF's major role since 1975 has been to prevent the third world debt crisis from damaging the capital markets and effecting international trade. The IMF encourages countries with difficulties to introduce remedial actions that will re-assure financiers. In a number of cases financiers have required countries to adopt IMF plans as "a condition for the granting of further loans" (Gill & Law, 1988: 144).

In the case of New Zealand, the IMF was called in during the 1950s and 60s to provide currency support and technical assistance to the government. The New Zealand economy was vulnerable to currency pressures as a result of its narrow export base. The technical and financial support provided by the IMF made it possible for the New Zealand government to maintain the stability of the currency. This stability was important for the continued growth of the economy. The New Zealand government moved away from the IMF during the 1970s and early 80s. This was due largely to a growing disillusionment with the stringent economic criteria demanded by the IMF before new loans would be issued. New Zealand, like many other countries, felt that the cut backs demanded by the IMF (particularly in the social service area) were too austere and would have an unacceptable impact upon the disadvantaged groups within society. A growing number of countries (particularly those in Latin America and Africa) also felt that the policies of the IMF and the World Bank were driven too much by the major donors, rather than being driven by the needs of the recipient nations.

In the area of international trade the major regulatory body has been the GATT Secretariat. Its primary function has been "to promote and liberalise trade" (Ibid: 145) through a series of negotiated tariff reductions (Sirc, 1973: 124).
"In its four decades of operation, the GATT has had many accomplishments. As a result of seven successive rounds of multinational trade negotiations, average tariffs in industrial countries ... have declined sharply" (International Monetary Fund, 1988: 29)

The GATT acts as an arbitrator in trade disputes and it resists attempts to impose protectionist measures by its member states. The achievements of the GATT can be seen in the success of the newly industrialised states such as Hong Kong and Singapore. The removal of high tariff barriers on electronics and light engineering have made it possible for these countries to develop competitive export industries.

The benefits of the GATT have been concentrated however within the industrial sector.

"The average level of protection is higher for agricultural products than for manufactured goods as a result of exempting agriculture from the series of multilateral trade negotiations sponsored by the General Agreement on Tariffs and Trade" (Grennes, 1990: 1)

The persistence of agricultural tariffs and supports has been a major reason why nations dependent upon agriculture (especially developing countries) have experienced minimal growth in the past few decades. The retention of agricultural trade barriers prevents efficient producers from gaining significant benefits from trade. The current duel system of high agricultural tariffs but low manufacturing tariffs leaves the majority of developing countries at a disadvantage. Their major exports are blocked by trade barriers but they are forced to import industrial goods with low tariff rates on them. This situation has been rectified to some extent in the latest round of trade negotiations (the Uruguay Round). The agreement reached in December 1993 includes a gradual reduction in agricultural supports and tariffs. The reductions agreed in Geneva are modest by industrial standards yet they are likely to yield substantial benefits for efficient primary producers, such as Australia and New Zealand. Even in the short period since the ratification of the Uruguay Round the subsidised stockpiles of butter and grain in Europe and America have decreased and the economic prospects for primary production have improved significantly (Speirs, Interview, 1994).
ii) **Political Integration**

Since the Second World War there has been a growing recognition among politicians of the need to harmonise trade and financial structures between states. Politicians appreciate that the harmonization of procedures will help to reduce tensions between states, as well as promote trade and technological exchange. This trend towards political integration is reflected in the growing number of bi-lateral and multi-lateral trade and cultural agreements (Gurtov, 1985). These agreements have created regional trading blocks and they have brought differing cultures closer together.

This process of political integration can be seen in the emergence of the European Union. The Union began as a trade body known as the European Coal and Steel Community (ECSC). This organisation established a common market for coal and steel among its six member states. The success of this body demonstrated the need for a more comprehensive customs union. This occurred in 1957 with the creation of the European Economic Community. This body negotiated the removal of trade and labour barriers between member states. The organisation evolved during the 1970s and 80s into a parliamentary institution, with responsibility for key areas of trade, including agriculture. The move from a customs union to a directly elected parliament, with extensive regulatory powers, has been a slow and arduous affair. The member states were reluctant to yield authority over areas of economic policy or to sacrifice the interests of their own populations. They felt that a transfer of authority diminished their status as independent nations. It has taken time to convince politicians and the general public of the practical benefits of a closer political union.

A similar process of integration has been occurring in Australasia and North America with the emergence of free trade zones. The purpose of these zones has been to bring the separate

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10 The move towards a single trading block in Australasia was initiated with the NAFTA agreement (New Zealand - Australia Free Trade Agreement) of 1965. This limited trade agreement was replaced in 1983 by a comprehensive agreement that aimed for full economic harmonization between the two countries. This agreement was known as the Closer Economic Relations Agreement (CER).
economies together and to standardise their practices and regulations. In the Australasian case this has involved harmonising taxation and tariff regulations so as to remove any distorting barriers between Australia and New Zealand. In addition to this, both countries have been introducing common handling procedures. This reduces delays in moving goods and it effectively makes the two countries into a single market (Barber, 1989: 226-227).

The move to a closer economic relationship has boosted trade volumes between Australia and New Zealand and it has brought the two economies closer together. The harmonization of trade practices has made it possible for companies to spread their production over both countries. This means that companies are beginning to think in terms of a trans-tasman economy.

The move to a single market has not been without its costs. It has required both countries to open up sectors of their economy that have traditionally been protected from imports. This has been a difficult process as it has meant dismantling support structures and exposing less efficient industries to external competition. The impact of this process can be seen in the case of the New Zealand wheat industry. For over fifty years a centrally run Wheat Board was the dominant player in the market. It "fixed prices of wheat, flour and bread, allocated milling quotas, controlled entry into milling, and restricted imports of wheat and flour" (Miller, 1989: 12). This dominant position began to be dismantled after the introduction of the CER (Closer Economic Relations) Agreement with Australia. The first step in this process occurred in 1983 when the government adopted a four year plan for deregulating the wheat industry. This plan initially freed up entry into the market and in 1986 it introduced a flexible pricing system to replace the fixed system. Finally, in February 1987 the Board was abolished. These reforms have opened the industry to the international market and they have initiated a period of restructuring. Smaller growers found that they did not have the scale of production to compete economically in the new environment. Farmers growing 50 or 100 acres of wheat could not compete against the 5 and 10,000 acre units in Victoria and New South Wales. This led to a movement away from cereal production. A similar situation occurred in the
milling sector. Without Wheat Board support, the smaller mills could not remain economic. They did not have the level of production necessary to compete against the larger New Zealand and Australian plants. This led to the closure of these units \(^{11}\) and a concentration of production. The industry has also experienced a move away from local ownership to overseas control (i.e. Defiance Mills and Goodman Fielder). With the removal of production quotas there was an opportunity for larger companies to come in and take control of the market. Production is now concentrated in the larger plants and control tends to be from off shore. This example shows that there are substantial costs involved in integrating the economies of two countries. The less efficient sectors in each country will experience a period of adjustment.

iii) **Political Intervention in International Trade and Finance**

Most nations have little or no ability to affect the financial or trading patterns within the world economy. There are however a small group of nations with the economic muscle to influence the trading system (France, Germany, Great Britain, Japan, and the United States). These nations have used their position to manipulate international commodity prices and to restrict the movement of capital. These states have also used their position to regulate the transfer of technology. The purpose of this intervention has been to safeguard the domestic economy of these states (e.g. to protect employment and strategic industries). The broader effect of this intervention has been to distort international prices and to establish artificial barriers to trade. In the case of smaller countries, like New Zealand, it has meant reduced commodity prices and greater instability in the world market (International Monetary Fund, 1988: 65).

The governments of Britain and the United States have historically played an important role in the world trading system. They have used their economic and political strength to gain preferential market access for their manufactured goods. This point can be illustrated by

\(^{11}\) A number of mills have survived by targeting niche markets. In the case of the Ashburton mill, it has survived by developing premium grade flour which has been exported to markets around the Pacific.
looking at the British attempt in the early 1930s to secure their export markets within the Commonwealth (the Ottawa Agreement of 1932). The British government used the Ottawa agreement to establish a system of preferential tariffs among the Commonwealth states (e.g. Australia, Canada, India, New Zealand, South Africa) and to restrict imports from non-Commonwealth countries (Sinclair, 1988). The effect of this agreement was to give British producers a protected market for their manufactured exports. Manufactured goods from America and Continental Europe were restricted by the imposition of high tariff barriers. These artificial barriers increased the cost of manufactured goods within New Zealand and they limited the level of imports from America and Europe. This system also acted as a deterrent to local manufacturing (Sutch, 1964: 69). Low tariff barriers against British goods made it difficult for New Zealand manufacturers to build up their production. This meant that British manufacturers were protected at the expense of New Zealand's economic development. (Simpson, 1990).

The major economies have also played an important role in the field of international finance and in the area of technology exchange. The principal reason for intervening in the area of international finance has been "to limit long-term outflows" (Cairncross, 1975: 114) of capital. In recent years, with floating exchange rates, they have also intervened "to stem speculative flows" (Miller et al, 1989: 20), which are usually of a short term duration. Restrictions on the movement of capital have been used regularly by the major industrial countries, including the two principal financial lenders over the last century (Britain and the United States). The restrictions used by these countries have taken two distinct forms. The first involves restricting domestic firms from investing abroad, as occurred in the United States in the early 1960s. To achieve this the United States enacted a series of regulations which effectively taxed companies who invested abroad. The impact of these regulations was to limit "foreign investment by commercial banks, other financial institutions, and industrial companies" (Ibid: 20). Such policies have hindered multinational investment and the flow of capital to developing areas. The second type of restriction involves closing the local financial market to overseas borrowers. This is achieved by restricting those who can operate within the market.
This form of restraint has been used on a number of occasions by the British government to limit the outflow of capital. In particular it was used against "borrowers from outside the sterling area" (Cairncross, 1975: 114). The sudden closure of a financial market can have a major effect upon a developing country if it is reliant upon overseas capital for its development. The loss of capital will push up local interest rates and will limit the supply of credit that is available for development. Overall, the closure of a financial market is likely to stunt economic growth within the developing world.

Political intervention to limit technology transfer is an area in which governments have been playing a larger role in recent decades, due to concern about protecting 'intellectual property rights'. In restricting the movement of technology governments are attempting to safeguard local research and development. The cost of modern research and the potential benefits that can accrue from it are such that there can no longer be a system of unfettered technology transfer. Most governments have tightened up their patent laws and attempts are being made to standardise regulations through the World Intellectual Property Organisation (an affiliate of the United Nations). The magnitude of the problem and the seriousness with which businesses are taking the issue can be seen in the range of cases that have recently been brought against Japanese companies by firms from the United States (e.g. Honeywell Corporation against Minolta and Loral Fairchild against Sony, Sharp, and NEC) (The Economist, 1992: 87). Restricting technology transfer is seen as one way in which a nation is able to maintain a competitive advantage within an industry or sector of the economy.

The need for restraints on technology transfer can be highlighted quite easily by looking at the New Zealand kiwifruit industry. The advances made in this industry were not protected adequately by international property rights. As a result, overseas competitors were able to gain access to the new strains and to technical information on the management of this crop. This has enabled competitors such as Chile, France, and Italy to develop a kiwifruit industry based upon New Zealand research. This has undermined the New Zealand industry and has caused returns to decline markedly in recent years.
In recent decades the smaller trading nations have been grouping together to promote their own interests and to counter the influence the major industrialised states have in international trade and finance. These groupings have taken on a number of forms. They range from specialised trade agencies, such as the International Wool Secretariat through to general forums which lobby for freer agricultural trade and the lifting of restrictions on capital flows (e.g. the Cairns Group). The International Wool Secretariat was established by the major wool growing nations to promote their production and to lobby for greater market access in industrialised countries. The IWS has been successful in promoting the 'wool brand' and in opening up new markets for wool. It has come in for criticism in recent years over its marketing priorities (i.e. there have been concerns that the IWS concentrates on particular categories of wool). The Cairns Group of primary producing nations rose to prominence during the Uruguay round of trade negotiations. The Group lobbied for agriculture to be a central feature of the negotiations. They successfully blocked attempts by the European Union and the United States to shelve agriculture until a later round and they compelled these nations to make serious inroads into their systems of agricultural protection. The Group has also played an important role in the new WTO. They have attacked attempts to re-impose agricultural restrictions through non-tariff barriers and they have argued for increased liberalization in agricultural trade.

INTERNATIONAL SOCIAL CONDITIONS

At the heart of every society there are a set of social relations (i.e. class, household, and labour relations) which bind a nation together and which determine how it is structured. These relations are essentially the building blocks on which a society is based. Over time, these structures change in response to external events as well as internal developments. It is important to be aware of these developments and how they are impacting upon community and
household structures. In particular, researchers need to understand how these developments are altering:

i) the age and gender mix within the labour market;

ii) the allocation of roles within the household unit; and

iii) the balance between the resource owning class and the wage earning class.

The social developments within New Zealand society have been driven in large measure by events in Britain, Western Europe, and North America. This reflects the close historical and trade links New Zealand has with these regions. The social ideas and values from these regions have come to New Zealand through the media and personal exchanges. The role of the media in this process has grown markedly in the post war period with the advances in telecommunications. These advances have enabled the rapid diffusion of social values between countries. In particular, television has been used to present new role models and to critique the existing attitudes to employment and household/community relations.

i) Cultural Integration Between States

The steady growth in international trade and in political exchange has brought the majority of states into closer cultural contact. This has made it possible for ideas and beliefs to spread between nations (Gill & Law, 1988: 155). This spread of ideas has principally been from the western, industrialised world to the developing states. The consequence of this spread of ideas has been a cultural crisis in developing areas. Traditional cultural beliefs have been swamped by new ideas from the West. In a number of cases the existing social structures have been swept away by new values and cultural norms. This is often referred to as 'cultural imperialism'. In these cases, western values on employment, social status, and power relations have undermined age old traditions. The most significant impact of this process has been upon the position of women, within the family, and within society as a whole.
In areas which have a strong European heritage, such as New Zealand and Australia, the process of cultural integration has been less traumatic, as these countries share a common cultural background. In these areas cultural integration can be seen more as a two way process. Instead of one culture being dominated by another there is a trend towards 'cultural synchronisation'. This means that a common set of values "emerge across a range of countries" (Gill & Law, 1988: 155). Cultural synchronisation implies that there is a gradual change in existing social values, rather than a sudden replacement of the old social structures with new ones.

The influence of North American and European values on New Zealand society can be seen by looking at the changing attitudes towards higher education and the role of the government. Traditionally, New Zealanders have seen higher education as being the preserve of the upper classes (Department of Education, 1981, 17). As late as the 1930s, most students were leaving school with less than two years of secondary education. It was not until the 1940s and early 1950s that social attitudes towards higher education started to change. The impetus for this change came initially from Great Britain, which introduced a comprehensive system of free education in the post war period. The Labour government in Britain believed that all citizens should be given the opportunity to reach their educational potential. This attitude towards education was gradually accepted within New Zealand. As a result of this change there was a significant increase in the number of students staying on at high school (Department of Statistics, NZ Yearbook, 1990, 1992). The number of tertiary students also increased during the 1940s and 50s, but not to the same extent as high school numbers. There was still a strong feeling within New Zealand that tertiary training was a luxury, rather than a necessity. This attitude has been eroded in recent decades, in line with overseas trends. In Europe and North America there has been a growing recognition that a tertiary qualification is essential, if a person is to succeed in the modern world economy. This belief is evident particularly among younger women (Horsfield & Evans, 1988), who believe they have to be better qualified than their male counterparts if they are to succeed in the employment market. This change in attitude has been spurred on by the growing competition for employment
during the 1970s and 80s and the increasingly complex nature of most jobs. There has been a growing realisation in New Zealand that the next generation of students needs to be better educated if the country is to compete successfully in the international market place.

The public attitude towards the role of the state has also been shifting over the past couple of decades. There has been a move away from the idea that the state should be the sole (or primary provider) of services. This stems mainly from changing British and North American attitudes towards the role of the state. There has been a growing belief that the individual, rather than the state, should be responsible for issues such as health care and superannuation. These attitudes have gained a firm hold in New Zealand and they have produced a distinct change in the way New Zealanders view the funding and operation of services. This change in attitude is reflected in the policies that have been introduced by the Fourth Labour and National governments. Since 1984, the government has corporatised the major state agencies and there has been a move towards user pay services (Birks & Chatterjee, 1988, Clayton, 1991). In addition to this, the government has been withdrawing from a range of activities (e.g. telecommunications, small business development, and forestry). These changes mirror the policies introduced in Britain and the United States during the 1980s.

Both of these examples illustrate that the social conditions within New Zealand have been influenced by events in Europe and North America. This emulation of overseas social values has become more discernible with the growing integration of New Zealand into the world economy. This point was highlighted particularly in the education example. It showed that New Zealand attitudes towards higher education have been following those of Britain and North America.

ii) **Growing Female Participation In The Paid Labour Force**

One of the major social changes in western society since the Second World War has been the growing female participation in the paid labour force. This trend has altered not only the
traditional labour divisions within society but also the structure of household decision making, and community politics. In New Zealand, the struggle for greater female participation in the workforce has been a slow process as women have had to overcome deeply ingrained social prejudices.

Female participation in the New Zealand workforce was low by international standards during the 1950s and 60s (Barber, 1989: 169). Most women spent only a short period in paid employment and there was a strong reaction against women who wanted to undertake a full time career. These attitudes were challenged in the late 1950s and early 1960s by the trends in Western Europe and North America. An increasing proportion of women were staying on in higher education and progressing to positions of responsibility. These women acted as role models for the next generation and they showed that women could compete effectively with their male counterparts. The changing social climate in Europe and North America had a major bearing on attitudes and behaviour within New Zealand. The number of women staying on in education has been rising steadily since the 1960s (National Council of Women, 1985) and there has been a growing appreciation among women that they do not need to be confined to the household situation (Horsfield & Evans, 1988).

"Women became increasingly insistent in their ... demands for equality" (Barber, 1989: 169)

The growth in female employment can be seen by looking at the percentage of women in paid employment (full and part time). The percentage increased from less than 30 percent in the early 1960s to a peak of approximately 55 percent in the late 1980s (Department of Statistics, New Zealand Yearbook, 1993: 265). The figure has fallen back in the latest census period (1991), mainly as a result of higher levels of unemployment. The increase in female participation has not been confined to the existing areas of female employment. The past twenty years have seen increasing numbers of women entering what were deemed to be areas of male employment, such as agriculture and transport.
The growth in female employment has helped to break down the traditional divides between men and women in New Zealand society. In particular, there have been calls for a greater sharing of responsibility within the household unit. The traditional pattern of male dominated decision making has come under increasing fire in recent decades. In the younger generation particularly there tends to be a greater sharing of decision making. This trend can also be seen in the wider political arena. As women have moved up the corporate ladder they have gained greater confidence to stand for public office and to challenge the traditional hierarchies (Lewis & Cooper, 1988).

iii) The Spread of Ideas and Social Values Through the International Media

The advances in telecommunications over the past century have brought the world progressively closer to New Zealanders. New Zealanders are able to tap into the latest breaking stories anywhere in the world and they are able to follow the fashion and lifestyle trends in London, Paris, and Rio. These advances mean that information can be diffused almost instantly around the globe. This compares with the 1920s and 30s when stories could take several weeks to be reach remoter areas. The development of a global news and information system has been aided by the emergence of international media companies, such as CanWest, Newscorp, Reuters, and CNN. These companies have broken down the communication barriers between states and they have introduced the idea of a global market for news and information. This revolution in telecommunications has brought the world closer together in both a cultural and a spatial sense (Abler, 1975: 123, Brunns & Leinbach, 1991).

The critical point to recognise about radio and television is that they have become the major source of information and entertainment for most households. Households rely on radio and television for their news and for their social entertainment. This gives them a pivotal role in shaping social attitudes and in diffusing new ideas (Hiebert & Reuss, 1988). The images they create are seen by the listening and viewing public as being the current standards of social
behaviour (Curran & Gurevitch, 1991). This means that radio and television are in a position to lead public opinion, rather than simply reflecting it.

Radio and television have played a major role in breaking down the social barriers between countries (Lee, 1980). This has occurred through the exchange of news and entertainment programmes. The exchange of programmes has allowed the values and aspirations of one country to be viewed by the population of another. The flow of programmes has been dominated by the United States and Britain. News and entertainment programmes from these two countries have controlled the airwaves for the past fifty years. This has been especially true in smaller countries, such as New Zealand, which do not have the resources to develop a full range of programming. This dominance of the airwaves has increased with direct telecasts from the US and Britain (i.e. CNN and the BBC World Service (radio and television)). These telecasts have broadcast the social values of America and Britain into New Zealand homes. As a result of this, New Zealand attitudes and behaviour are being increasingly shaped by overseas conditions.

SUMMARY

This chapter has stressed the importance of bringing an international perspective to rural geography. International conditions have a major bearing on the economic health of rural communities and on the way they develop socially. This was shown in the discussion on international trade and social exchange. Changes in the international trading environment affect the returns that local producers receive for their production. A decline in demand for lamb and wool will have a direct bearing on the profitability of sheep farming. A similar situation occurs in the financial market. The cost of finance in New Zealand is determined in large part by the availability of capital in the international market. If there is a decline in international liquidity, the price of finance to New Zealand borrowers will increase.
The discussion has also shown that the pattern of social reform within New Zealand has been influenced by conditions in other parts of the world. New ideas and attitudes reach New Zealand through the media, travel, and cultural exchange. These exchanges affect the priorities of individuals and households, and how they interact as a group. The impact of these exchanges can be seen in the case of education. The rising standard of education in New Zealand has been encouraged by overseas attitudes. There has been a growing recognition in Europe and North America of the need for a higher standard of education if individuals are to succeed in the modern economy.

These examples show that states are becoming increasingly tied to the international economy. This integration is occurring not only at an economic and a social level, but also in a political sense. Political integration has been occurring through the development of regional trading blocks and the growing participation of states in international forum. This means that the political behaviour of the New Zealand government has to be seen in an international setting, rather than simply in a New Zealand context. The growing role of the international economy makes it essential for geographers to look beyond the local arena for the causes of rural change. Geographers need to combine their knowledge of the local environment with an understanding of the conditions in the international economy. This will provide researchers with a greater appreciation of the factors that are contributing to rural economic and social change.
CHAPTER SIX

WHY IS A NATIONAL PERSPECTIVE IMPORTANT IN THE EXAMINATION OF RURAL CHANGE

INTRODUCTION

The pattern of rural development varies from country to country rather than being consistent across space. This occurs as decision makers differ in their perception of events and in their ability to respond to change. To understand the attitudes of a population and its capacity for change it is necessary to study the structure of a country. Geographers need to have an appreciation of the political framework within a country and the socio-economic environment in which decision makers operate. The need for a national perspective can be seen in the fact that neighbouring states, such as Australia and New Zealand, differ in their pattern of rural development. The farming and processing sectors in New Zealand operate in a de-regulated environment and they face the vagaries of the international market without any financial assistance from the government. This situation forces producers to respond quickly to changes in the trading environment. Australia differs from New Zealand in that the government has not opened their market to the same extent. A number of areas still retain protective barriers (e.g. the dairy sector) and the government has provided assistance to sectors that are experiencing financial difficulties. These controls have lessened the pace of restructuring by creating an artificial economic environment. These differences in the political environment of the two countries need to be understood if geographers are to explain the variations in agricultural production and processing.

This chapter will examine the contribution a national perspective can make to the analysis of rural change. It will assess the influence national conditions have on rural activity and the extent to which they modify international trends. One of the major reasons for incorporating a national perspective into rural geography is to shed light on the way governments and political
institutions intervene in the direction of rural activity. Geographers have looked particularly at the role of the state in the planning system. This is a critical area of intervention, as the structure of the planning environment has a direct bearing on the forms of agriculture and business activity that develop within a country. A national perspective is also important for studying the economic structure of a country. Geographers need to understand the strengths and weaknesses of an economy, as they affect the ability of farmers and business leaders to respond to change. For example, states with high inflation have difficulty in attracting capital, as inflation cuts away at their competitive position. A lack of capital prevents businesses from restructuring to meet changing trading conditions. Finally, a national perspective provides an insight into the social relations within a community and how they have been evolving over time (i.e. how class, gender, and employment relations have changed). Researchers need this insight as the developments in class and gender relations have an important bearing on the power structures in rural society and on the nature of employment.

This examination will focus predominantly on New Zealand, although relevant overseas examples will be incorporated into the discussion. This approach has been taken as a number of the issues that will be covered are inter-related. For example, the availability of capital is influenced by government economic policy. This interplay would be harder to observe if the discussion was at a more general level. Concentrating on one country helps to identify the interplay between different processes and to assess the impact conditions in the national economy are having upon rural activity.

NATIONAL ECONOMIC CONDITIONS

The economic environment within a country has an important bearing on investment, and on the competitiveness of producers. If an economy is well structured and it is experiencing low inflation there will be a positive attitude towards investment and the adoption of new technology. Stability brings certainty to an economy. It enables investors to plan for the longer term and it encourages improvements in productivity and production. This contrasts
with economies that are experiencing high inflation and recurrent deficit problems. Economic instability causes an outflow of capital and it discourages investment in productive activities. If this weakness persists the competitive position of producers will be undermined. Their ability to compete in the international trading arena will decline and overseas producers will enter the domestic market. The problems associated with economic weakness and the benefits of a healthy economy will be examined in the course of this section. The discussion will focus on the issues of inflation, financial stability, and competitiveness.

i) Domestic Inflation

The inflation pattern within a country is one of the prime determinants of economic stability. If an economy is experiencing a high rate of inflation, the cost structure of the country will be rising rapidly. This reduces the ability of producers to compete on the international market and to fend off competition from imported products.

"When the general level of prices in the internal economy is rising faster than prices externally, exporting industries are severely affected because cost increases are not readily matched by increases in output prices" (O'Malley, Gillon & Rose, 1973: 1)

High domestic inflation has a severe impact upon exporters as they can not recoup the additional cost of production through a higher selling price. As was shown in chapter five, exporters face a selling price that is fixed by the international market. Individual suppliers can not affect the selling price, unless they hold a dominant position in the market. This means any increase in the cost of production has to be absorbed, so reducing profitability and the competitive position of the supplier.

Another effect of high inflation is that it distorts investment patterns. In times of high inflation investors search for short term investments, which yield a positive capital gain. The tendency is to invest in property (including farm land), equities, and previous metals. Investors shy away from longer term investments and from bonds. This movement of capital from

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1 Capital will be channelled into speculative areas of investment, such as the property market.
2 The term 'positive capital gain' means that investors receive a return that is above the current inflation rate.
productive enterprises into the equity and property market has a major bearing on the economic health of a country. When long term investment falls the productivity of a country tends to decline, as machinery is not being replaced and there is a decline in new research.

New Zealand producers have experienced both the benefits of low inflation and the crippling effects of high inflation since 1921, as is shown in Figure 6.1. From 1921 through until the late 1960s New Zealand experienced a moderate level of inflation. Prices increased gradually and there were periods of deflation (price decline). This stability enabled producers to remain internationally competitive and it encouraged long term investment. As a result of this, productivity (especially in the primary sector) rose over this period. This can be seen by

FIGURE 6.1

New Zealand's Annual Rate of Inflation (1921-1990)

Rate of Inflation

Source: Department of Statistics, New Zealand Yearbook.
looking at the returns per acre for a range of commodities (Figure 6.2). The figure shows a significant rise in productivity for all three commodities between the early 1920s and the late 1960s. The increase ranged from 60 to 80 percent (based upon five yearly averages). The only variation from this trend occurred in the early 1930s, when low farm returns curtailed investment. The rise in productivity reflects the willingness of farmers to:

i) introduce new crop strains;

ii) adopt different land use techniques; and

iii) purchase new equipment;

Farmers would have been less willing to make this investment in a high inflation economy.

From the late 1960s through to the end of the 1980s New Zealand experienced historically high levels of inflation. This rapid increase in prices was partly due to international factors, such as the commodity boom of the early 1970s, but in the main, economists believe the

**FIGURE 6.2**

The Productivity Trends in the Cropping Sector
(The Cropping Figures are Based Upon Five Yearly Averages)

Note 1: A bushel of wheat is 60 pounds, compared to 50 pounds for barley, and 40 pounds for oats.


recent pattern of high "inflation was self-inflicted" (Blyth, 1977: 17). Economists have identified four major domestic factors which have contributed to this increase in inflation. They are:

i) a depreciating domestic currency;

ii) high wage increases after the breakdown of the wage order system;

iii) rapid growth in the money supply; and

iv) large government deficits.

The steady depreciation of the dollar after 1967 caused import prices to rise at an accelerated rate. This fed through the economy and pushed up the overall rate of inflation. In addition to this, the breakdown of the 'General Wage Order System' in 1968 caused a wage explosion, as workers attempted to make up for low increases in the mid 1960s. "Between the last quarters of 1969 and 1970 average award rates rose 29 per cent" (Blyth, 1977: 16). Rising wage costs had a flow on effect throughout the economy. As a result of this, New Zealand became locked into a wage-price spiral during the 1970s. These factors were compounded by rising government deficits, which placed pressure on the availability of credit, and by a loose monetary policy. The rapid growth in the money supply in the 1970s and early 80s fuelled inflationary expectations. Since the election of the Labour government in 1984 attempts have been made to lower inflationary expectations by following a "dis-inflationary strategy" (Birks & Chatterjee, 1992: 214). This has involved controlling government spending, tightening liquidity and maintaining a strong dollar (through a high interest rate policy). The effect of this programme has been to bring inflation into line with our major trading partners.

The impact of high inflation on farm investment and productivity is noticeable from the late 1960s. Figure 6.2 shows how the yields for wheat, oats, and barley level off at the end of the 1960s and start to fall in the early 1970s. This reflects cutbacks in fertiliser use and capital equipment. Cropping is sensitive to declines in fertiliser use, as New Zealand soils have limited natural fertility. Farmers would not normally cut back on these areas of investment unless farm profitability was being squeezed. Fertiliser in particular is seen as an essential element for the long term sustainability of a property.
"During the 1970's farm profitability declined in New Zealand, consequently the volume of production remained static, with farmers unwilling to invest and making efforts to cut costs to conserve net income" (Willis, 1988: 219).

The decline in farm profitability and investment was arrested temporarily in the late 1970s by the intervention of the National government of Sir Robert Muldoon (1975 to 1984). Supplementary payments were introduced to promote investment and farm profitability. These payments created an artificial period of prosperity in the late 1970s and early 80s, by cushioning producers from international trends. These supports encouraged heavy investment in land development and capital equipment. This can be seen in Figure 6.2, where productivity rose significantly during the term of the Muldoon government. This intervention could not be sustained as the payments fuelled inflation and they delayed necessary restructuring.

The removal of the supports in the 1984 to 87 period highlighted the weakness of New Zealand production. High inflation and artificial supports had eroded the competitiveness of primary producers. This is reflected in Figure 6.2, where there is a significant drop in productivity in the 1986/7 season. The five yearly averages mask the scale of the decline in the 1986 to 88 period. Productivity in these two seasons fell back to the levels of the early 1970s. To survive in this new economic climate, farmers had to scale back all areas of expenditure. New investment was limited to essential equipment and development programmes were scaled down or eliminated. This decline in investment will restrict future productivity gains as a large proportion of farmers have relied upon the built up fertility of their properties to carry them through the recession. To regain this fertility will require steady investment in basic items (e.g. fertilisers and herbicides).

The recent period of low inflation has provided some encouragement for the farming sector and for the wider rural community. It has helped primary producers to regain some of the competitive advantage that was lost during the 1970s and 80s, and it has helped to build up
New Zealand's share of world commodity markets, especially the dairy market. To be effective however it is important that low inflation is maintained for the remainder of the 1990s and beyond. This is necessary as farm profitability is still insufficient to encourage major investment in new development programmes.

ii) **The Financial Market**

The availability of capital (both short term and long term) is critical to the operation of an economy. Without access to capital, businesses can not invest in new enterprises or carry out their day to day functions. It is therefore important to understand the nature of the financial market and its strengths and weaknesses. Researchers need to pay particular attention to the source of capital for an economy. In mature states, such as the United Kingdom, the rate of domestic savings is sufficient to cover the demands for investment. This contrasts with newly settled states and those experiencing modernisation. They have insufficient local capital to fund development. Capital has to be imported to cover the deficit between savings and investment. This reliance on overseas capital can cause severe structural problems if the flow of finance is halted or overseas banks call in their loan portfolios. The re-call of capital causes a contraction in the money supply of a country and it sets in place a sequence of events that can lead to a recession. Local banks are forced to call in loans, which reduces business activity. This in turn leads to higher levels of bankruptcy and an increasing number of mortgagee sales. Imported capital is therefore a two edged sword, which needs to be handled carefully by bankers and investors.

The New Zealand financial market falls into this category. The country has relied upon overseas capital to fund the development of the country and its resources. This has been necessary as the financial demands of a new state (roading, railways, and telegraph) outstretched the financial capacity of the local population. This reliance on overseas capital can be seen by looking at the structure of the banking sector. By the 1920s the majority of the trading banks and finance houses were controlled from overseas or were dependent upon
foreign capital (e.g. The Bank of New South Wales, The National Bank, and The Australian and New Zealand Banking Group). A number of domestic finance houses and building societies were established but the majority of these have since passed into overseas hands (e.g. Countrywide Bank, Rural Bank, and the United Bank).

Foreign domination of the finance market has caused the availability of capital to swing markedly over time. During periods of economic growth overseas investors have been willing to extend credit but when conditions have started to deteriorate there has been a rapid withdrawal of capital. This situation can be seen clearly in the events which occurred in the late 1920s. Foreign finance houses started to withdraw from the loans market in 1928 as "debtors were beginning to exceed their capacity to repay and investors began to grow nervous" (Simpson, 1990: 22). This led to a liquidity crisis, as debtors were unable to re-finance their loans. The loss of capital caused a shrinkage in the economy and a period of deflation (as was shown in Figure 6.1). This in turn precipitated a fall in rural property prices.

This pattern of credit boom followed by tight liquidity has been repeated on a number of occasions over the study period. One of the sectors hit particularly hard by this credit cycle has been the agricultural sector. In periods when credit is freely available investors tend to bid up the price of rural land, causing a property boom. The boom will last as long as farm profitability is sustained. When returns start to fall creditors will call in their loans or will refuse to re-finance mortgages. This forces the land owner into an impossible position. They need to re-finance their loans but they are unable to afford the repayments. The clearest example of this situation occurred in the years following World War One. High commodity prices and government attempts to re-settle war veterans encouraged financiers to loan extensively to the rural community. Land prices rose rapidly and speculators entered the market, hoping to achieve a capital gain. "It has been estimated that nearly half the occupied land changed hands between 1915 and 1924" (Sinclair, 1988: 244). The boom came to a sudden end when the war time regulation system was terminated at the end of the 1920-21
season. International prices fell sharply, which meant that farmers were no longer in a position to repay their outstanding loans. This in turn led to a down turn in the property market. Average land prices fell from a high of £44.18 per hectare in 1921 ($2,003.63 in 1988 terms) to £17.84 in 1928 ($910.20) (New Zealand Meat & Wool Board, Annual Review of the Sheep Industry, 1951). High debt levels and the loss of equity forced a significant number of farmers off their properties during the mid 1920s. (Sinclair, 1988: 245).

Another feature of the New Zealand financial sector has been the high level of government involvement. The government has been a major source of capital and it has played a central role in regulating the finance market. The small size of the capital market made it necessary for the government to intervene in the market. It has provided:

i) development finance (through the Development Finance Corporation);
ii) housing finance for low income earners (through the Housing Corporation); and
iii) long term rural finance (through the State Advances Corporation and Rural Bank).

The government established the Development Finance Corporation in 1964 as new businesses were finding it difficult to raise venture capital from the traditional financial institutions. This lack of a venture capital market was seen as a major obstacle to small enterprise development, so the government created a financial organisation which was dedicated to providing seed capital. During the Corporation's 25 year life span (the Corporation was placed under statutory management in October 1989) it assisted ventures as diverse as fish farming and software development to get off the ground. It has only been in the past decade that the private sector has become a major participant in the venture capital market. Another area which the financial sector has tended to avoid is the provision of mortgage finance to low income earners (especially first time buyers). The major institutions have traditionally seen this form of lending as being high risk, so they have shied away from this market. As a result, the government has had to take up this role, through its funding of the Housing Corporation. "The Housing Corporation has been a source of subsidised funds for individuals on low to modest incomes" (Birks & Chatterjee, 1992: 189).
In terms of the rural sector the government's major financial role has been in the provision of long term mortgage finance. After the collapse of the land market in the early 1920s farmers found it difficult to raise long term financing. To alleviate this situation the government authorised the State Advances Department in 1926 to provide mortgage finance to the farming sector. In the mid 1930s when farmers were again under severe financial pressure the government intervened. "Farm mortgages from all sources were written down, largely under the Mortgagors and Lessees Rehabilitation Act (1936), to levels which independent assessors felt could be serviced by the current owners" (Sandrey & Reynolds, 1990: 64). This action relieved some of the financial pressure on the rural sector, but it caused the major lenders to withdraw from farm lending. As a consequence of this the State Advances Corporation had to take on a more prominent role in farm lending. Since the 1930s the State Advances Corporation and its successor the Rural Bank (1974) have been the major providers of long term finance for the rural sector. Before the Bank was sold to Fletchers in 1989 it accounted for 40% of the total farm mortgage market (Sandrey & Reynolds, 1990). Without this source of finance rural lending would have been severely constrained over the past 70 years.

Finally in this section it is important to look at the role played by stock and station agencies in the provision of seasonal finance. Up until the 1980s stock and station agencies provided nearly half of the seasonal finance required by the farming sector (Johnson, 1981). This role developed for stock firms as it complimented their other activities. They had limited competition for this market as the major financial institutions saw this sector as being difficult to administer. Seasonal financing was also seen as being one of the riskier areas of investment. As a result of this, stock firms were left as the major provider of seasonal finance. The importance of having a secure source of seasonal finance can not be under-rated. It gave producers the ability to plan not only for the current season but also for the longer term. Stock firms should therefore be seen as having a stabilizing effect upon the rural sector. In recent years the major banking institutions have been taking a greater interest in seasonal financing as they "now offer all-in-one financing, which is essentially a flexible mortgage"
(Birks & Chatterjee, 1992: 189). The role of the stock firm as a lender has also declined due to the restructuring within this sector.

This discussion has shown that the availability of finance (both seasonal and long term) varies depending upon the state of the economy and the structure of the finance market. Financial institutions are prepared to extend lines of credit during periods of growth, but when economic conditions slow they are reluctant to issue new loans or to re-finance mortgages. They withdraw capital from the market and shy away from areas with higher financial risk, such as agriculture. This is especially true of foreign owned companies. Their interests lie overseas, not in the local market. When economic conditions slow down they repatriate funds overseas. This action can turn what is a minor downturn into a full recession. The withdrawal of private sector finance during periods of economic stress forces governments to intervene in the capital market. In the case of New Zealand, the government has been forced to take a leading role in rural financing. It has had to provide the capital that private lending houses were unwilling to commit.

iii) Economic Competitiveness

The competitive position of producers is tied closely to the economic health of the country in which they operate. If the economy is weak, producers will be reluctant to undertake new investment, or to adopt advances in technology. This will cause a gradual decline in productivity and in the ability of producers to compete on the international market. Delaying the purchase of new equipment reduces productivity, as older machinery has higher maintenance costs and longer down periods. This increases the cost of production and causes output volumes to stagnant or even decline. This situation contrasts with that of producers in a low inflation/low deficit economy. These positive economic conditions give producers a degree of certainty in their actions. They feel more confident about taking on additional debt and introducing new technology and management practices.
This linkage between the economic health of a nation and the productivity / competitiveness of producers can be seen in the trends for primary production in New Zealand. The data shows that the improvement in agricultural productivity has not been a consistent trend but has tended to follow the fortunes of the New Zealand economy. This point comes across clearly in the case of dairy productivity (Table 6.1). The difficult economic climate of the inter-war period stalled investment in larger and more mechanised milking sheds. The poor returns discouraged farmers from re-investing their profits and the finance houses were unwilling to lend capital on projects where the returns were uncertain. This caused productivity to stagnate. Table 6.1 shows that there was actually a decline in the average number of milking cups per plant during this period. Increases in production could only be achieved by taking on more cattle and labour. In contrast to this, the post-war period has seen a steady growth in dairy productivity. This reflects a combination of higher profitability in the dairy industry, greater access to finance, and improvements in dairy technology. High commodity prices during the 1950s and 60s encouraged dairy farmers to experiment with new milking systems and to take on additional debt to cover the cost of capital intensive facilities. The rise in productivity continued into the 1970s, mainly due to financial payments from the Dairy Board.

### TABLE 6.1

<table>
<thead>
<tr>
<th>Season</th>
<th>Average Number of Milking Cups Per Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>3.7</td>
</tr>
<tr>
<td>1929</td>
<td>3.6</td>
</tr>
<tr>
<td>1935</td>
<td>3.5</td>
</tr>
<tr>
<td>1941</td>
<td>3.4</td>
</tr>
<tr>
<td>1947</td>
<td>3.5</td>
</tr>
<tr>
<td>1953</td>
<td>4.1</td>
</tr>
<tr>
<td>1960 (1)</td>
<td>5.0</td>
</tr>
<tr>
<td>1965</td>
<td>5.7</td>
</tr>
<tr>
<td>1971</td>
<td>7.7</td>
</tr>
<tr>
<td>1977</td>
<td>9.5</td>
</tr>
<tr>
<td>1980</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Note 1: The 1960 figures for milking plants were used as no figures exist for 1959.
Note 2: Milking Plant numbers have not been published since the 1980 survey.

and New Zealand Government. This positive economic environment saw dairy productivity rise by over 200% from 1941 to 1980. Farmers in 1980 were able to simultaneously milk 10.5 cows, whereas the figure was only 3.4 in 1941. This rise in productivity has been important for maintaining New Zealand's position as a leading dairy exporter.

The link between a strong economy and productive investment can also be seen in the area of tractor ownership (Table 6.2). Ownership rates grew only slowly in the inter-war period. The high cost of tractors and the uncertain nature of commodity returns made the investment in a tractor an uncertain proposition. This is reflected in the fact that less than 15% of farms in 1941 owned or operated a tractor. Tractor ownership has only become widespread in the post-war period. Sustained profitability in the 1950s and 60s enabled farmers to plan for the longer term and to carry the additional debt burden needed to purchase major capital equipment, such as tractors. This period of sustained economic prosperity saw tractor numbers rise from only 12,516 in 1941 to a high of 96,289 in 1971. A similar pattern of growth has occurred in harvester and farm bike numbers. The use of tractors, harvesters, and farm bikes has revolutionised the nature of agricultural production. Labour intensive tasks, such as drilling, harvesting, ploughing, and sowing have been mechanised and can now be completed by one or two people, rather than a gang of farm workers.

### TABLE 6.2

<table>
<thead>
<tr>
<th>Season</th>
<th>No. Of Tractors in New Zealand</th>
<th>No. Of Tractors in Canterbury</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923</td>
<td>439</td>
<td>77</td>
</tr>
<tr>
<td>1929</td>
<td>3,377</td>
<td>1,378</td>
</tr>
<tr>
<td>1935</td>
<td>5,349</td>
<td>1,901</td>
</tr>
<tr>
<td>1941</td>
<td>12,516</td>
<td>3,485</td>
</tr>
<tr>
<td>1947</td>
<td>21,156</td>
<td>5,075</td>
</tr>
<tr>
<td>1953</td>
<td>52,495</td>
<td>8,922</td>
</tr>
<tr>
<td>1959</td>
<td>75,291</td>
<td>12,080</td>
</tr>
<tr>
<td>1965</td>
<td>89,421</td>
<td>13,731</td>
</tr>
<tr>
<td>1971</td>
<td>96,666</td>
<td>14,715</td>
</tr>
<tr>
<td>1977</td>
<td>90,152</td>
<td>13,743</td>
</tr>
<tr>
<td>1983</td>
<td>91,925</td>
<td>12,705</td>
</tr>
<tr>
<td>1986</td>
<td>81,444</td>
<td>Not Published</td>
</tr>
</tbody>
</table>

The recession of the mid to late 1980s reduced the ability of agricultural producers to purchase major capital equipment. This has meant that farmers have had to hold onto their existing tractors and harvesters rather than replace them at the end of their normal working life. This has increased the average age of farm equipment and the cost of maintenance and repairs. These additional costs have reduced productivity, as farm equipment is out of action for a longer period and the time spent on maintenance has had to increase. This period of recession has meant that farmers are missing out on recent advances in farm technology and that their competitive position vis-à-vis producers in other countries has been declining.

This section has argued that geographers need to understand the economic environment within a country before a serious examination of rural change can be undertaken. A national perspective is important as the economic conditions within a state have a major bearing on the productivity and competitiveness of primary producers, processors, and rural manufacturers. Researchers need to look particularly at the impact inflation and changes in the availability of capital have upon the operation of rural business activity. These factors affect the ability of producers to compete on the international market and how they will develop over the longer term.

NATIONAL POLITICAL CONDITIONS

Geographers need to explore not only the broader economic environment in which rural businesses and households operate but also the broader political setting. This is necessary as states have legislative and regulatory powers that give them a central role in the management of their economies. Geographers need to understand the power states have to intervene in economic matters and to regulate the planning system of a country. They also need to understand how governments mediate the social tensions between different classes (e.g. through the provision of services and transfer payments3).

3 The term 'transfer payments' is used to cover the benefits paid by the government to the elderly and to the disadvantaged groups within society (e.g the invalids and unemployment benefit)
The power of the state to intervene in economic and social matters tends to be greater in smaller countries than in larger nations. In the case of New Zealand, the state has had an all pervasive role (Hawke, 1982). It was forced, out of necessity, to undertake activities which would normally be the domain of the private sector, such as the provision of banking and insurance services (e.g. the Bank of New Zealand and the State Insurance Corporation). The limited resources in smaller states make it necessary for the government to be the initiator of economic development. As a consequence of this, there are few areas of New Zealand society which have not seen some form of state intervention. Even in the current environment, of political disengagement, the state retains a major role in the economy.

This section will look at three areas of state involvement in the economy.

i) State regulation of business activity;

ii) State involvement in the planning system; and

iii) The provision of essential services.

The discussion will outline why the state is involved in these areas and what it is trying to achieve by its intervention. The work will look closely at how these actions have impacted upon rural communities and upon specific groups (e.g. how the introduction of environmental planning legislation has reduced the freedom of land users to manage their properties). This examination will focus upon New Zealand although relevant overseas examples will be incorporated.

i) Political Intervention in the New Zealand Economy

New Zealand has a long history of political involvement in the economy, dating back to the 1870s, when Julius Vogel used state resources to fund public works and immigration. In the current century, political intervention has been used to encourage economic development and to protect the economy against the vagaries of the international market. The extent and type of

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The State Insurance Corporation was sold by the Fourth Labour Government as part of its privatization programme.
intervention has varied, depending upon the strength of the economy and the political party in power. In some periods there has been an emphasis upon licensing, while in others the focus has been on subsidies. Generally, New Zealand governments have used a combination of three interventionist tools to control the economy. These are summarised below:

i) Governments have used licensing and regulatory mechanisms to maintain control over important sectors of the economy (e.g. the finance and transport sectors);

ii) They have supported key sectors of the economy by providing subsidies or by imposing protectionist barriers; and

iii) Governments have provided finance to encourage new forms of production.

The impact of these measures on the economy has been substantial. For this reason it is important to examine why these policies were introduced and how they have affected economic activity.

The 1920s are commonly portrayed as a period of limited government involvement in the economy (Hawke, 1982: 24). This was true at a general level, but in a number of areas the state was taking on an increasing role. In particular, the government was taking on a larger role in the handling and marketing of New Zealand primary produce. This came about as local producers were receiving erratic returns and they were facing increasing foreign competition. To counter this the Reform government established a number of Producer Boards; The Meat Board (1922), The Dairy Board (1923), and The Fruit Export Control Board (1924). The purpose of these boards was to "negotiate storage, insurance, and freight contracts, [as well as] conduct market research, ... and co-ordinate shipping and marketing" (Sinclair, 1988: 252-3). The Reform government believed that by co-ordinating marketing and handling, the boards would be able to improve the final return to producers. The government also used these boards to raise the quality of exports. This can be seen by looking at the actions of the Meat Board. In 1923 the Meat Board laid down a system of quality grades for lamb and beef processing. The aim was to "raise the standard quality so that a larger percentage of New Zealand meat" could be classified as 'prime' grade (NZ Meat Producers Board, 1923: 4). In a number of cases the government also gave the boards the power to stabilize producer returns.
Under the 1924 Fruit Export Control Act, the Fruit Board was able to issue "an export guarantee, which ... protected exporters against a disaster, although [it did not] ... cover all costs of production" (NZ Apple and Pear Marketing Board, 1949: 4). The Fruit Board was also empowered to build its own coolstores and processing centres if local facilities were unavailable. The emergence of these boards had a stabilizing effect upon rural production.

Political involvement within the New Zealand economy grew in the 1930s with the depression and the election of the first Labour government in 1935 (Prichard, 1970, Simpson, 1990). The contraction in the economy during the early 1930s forced the United and Coalition governments to intervene in job creation. It also encouraged them to impose protectionist barriers and to regulate sections of the economy. The government's efforts at direct intervention took the form of providing work schemes and subsidising private sector projects. The activity which benefited most from these schemes was the forestry sector. The government undertook a major planting programme in the late 1920s and early 30s (as is shown in Figure 6.3). This scheme not only absorbed large numbers of unemployed it also created a substantial forestry asset. This forestry asset has provided the basis for New Zealand's emergence as a major pulp and paper producer. At a broader scale, the government intervened in the finance and exchange markets, in an attempt to relieve pressure on borrowers and producers. In 1932 the government reduced "interest rates on mortgages, debentures, preference shares, government stock, and bank overdrafts" (Hawke, 1982: 35) in an attempt to boost spending power. On the foreign exchange front the government devalued the pound

**FIGURE 6.3**

New Forestry Plantings (1921 - 1989)

![Graph showing forestry plantings from 1921 to 1989](source: Britton, Le Heron, & Pawson, 1993: 115)
in January 1933 to stimulate exports. The final measure used by the government to mitigate the effects of the depression was the imposition of tariff barriers. This policy stemmed largely from the Ottawa Agreement of 1932, which established a preferential tariff regime among Commonwealth countries. New Zealand raised barriers against non-Commonwealth countries, while it gained preferential access to the British market. Overall, the aims of the New Zealand government in this period were to moderate the effects of the depression and to protect the New Zealand economy against the excesses of the international market place.

The election of the first Labour government in 1935 can be seen as a watershed in the management of the economy. The Labour government believed that New Zealand needed to reduce its dependence upon primary commodities, if the country was to continue developing at a steady pace. As a consequence of this the government introduced a policy of assisted industrialization. Domestic industries were to be encouraged by providing them with a protective barrier "of import licensing and tariffs" (Johnson, 1987: 2). The move to a more regulated economy was accelerated by the balance of payments crisis in 1938. The crisis forced the government to introduce a comprehensive licensing system. The purpose of this scheme (which remained in existence until the 1980s) was to limit the range and quantity of goods that could be imported. On the export side, the goal of the scheme was to prevent overseas revenue from leaking out of the economy. "A condition of the ... export licence was that overseas credits arising from the sale of goods had to be sold to a New Zealand bank" (Prichard, 1970: 393). The overall effect of this policy was to encourage manufacturing but at the cost of primary production. By protecting manufacturing the government was effectively raising the cost of production, as cheaper imports were barred. These additional costs impacted most upon exporters, as they were unable to pass on their higher production costs. This situation is shown in Figure 6.4. Higher input costs increase the marginal cost of production (from MC0 to MC1). This reduces the competitiveness of local producers on the world market. As a result of this, the level of production will decline (from Q0 to Q1). This model highlights the point that protecting the manufacturing sector squeezed the profitability of primary producers and constrained the growth within this sector.
The first Labour government also introduced a range of policies to stabilize farm incomes. The government's initial concern was to relieve the pressure of mortgages which had been taken out on over-valued land. To reduce the financial strain facing producers the government passed the Mortgagors and Lessees Rehabilitation Act (1936), which wrote down the value of mortgages (Sandrey & Reynolds, 1990: 64). The government's second objective was to protect "farmers against the effects of price fluctuations abroad" (Sinclair, 1988: 275). To this end the government introduced a series of price stabilisation programmes. The first of these programmes was introduced in 1938 and it covered the dairy industry. The scheme gave the Dairy Board the power to collect a levy in periods of high return. The funds from this levy were then paid out as a supplementary payment in poor seasons. The creation of the stabilisation scheme brought some security to the dairy industry.

The policies introduced by the Labour government had mixed implications for the rural economy. The government attempted to stabilize rural incomes, but at the same time it loaded producers with additional costs. These additional costs are often ignored as they stemmed from the government's industrial programme. It is important however that these wider conditions are considered as they affected the profitability of rural producers.
The policies introduced in the pre-war period remained largely intact until the 1980s. The succeeding National and Labour governments accepted that New Zealand needed to have a regulated trading environment to sustain stable economic development. This attitude was reinforced in the early 1950s and in the 1957-58 period when attempts at de-licensing caused a deterioration in the balance of payments. From a stable situation in the 1956-57 season the country faced a balance of payments deficit totally £51.5 million ($1,454 million in 1990 dollars) in the 1957-58 year (Department of Statistics, NZ Yearbook, 1960). This rapid deterioration in the balance of payments encouraged the Labour government of Walter Nash to tighten the licensing regime and to promote import substitution.

In the post-war period the economic goal of the government has been to transform New Zealand from a colonial economy "with a limited range of exports to a broadly based industrialised nation" (Mitchell, 1969: 70). To this end the government has provided both direct and indirect encouragement to promote industrial development. A major element of this programme has been the development of a sound infrastructural base. This programme of

![Figure 6.5: Roading Improvements Within Canterbury](image)

investment is highlighted in Figure 6.5. The graph shows that the major period of road development in New Zealand occurred between 1951 and 1971. This policy of developing the infrastructural base of the economy continued into the 1970s and early 80s with programmes such as the electrification of the main trunk line. The aim behind this policy was to provide a sound base for industrialization. The government also encouraged industrialization through the provision of financial incentives. Government assistance began on a small scale in the 1950s and grew during the 1960s. The major catalyst for this programme was the 1960 Industrial Development Conference, which outlined a variety of measures that could be undertaken to encourage industrial investment.

In terms of the rural sector, the government was concerned principally with protecting incomes and promoting production. In 1955 the government introduced a meat stabilisation account, similar to that for the dairy industry. This action was taken to counter the expected downturn in meat prices after the abolition of the bulk purchasing agreement with Great Britain. Financial incentives to promote production were introduced after the 1963 Agricultural Development Conference. This Conference developed a long term plan for the agricultural sector, with expected target growth rates. To encourage the agricultural sector to achieve these targets the conference "recommended to government that a number of suitable incentive schemes ... would be required ... It was assumed that farmers would raise investment levels if the necessary incentives were provided" (Birks & Chatterjee (eds). 1988: 66). The major incentives provided by the government during the 1960s and 70s are listed in

**TABLE 6.3**

<table>
<thead>
<tr>
<th>Year</th>
<th>Government Assistance to the Rural Sector in the 1960s and 1970s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>* Development loans for pastoral farms</td>
</tr>
<tr>
<td></td>
<td>* Transport and fertilizer subsidies</td>
</tr>
<tr>
<td></td>
<td>* New depreciation allowances</td>
</tr>
<tr>
<td>1966</td>
<td>* New valuation guidelines for valuing stock</td>
</tr>
<tr>
<td>1971</td>
<td>* Stock retention payments</td>
</tr>
<tr>
<td>1976</td>
<td>* Livestock Incentive Scheme (LIS)</td>
</tr>
<tr>
<td>1978</td>
<td>* Supplementary Minimum Prices (SMPs) to safeguard incomes</td>
</tr>
<tr>
<td></td>
<td>* Land Development Encouragement Loan Scheme (LDEL)</td>
</tr>
</tbody>
</table>

Source: Sandrey & Reynolds, 1990
Table 6.3. By the mid 1970s the objective of the government was shifting towards safeguarding rural incomes, rather than encouraging production. Declining returns compelled the Muldoon government to take this action. The two major supports were the Supplementary Minimum Prices Scheme and the equalization payments provided by the producer boards. The structure of these two schemes is highlighted in Figure 6.6. The figure shows that these two payments were classified as deficiency payments. They supplemented the international price to bring local incomes up to a set level. By the early 1980s these support payments had escalated to the point where they were making up a large proportion of farm incomes. This high level of support became economically unsustainable for the government and the schemes were phased out in 1984. Further deregulation occurred with the election of the Labour government in 1984. This sudden removal of supports brought about a painful transition for the rural sector, as producers lost the income stability they had come to depend upon.

The election of the fourth Labour government in 1984 heralded the beginning of a period of deregulation. The incoming government saw deregulation "as a solution to the perceived problems of the economy" (Johnson, 1989: 5). The aim of the government was to remove the
distortions within the economy, so that producers were in a position "to make the right investment decisions" (Johnson, 1987: 8). The removal of price supports and protective barriers had the effect of restructuring the economy. The elimination of the licensing system and the reductions in the tariff regime caused a contraction in the manufacturing sector. Inefficient local producers either went out of business or were forced to restructure. The longer term effect of this policy has been to create manufacturers that are cost effective and which are internationally competitive. Tight monetary conditions and an emphasis upon low inflation have helped manufacturers to improve their productivity and to plan for the longer term. The removal of the cross-subsidization between manufacturing and the primary sector has reduced the cost of production for agricultural producers. These benefits were outweighed however by the removal of price supports and by the imposition of user pay charges. In addition to this, farmers experienced an extended period of high interest rates. These factors compounded to make the 1980s and early 1990s an extremely difficult trading period. To survive this period of restructuring, farmers were forced to cut back on all but essential expenditure. One of the key areas to come under the hammer was the fertiliser budget. The reduction in fertiliser use has had serious implications for the carrying capacity of properties (Farm Survey, 1992). Without regular applications of fertiliser pasture quality has declined, particularly in hill country areas.

In summary, political intervention in the New Zealand economy has tended to distort the market place, rather than produce significant benefits. Political intervention has caused resources to be allocated inefficiently and it has hindered the competitiveness of primary producers. In particular, the attempts to protect the manufacturing sector have tended to increase the cost of primary production, and reduce the potential returns (e.g. by having an overvalued currency).
(ii) Political Involvement in the Planning Process

New Zealand has a tradition of political involvement in land and resource planning, dating back to the colonial administrations of the late nineteenth century. The colonial administrations introduced a series of statutes curtailing development on river boundaries and flood plains. These statutes enabled the government to set guidelines on the types of development that were permissible in these areas. The government's ability to intervene in land and resource matters has increased with the enactment of comprehensive planning and resource legislation (e.g. the 1926 Town Planning Act; the 1941 Soil Conservation and Rivers Control Act; the 1974 Local government Act; and the 1991 Resource management Act). These statutes have created a formal planning system within New Zealand (this can be seen in Figure 6.7). The government plays a central role in this system by determining the planning priorities and setting the procedural guidelines for obtaining a consent. This system requires land users and developers to submit their proposals for official scrutiny. A planning consent will only be issued when the relevant authorities are satisfied that the proposal meets all pertinent building and environmental standards5.

The government's involvement in land and resource planning came about as a result of growing public concern over the degradation of the physical environment in the latter part of the nineteenth and early twentieth century. The country was experiencing a number of serious environmental problems. Chief among these was the growing incidence of erosion. This had been caused by the uncontrolled burning of native bush and tussock. The burning process had left large areas exposed to the elements. The government's response to this situation was to give territorial authorities greater powers to regulate land use practices and to limit development in erosion and flood prone areas. These powers were granted under the Land Drainage Act (1908) and the Rivers Act (1908). The intention of this legislation was to restrict damaging land use practices in environmentally sensitive areas.

5 Larger projects, such as mines and freezing works, have traditionally required a number of resource consents. Consents were required for water usage, effluent run off, and hazardous air emissions. Each of these consents required a separate planning hearing. The consent process has been streamlined with the passage of the Resource Management Act in 1991.
The measures introduced in 1908 proved insufficient to tackle the environmental problems facing the country. The government found it necessary to introduce more comprehensive legislation to control the actions of land users. Two of the more important pieces of legislation were the 1941 Soil Conservation & Rivers Control Act and the 1953 Town &
Country Planning Act. The first of these acts established Catchment Boards to promote soil conservation and to mitigate the effects of erosion. Catchment Boards had the power to limit developments which were seen as detrimental to the ecology of their area (these powers were reinforced by the 1967 Water and Soil Conservation Act). The second of these acts required councils to safeguard areas of high conservation value (principally agricultural areas), while still encouraging development. This led to a system of zoning, whereby councils outlined the permissible forms of development within an area.

The introduction of tighter planning regulations has also been in response to concerns over the loss of productive farmland to urban encroachment and subdivision. There has been a "longstanding view that as much agricultural land as possible needs to be retained and protected from" unnecessary subdivision (Shucksmith & Watkins, 1991: 153). These concerns encouraged the government to put in place a formal planning process, whereby councils and ad hoc authorities had the ability to restrict new housing/industrial activity and to prevent farms from being subdivided into uneconomic units. These powers were conferred with the introduction of the Counties Act (1920) and the Town Planning Act (1926). Councils used these powers to specify areas where development could occur and to safeguard what they saw as the integrity of the rural sector. Council authority over the pattern of land use was tightened with the 1953 Town and Country Planning Act, which gave local authorities formal zoning powers.

The planning legislation in the last twenty years has placed greater emphasis upon identifying potential development problems before they occur. The 1974 Local Government Act and the 1977 Town & Country Planning Act require land users and developers to submit environmental assessments as part of their proposal. Developers have to identify any environmental effects of their project and how they plan to mitigate them. These assessments are used by councils to determine the appropriateness of projects and whether any restrictions need to be placed upon the planning consent (e.g. air emission standards). The legislation stresses that New Zealand's land and water resources are a vital asset that need to be managed
rather than wasted. This idea comes through particularly in the 1991 Resource Management Act which gives territorial authorities the task of promoting "the sustainable management of natural and physical resources" (Resource Management Act, 1991: 21). This involves assessing projects in terms of their long term sustainability and emphasising the need to manage resources, rather than exploit them.

The changes to the planning system have given councils and government authorities an increasing say over the direction of land and resource use. This can be seen by looking at the case of rural housing. The passing of the 1953 Town and Country Planning Act gave councils the ability to restrict the development of rural housing. Councils have used this power to concentrate development in specific townships and to restrict on-farm dwellings. The effect of this has been to limit the growth in the housing stock and to increase the general age of rural dwellings. This has hindered economic growth, as the lack of adequate housing is a discouragement to investment. A similar situation has occurred in the case of industrial development. Primary processing industries have been deterred from locating in the rural sector as a result of stringent zoning regulations. Most rural councils have introduced zoning codes that effectively rule out major industrial development (Williams, 1985). This has forced primary processors to locate in urban areas. Tight planning procedures have also limited the development of alternative land uses, such as forestry. Until recently, the majority of councils in Canterbury had restrictions on the extent of forestry planting, usually less than 40 hectares. This limited the potential of forestry as an alternative land use within Canterbury.

The point that can be drawn out from this discussion is that the government plays a "pre-eminent role in planning for rural society in New Zealand" (Moran, 1989: 244). The government sets the boundaries for the planning process and it defines the priorities that proposals are to be judged by. This means that the changes within rural society tend to reflect the goals set at the national level.
iii) The Government as a Provider of Services

The final area of political involvement which will be investigated in this section is the role of the government as a provider of services and employment to the rural economy. In New Zealand the government has been "involved in all areas of rural life through production incentives, agricultural services, regulations, finance, education etc" (Rabel & Meister, 1991: 4). The reason for this high level of involvement has been the belief that a strong service and employment base is required to promote agricultural production. More generally, the government has become involved in service provision as it was the only organization with the resources to develop activities such as the postal and telegraph service.

Up until the early 1980s there was a strong commitment by the government to maintain and improve service provision in rural communities (Philpott, Interview, 1992). Politicians felt that if they could maintain a range of basic services there would be less incentive to move. A similar philosophy was held by politicians in Australia. Providing services was seen as a way of maintaining "economic and social equity between rural and urban dwellers" (Lawrence, 1987: 182). Political support for this attitude meant that the majority of communities had access to a post office, school, and medical facilities. The government was also the largest employer in most rural communities. This ranged from one or two postal or line workers through to several hundred workers employed in forestry mills or mines. Up until the late 1980s, the government was the largest employer of forestry workers in New Zealand (i.e. 5,600 were employed by the Ministry of Forestry in 1985 (Fire Service Commission, 1989: 9).

Since 1984 the New Zealand government has been reducing its involvement within the rural sector. The major features of this process have been a rationalization of social services and the privatization of government agencies. The aim of this process has been to reduce the cross-subsidization that has existed in most government departments. The effect of this process on...
employment and service provision has been substantial. It has caused a major dislocation in communities that were dependent upon government services. This can be seen in the case of postal centres. Between 1986 and the early 90s, there was a major rationalisation of post offices. This was felt particularly in rural communities as most centres had only one outlet. In Rural Canterbury, approximately a third of all post offices were closed in the initial period of rationalisation (Universal Business Directories, 1986 - 1991). The closure of these centres was due to the corporatisation of the Post Office and the subsequent sell off of the banking and telecommunications arms of the service (Postbank was purchased by the ANZ Banking Group while Telecom was sold to a consortium and subsequently floated on the stock exchange). The corporatisation of the Post Office removed the obligation of maintaining a comprehensive national network. This had drained the financial resources of the Post Office as unprofitable smaller centres (principally those in rural areas) were subsidized from the profits of offices in the larger centres. With corporatization each Post Shop was judged as a stand alone enterprise. This change in philosophy and the loss of income from Postbank and telecommunication services made it uneconomic for New Zealand Post to maintain a full range of services in each community (Taylor. Personal Correspondence, 1992). The corporation was forced to reduce the number of centres with full postal facilities and to shed a significant percentage of their staff. The loss of postal, banking, and more recently hospital services has increased travel times to services and has removed a significant part of the employment base in rural communities.

The largest employment losses occurred in the areas of forestry and maintenance (e.g. track maintenance for NZ Rail and line maintenance for Electricorp). In the forestry sector the government laid off in excess of 3,000 employees between 1985 and 1988. These losses were felt throughout the country. In the case of Canterbury, the communities in the Hanmer to Culverden area experienced a significant loss of forestry employment. The largest losses in Canterbury were not in forestry but in maintenance staff for Electricorp, Telecom, and NZ

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7 New Zealand Post created a system of postal agencies to fill the gap left by the closure of Post Offices. These agencies are usually run as part of another business, such as a dairy or grocery store.
Traditionally these workers were stationed throughout the region. Restructuring has seen a cut back in staff numbers and a centralization of maintenance services. Employment has also been lost through the contracting out of services.

The government remains a major employer within the rural sector, but there is likely to be continued downward pressure on employment levels, through improvements in technology and further rationalization. This continuing process of restructuring can be seen by looking at the employment trends at the hydro stations within Canterbury. In June 1991 there were 123 employees working in the stations between Coleridge and the Upper Waitaki (Duffus, Personal Correspondence, 1991). This figure has fallen sharply since 1991 due to the automation of the smaller stations. In the case of Tekapo A all eight permanent staff have been made redundant or transferred out of the area.

NATIONAL SOCIAL CONDITIONS

At the heart of every society there are a set of social relations. These relations define the employment and power structures within society. They determine which classes yield political power and which gender groups dominate. Geographers need to spend time understanding these relations and how they have been evolving overtime. In particular, it is important to study how the traditional class and gender structures have been coming under fire in recent decades as a result of economic re-structuring and the growing educational and employment status of women. This section will study these changing social relations and how the traditional employment, class, and household relations have been changing.

i) The Breakdown of the Traditional Class and Power Structures Within Society

New Zealand, like most western countries has seen its traditional class and power structures come under increasing pressure in the post-war period. Economic restructuring has created
opportunities for new business elites to emerge, while improvements in education and training have enabled a greater proportion of society to participate in politics and decision making.

This shift has been felt particularly in rural communities where the "declining importance of agriculture" (Hoggart, Buller & Black: 1995: 206) and the emergence of new social groups has reduced the power of the agricultural lobby in both local and national politics. Winter (1996) highlighted this point when examining the influence of the farming lobby in the United Kingdom. His research found that the close co-operation that once existed between the National Farmers' Union and the Government (particularly the Ministry of Agriculture) has been eroded in recent years. The NFU traditionally had the ear of the British Government in the formulation of agricultural policy (Winter, 1996: 105-106). It played an important part in the development of the marketing board system and it advised on the regulatory and support systems that were favoured by primary producers (Bradley and Lowe, 1984: 149). This ability to influence government policy has declined since the early 1980s. This has been due principally to the rising cost of support payments and the financial burden this is placing on the wider tax paying population. There were also concerns that the support payments were being used to fuel land values and to replace labour, rather than to promote the survival of rural communities (Winter, 1996: 133).

"With mounting evidence of this nature, the old arguments for the support of agriculture crumbled. An unlikely, and entirely informal, alliance of new right thinkers, environmentalists and the newly emergent food lobby combined to challenge the post-war policy consensus on agriculture." (Winter, 1996: 138)

This picture is repeated in New Zealand, where Federated Farmers and the grower associations have seen their ability to influence central and local government policy decline over the past two decades. Traditionally, representatives from these organisations have been consulted over the development of new agricultural policy and amendments to the planning framework. This consultation was a reflection of the economic contribution made by the primary sector to the New Zealand economy. The agricultural lobby created a perception in
the public mind that the health of the New Zealand economy depended upon an economically vibrant rural sector. This lobbying created strong political support for agriculture and resulted in policies that fostered primary production. The government also supported the primary sector by introducing planning and environmental legislation that protected high quality land and promoted sustainable land use practices (Hayward, 1987: 27-6). This ability to influence government policy has waned in recent years with declining agricultural prosperity and the growth in other sectors of the economy. As in the United Kingdom, the burden of supporting the agricultural sector became a heavy strain on public finances. Pressure from other sectors of the economy, principally the financial sector, compelled the government to reduce and eventually eliminate all major subsidies to the agricultural sector. This has been coupled with stronger environmental and planning legislation, which has shifted the focus in land management from one of agricultural development to a situation of sustained management and conservation. These additional planning restrictions reflect the growing strength of the environmental lobby in politics and in decision making generally.

The declining power of the farming lobby can also be seen in local politics. The traditional dominance farmers once had on county councils has declined sharply over the past two decades, with their deteriorating economic position, and with the growing assertiveness of other groups. Councils are becoming more representative of their populations, as candidates are being drawn from a wider range of occupations. There has also been a steady increase in the number of women representatives since the late 1960s (Local Government Division, 1993).

ii) **Rising Educational Aspirations**

In 1900 "only about ten percent of children leaving primary schools attended ... secondary schools" (Department of Education, 1981: 17). After a basic education most New Zealanders entered the work force in their early teens. Higher education was seen as being reserved for the more privileged classes (Ibid: 17). This view reflected the fact that parents had to pay for
secondary education, unless their children could pass a 'proficiency exam'. Only in the last few decades has higher education been seen as an option for all sections of New Zealand society. There is now a growing belief among families that their children need at least a secondary education before they enter the workforce.

Higher participation rates at secondary and tertiary institutions are mainly the result of changing public attitudes towards education. There has been a growing belief that workers need to be better skilled if they are going to compete, in what is an increasingly sophisticated society. This view was expressed in a 1941 article on agricultural education. "Successful production in New Zealand requires well trained farmers" (NZ Council for Education Research, 1941: 4). The authors of this report were concerned that 25% of new farmers did not complete their primary education and only 20% had more than one year of post-primary education. The general feeling was that New Zealand farmers would be left behind if they did not have the skills to implement new forms of production. A 1945 report on rural education by the Technical Teachers' Association went further by stating that the government had to make every effort to encourage students to stay at school, (either by tailoring courses or by improving the range of educational facilities). These reports echoed a growing public feeling that students should be encouraged to stay on to gain a higher education. This changing social attitude towards education is reflected in the growing numbers attending secondary and tertiary institutions over the study period (Table 6.4). The table shows that there was a rapid rise in

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary (Private &amp; Public)</th>
<th>Secondary (Private &amp; Public)</th>
<th>University (Private &amp; Public)</th>
<th>Technical Institutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>225.3</td>
<td>15.4</td>
<td>3.8</td>
<td>...</td>
</tr>
<tr>
<td>1930</td>
<td>252.6</td>
<td>31.0</td>
<td>4.8</td>
<td>...</td>
</tr>
<tr>
<td>1940</td>
<td>243.3</td>
<td>36.1</td>
<td>5.5</td>
<td>...</td>
</tr>
<tr>
<td>1950</td>
<td>304.6</td>
<td>53.7</td>
<td>11.5</td>
<td>...</td>
</tr>
<tr>
<td>1960</td>
<td>425.0</td>
<td>111.4</td>
<td>15.8</td>
<td>7.6 (2)</td>
</tr>
<tr>
<td>1970</td>
<td>517.5</td>
<td>186.1</td>
<td>34.4</td>
<td>15.3</td>
</tr>
<tr>
<td>1980</td>
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<td>51.3</td>
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<tr>
<td>1990</td>
<td>420.4</td>
<td>230.1</td>
<td>78.9</td>
<td>124.8 (3)</td>
</tr>
</tbody>
</table>

Note 1: University and Technical Institute figures include both full time and part time students.
Note 2: Prior to 1960 technical training was provided under the auspices of high schools.
Note 3: The Technical Institute figures produced in 1990 were incompatible with earlier figures. For this reason 1988 figures have been used.

the number of students carrying on to secondary education in the period from 1940 through to 1970. Secondary participation rates rose from the teens in the early 1920s to virtually 100% in the 1960s. A more recent trend has been the escalation in tertiary participation. University student numbers have risen from a mere 5,500 in 1940 to 78,900 in 1990, while participation at technical institutes increased significantly during the 1970s.

This changing social attitude towards education has helped to re-shape the structure of New Zealand society. Students are now spending longer in training and they are entering the workforce in their late teens and early twenties. As a result of this New Zealand is becoming a more highly skilled country. This trend is seen particularly in the rural context. Attendance at rural high schools rose sharply in the post war period, as is demonstrated by the example of Lincoln. In the space of 20 years (1946 to 1966) the roll at Lincoln rose from 43 to 435 (Department of Education, 1946, 1966). Rural participation at the tertiary level has also risen over the past few decades. The numbers are still fairly low however as is shown in Table 6.5.

**TABLE 6.5**

*Highest Educational Standard*

*(Figures in a Percentage Format)*

<table>
<thead>
<tr>
<th>School Qualification</th>
<th>School Certificate</th>
<th>Sixth Form Certificate</th>
<th>Degree or Diploma</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>73.4</td>
<td>9.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Males</td>
<td>70.8</td>
<td>8.4</td>
<td>6.4</td>
</tr>
<tr>
<td>1991</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>58.3</td>
<td>21.1</td>
<td>16.9</td>
</tr>
<tr>
<td>Males</td>
<td>49.8</td>
<td>20.1</td>
<td>14.6</td>
</tr>
<tr>
<td>Canterbury</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>77.3</td>
<td>9.6</td>
<td>5.8</td>
</tr>
<tr>
<td>Males</td>
<td>74.0</td>
<td>8.3</td>
<td>6.7</td>
</tr>
<tr>
<td>1991</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>39.7</td>
<td>20.7</td>
<td>17.3</td>
</tr>
<tr>
<td>Males</td>
<td>41.6</td>
<td>20.4</td>
<td>-15.1</td>
</tr>
<tr>
<td>Hurunui</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>76.7</td>
<td>11.8</td>
<td>6.1</td>
</tr>
<tr>
<td>Males</td>
<td>76.1</td>
<td>9.4</td>
<td>5.2</td>
</tr>
<tr>
<td>1991</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>39.1</td>
<td>21.3</td>
<td>18.6</td>
</tr>
<tr>
<td>Males</td>
<td>47.5</td>
<td>21.3</td>
<td>14.7</td>
</tr>
<tr>
<td>Ashburton</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>79.7</td>
<td>10.3</td>
<td>3.7</td>
</tr>
<tr>
<td>Males</td>
<td>81.4</td>
<td>8.6</td>
<td>4.3</td>
</tr>
<tr>
<td>1991</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>59.2</td>
<td>21.4</td>
<td>16.6</td>
</tr>
<tr>
<td>Males</td>
<td>58.9</td>
<td>21.7</td>
<td>12.9</td>
</tr>
</tbody>
</table>

The rise in educational standards has given the younger population greater freedom in their employment options, as they have a wider range of marketable skills. This means they are not tied to a district or to a particular job. They are able to explore careers in any field and in any part of the world. This freedom has helped to break down the traditional class structures within rural society.

iii) **The Changing Social Structure of Households in New Zealand**

Over the past 70 years there has been a major change in the structure of New Zealand households. This restructuring has been caused by a combination of changing social attitudes and developments within the New Zealand economy. In particular there are six major factors which underlie this changing structure.

i) There is increasing recognition of the role played by women in the family and in the wider economy;

ii) Households are placing greater emphasis upon the attainment of skills and training;

iii) A greater proportion of women are remaining within the paid workforce;

iv) Improving personal mobility has given households greater freedom of movement;

v) Improvements in technology have enabled greater flexibility in employment; and

vi) The changing economic environment has meant that the traditional employment structures are being re-orientated (e.g. the emergence of dual income households).

The overall effect of these changes has been to alter the structure of the household unit by changing the roles of family members.

These changes have been noticeable particularly since the Second World War. The Second World War acted as a spur for female participation in both the workforce and in education. The shortage of labour during the war enabled women to enter areas previously considered to be male dominated. The opportunities the war opened up were consolidated in the post war era. The extended period of economic growth created new employment opportunities and it fostered a shift in social attitudes towards female participation. This trend was seen not only
in the developing service sector but also in more traditional areas, such as agriculture (as is shown in Table 6.6).

It is also important to note that the nature of female employment has been changing. The general view in the 1950s was that women would work for only a short period until they were married. In recent decades the trend has changed and women are now following an extended career path (Horsfield & Evans, 1988). The effect of this trend has been to breakdown many of the traditional stereotypes that exist about the structure of employment within households. An increasing number of households are now classified as dual income or are headed by a female income earner.

The structure of New Zealand households has also been affected by the improvements in transportation that have occurred over the study period. Most households now have access to at least one car. As a result of this, personal mobility has increased. Improvements in transportation have also given households greater flexibility in employment and in access to services. It is now common for household members to commute to employment. For example an increasing number of households are moving to the Oxford - Rangiora area in Canterbury but are still working in Christchurch.

<table>
<thead>
<tr>
<th>Year</th>
<th>Male Agricultural Workers</th>
<th>Female Agricultural Workers</th>
<th>Total Agricultural Workers</th>
<th>Female Workers As % of Total Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926(1)</td>
<td>18,379</td>
<td>409</td>
<td>18,788</td>
<td>2.2%</td>
</tr>
<tr>
<td>1936</td>
<td>20,816</td>
<td>555</td>
<td>21,371</td>
<td>2.6%</td>
</tr>
<tr>
<td>1945</td>
<td>13,927</td>
<td>944</td>
<td>14,871</td>
<td>6.3%</td>
</tr>
<tr>
<td>1956</td>
<td>13,619</td>
<td>748</td>
<td>14,367</td>
<td>5.2%</td>
</tr>
<tr>
<td>1966</td>
<td>13,992</td>
<td>1,020</td>
<td>15,012</td>
<td>6.8%</td>
</tr>
<tr>
<td>1976(2)</td>
<td>10,910</td>
<td>1,565</td>
<td>12,475</td>
<td>12.5%</td>
</tr>
<tr>
<td>1986(3)</td>
<td>10,614</td>
<td>4,515</td>
<td>15,129</td>
<td>29.8%</td>
</tr>
</tbody>
</table>

Note 1: The agricultural labour force category includes all full time agricultural workers.

Note 2: In 1976 the agricultural labour force category included all full time workers over 15.

Note 3: In 1986 the agricultural labour force category included both full time and part time workers.

Note 4: The data in this table is based on the agricultural and pastoral industry group (Category 111), in the labour force census. This category excludes agricultural services, hunting, and trapping.

These changes in the structure of the family have had significant implications for society as a whole. The increase in female participation in employment and education has reshaped the labour market, and has had major implications for the division of power, at the household and community level. Women are demanding "greater public involvement in decision making on a range of issues, from environment and resource management to health and education policies (Hayward, 1993: 27).

iv) Population Movement Within New Zealand

New Zealand has experienced a major "internal redistribution of population ... during the twentieth century" (Forrest & Johnston, 1973: 132). The most striking feature of this redistribution has been the movement of rural population to the major urban centres (particularly to Auckland). This movement of population has been in the majority of cases a voluntary action. Individuals and households have made a conscious decision to move. To understand this movement, it is important to look at the objectives that households are trying to achieve.

The decision to move from an area is not taken lightly, as is shown in figure 6.8. Individuals and households weigh up a combination of factors before they make a decision on whether to stay or migrate. They have to balance local considerations against the potential benefits and

![FIGURE 6.8](image)

**FIGURE 6.8**

*Origin and Destination Factors Affecting Internal Migration*

<table>
<thead>
<tr>
<th>Origin</th>
<th>Intervening Obstacles</th>
<th>Destination</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Lack of employment/education opportunities</td>
<td>-</td>
<td>+ Greater employment/education opportunities</td>
</tr>
<tr>
<td>- Lack of social services</td>
<td>-</td>
<td>+ Better soil services</td>
</tr>
<tr>
<td>- Labour is being displaced by technology</td>
<td>-</td>
<td>+ Higher incomes</td>
</tr>
<tr>
<td>+ Lifestyle conditions</td>
<td>- Distance</td>
<td>- Distance from family and friends</td>
</tr>
<tr>
<td>+ Family and Friends</td>
<td>- Transport costs</td>
<td>- A more stressful lifestyle</td>
</tr>
</tbody>
</table>

Source: Adapted from Lee, 1966: 50
costs of moving to another centre. It is important to note that the decision to move is not based simply on economic conditions (i.e. employment and income opportunities). Individuals and households place a high priority on social considerations, such as quality of life and proximity to family and friends.

Migration in New Zealand differs in one important aspect from other developed countries. In Europe and the United States there tend to be regional differences in wage rates. This differential encourages movement between areas. This has not been a significant factor in New Zealand due to "the comparative absence of spatial diversity in living standards" (Robinson, 1986: 218). Living standards varied only marginally as national awards kept wage differentials between regions down to a minimum.

The decision to move or to stay is reached after considering four major factors, (education, employment, family ties, and the provision of social services). Of these factors, access to employment opportunities is generally seen as the major motivation for moving. Households tend to move from areas where employment is contracting (Robinson, 1986). The areas most affected by this trend have been smaller rural communities and the southern metropolitan centres. Agricultural restructuring and industrial rationalization in these areas has significantly reduced the demand for labour (Neville, 1980). This situation has been compounded by the fact that these areas lack alternative forms of employment, which means that surplus labour can not be absorbed. The result of this situation has been a migration of households (particularly in the younger age groups) to centres such as Auckland and Hamilton, which appear to offer a wider range of employment opportunities. In examining this issue of employment it is important to acknowledge the importance of part time employment. The availability of this form of employment has become an increasingly important issue for many households, due to the tighter economic environment since the early 1970s.

The level of services within a district is also seen as an important factor behind internal migration. If communities have a strong service base there is less incentive to move. In the
case of Canterbury, the rural sector has seen a gradual decline in services over the past 40 years. "Each adjustment in the delivery of services to rural areas since the 1950s has resulted in centralisation and withdrawal of services from smaller towns and remoter rural areas" (Cant, 1986: 12). As a result of this process households are feeling increasingly isolated as there are fewer places where residents can meet (i.e. there has been a breakdown in the cohesiveness of the community (Rennie, 1979)). The loss of services also has an economic cost for residents, as there are additional travelling times in gaining access to facilities.

Another important reason for migrating is to gain access to education and training. Areas without advanced training facilities have been losing their younger population. The younger population desire a higher standard of education than their parents and they are willing to move in order to gain this training. In many cases the migrants expect the move to be only temporary but over time they find that there is more scope for their skills in the larger centres (Robinson, 1986).

Finally, in this section, it is important to recognise that there has been a levelling off and even a minor reversal of the rural-urban trend over the past two decades. The term given to this process is counter-urbanization (or ruralisation). Cross (1987) has identified three main elements in this process:

i) More people are wanting the perceived benefits of a rural lifestyle;

ii) Employment is no longer tied to specific central locations; and

iii) Peripheral areas now offer developers a number of economic advantages.

There has been a growing belief over the past twenty five years that the rural sector offers a better lifestyle for families. The rural sector is perceived to be a safer and healthier place to bring up a family. This trend towards rural living has been assisted by recent developments in transportation and communications. The changes in these areas have given workers greater flexibility in their locational choices. It is important however to recognise that the inflow of population is confined to rural centres on the commuter belt and those with favourable climatic conditions (Dahms, 1989). This explains why centres such as Oxford, Leeston, and Pleasant
Point have grown by more than 8% in the latest census period, while Culverden, Fairlie, and Duntroon have experienced losses ranging from 2 to 22%.

In conclusion, this section has shown that the causes of internal migration relate in large part to changing social conditions. Households and individuals weigh up the local conditions and they make a conscious decision whether to stay or migrate. This decision is based on how locals perceive their quality of life and what their employment and educational aspirations are.

CONCLUSION

This chapter has argued that geographers need to incorporate a national perspective into the study of rural analysis. A national perspective enables geographers to study the broader political and socio-economic conditions within society, and examine how these conditions are influencing rural behaviour. With a national perspective, geographers are able to study:

i) how changes in the structure of an economy alter the pattern of primary production and rural manufacturing;

ii) how changing political priorities affect the pattern of land use and service provision; and

iii) how changing social attitudes and aspirations affect the employment and power relations within a society.

Finally, this chapter has been used to examine how international conditions can be modified by events in the national economy. The chapter has shown how the New Zealand government has been able to cushion disruptions in the world market and how it has protected sectors of the economy against competition. These findings are important for explaining why changes in the international arena do not necessarily affect every country in the same way.
CHAPTER SEVEN

THE CONTINUING NEED FOR A LOCAL PERSPECTIVE WITHIN RURAL GEOGRAPHY

INTRODUCTION

"The strategies adopted by farmers to cope with the economic restructuring of the past decade have varied from property to property. Farmers with a low debt to equity ratio have been the most successful in weathering the economic storm. They have had the financial resources to diversify production and to meet the challenges of the de-regulated market." (Fancis, Interview, 1992)

Geographers need to retain a local perspective in their research as individuals and communities differ in their response to change. This occurs for two principal reasons. The first relates to behavioural factors. Decision makers are influenced in their perception of events by family and personal considerations, such as the age of the decision maker and their degree of financial independence. These behavioural factors affect the priorities of decision makers and the level of risk they are prepared to take. Decision makers are also influenced in their actions by the physical environment in which they operate, and by local political and financial conditions. Difficult physical conditions can limit the options open to land users, as was observed by Campbell (1973) in his examination of the Australian grazing industry. Farmers on arid properties have little choice but to ride out periods of low returns, as poor climatic conditions prevent a move into cropping or dairying. Researchers also need to pay attention to the role local political and financial institutions play in decision making. As part of this, it is important to look at the influence local managers (e.g. banking and council managers) have on the direction of rural activity (these managers are often referred to as
gatekeepers\(^1\). At a district and regional level these managers can play an important role in determining how resources are allocated.

This chapter will scrutinise the role local conditions play in the decision making process. The work will look at how behavioural factors influence the priorities of decision makers and how the physical conditions within a region limit the options open to land users and businesses. The principal issues that will be examined in this chapter are summarised in the points below:

i) How do climatic and topographic conditions affect the pattern of development within a region;

ii) How do differences in land tenure affect property management;

iii) How do local political structures affect the delivery of services and the direction of land-use planning; and

iv) How do personal factors, such as health conditions, affect the behaviour of decision makers.

This examination will study the extent to which local conditions modify the attitude of decision makers and influence their response to developments in the broader economy. The chapter will look particularly at the influence physical and local political conditions have upon the direction of rural activity. Difficult physical conditions and tight planning controls can severely limit the freedom of individuals and communities in their decision making. This insight is important if geographers are to understand the variations in social and economic activity that occur between communities and regions.

The focus in this research will be upon New Zealand, and in particular, Canterbury. The chapter concentrates upon one region as a number of the issues covered in this work are inter-related. For example, the retention of services in a community is a reflection not only of economic conditions but also the social framework within a district (i.e. how supportive residents are of local services). For this reason, it is more appropriate to concentrate on one

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\(^1\) The term gatekeeper was coined by Pahl (1970, 1977). The term refers to managers in the private and public sectors who control access to finance, planning authority and information.
area than look at examples from a range of countries. Relevant overseas studies will be brought into the research to highlight key issues.

**LOCAL PHYSICAL CONDITIONS**

The physical conditions within a region have a major bearing on the pattern of development. They affect the types of production that are possible and the distribution of services (e.g. roading and electricity). Physical conditions particularly affect the structure of the agricultural sector. They restrict the range of land uses that are feasible and the ability of farmers to move between activities.

"The terrain conditions in North Canterbury have limited the range of agricultural activities that can be undertaken" (Farm Survey, 1992)

To illustrate the influence physical conditions have on rural decision making the chapter will examine two key issues. These are:

(i) the effect of climatic conditions on land use; and

(ii) the influence of terrain conditions on transportation and communications.

The findings from this work will demonstrate why the physical conditions within a region need to be considered when explaining the pattern of land use, settlement, and business activity.

i) **The Effect of Climatic Conditions on Land Use**

"The Canterbury plains farmer is always conscious of drought and he tends to stock accordingly. In the good seasons he is grossly understocked ... [and] ... in the particularly dry seasons he is somewhat overstocked" (Coop, quoted in Curry, 1958: 62)

The pattern of land use within Canterbury has been shaped to a large extent by the climatic conditions within the region. Low annual rainfall and high rates of evapo-transpiration have limited the range of activities that can be undertaken. The lack of adequate soil moisture over
the summer and early autumn period is particularly important, as it restricts the rate of pasture growth and the stocking capacity of the land (Rickard & Fitzgerald, 1970: 207). The effect of this has been to keep stock ratios down and to encourage extensive forms of agriculture, particularly livestock rearing. Farmers in a number of areas have been able to overcome these difficulties by utilising water from irrigation schemes. This has improved pasture growth rates over the summer and autumn period and it has allowed more intensive forms of grazing and horticulture to develop (Evans & Cant, 1981).

When assessing the effect of climatic conditions on an area it is important to recognise that farmers tend to base their decision making on conditions in a poor season. This approach is taken as it provides a measure of economic security (Elvidge, 1987). Researchers therefore need to study how climatic factors vary over time, rather than focusing on the average (normal) conditions within an area.

Canterbury can be categorised as having a highly variable rainfall pattern (Trewinnard & Tomlinson, 1986). This is demonstrated by the fact that precipitation levels in lowland Canterbury can vary by as much as 40% over successive seasons (1935-36, 1957-58, 1968-69, and 1985-86) (as is shown in figure 7.1 (A)). High rainfall years can be followed almost immediately by drought conditions. The most dramatic example of this occurred in the 1968-69 period. In 1968 both Christchurch and Timaru had above average levels of rainfall (726 mm and 758 mm respectively), but in the following season they received less than 400 millimetres. This variation in precipitation is a major obstacle to agricultural development as farmers can not rely on a stable pattern of rainfall. This situation is compounded by the fact that the region also experiences marked variations in the number of rain days per season, as is demonstrated in figure 7.1 (B). The range in Christchurch is from 95 to 149 days and in Timaru from 91 to 141 days. Crops and pasture require regular periods of rainfall to sustain growth, as most legumes are unable to store large quantities of water. Seasons with a low number of rain days can therefore be just as damaging as drought years.
**FIGURE 7.1**
Rainfall Pattern in Christchurch and Timaru (1920 - 1986)

**Figure 7.1 (A)**
Annual Average Rainfall (mm)

**Figure 7.1 (B)**
Number of Raindays

Source: Meteorological Observations, The Meteorological Office

Note 1: Between 1968 and 1971 rain days included only those days when more than 0.2 mm of rain fell. Since 1972 rain days includes all those days on which more than 0.1 mm fell.

Note 2: No published figures exist for 1944 and 1945. To compensate for this five year running averages have been used.

Note 3: The recording station for Christchurch was moved from Wigram to Harewood in 1953.
This variability in rainfall and rain days forces land users to adopt a conservative management approach. The key elements of this approach can be summarised in four points.

i) Farmers tend to understock their properties and they reduce stocking levels when conditions deteriorate;

ii) Drought resistant livestock varieties are favoured, as they provide stable production volumes;

iii) Short season cash and fodder crops tend to be planted (i.e. barley, linseed, and peas), as they mature before the summer drought period (Curry, 1958: 62); and

iv) Land users invest in off-farm activities as a safeguard against seasonal variations.

These measures enable land users to cope with the climatic extremes experienced in Canterbury. In particular, they provide a degree of financial security during periods of poor production.

ii) The Effect of Terrain Conditions on Transportation and Development

The topography of a region has a major bearing on its pattern of development. Areas with a difficult physical environment attract less investment than ones which are well endowed. They are less economically developed and they are slower to respond to change. This point can be illustrated by studying how terrain conditions have affected the pace of transport development within rural Canterbury. This section will look at the difficulties roading authorities have faced in developing the transport system and what effect this has had on local economic progress.

Canterbury's transport system has evolved over the past century and a half from a few scattered tracks into a developed network. This network links the region to the national and international economy. There are however sizeable areas of Canterbury that are still isolated in a transport sense. This stems in large part from the physical make up of the region. Difficult hill country conditions and wide rivers have acted as a barrier to the development of a comprehensive transport system.
"Swift flowing rivers, ravines and gorges create bridging problems more difficult than in many other countries" (Anderson, 1977: 122)

In lowland Canterbury, road and rail construction has been restricted by the river systems which cross the region. These systems dissect Canterbury and they act as a physical barrier to the development of a regional transport network, as is shown in Figure 7.2. Transport
development has been further complicated by the fact that the majority of these rivers are braided in nature. They are not confined to a specific channel but meander across an extended area. In the case of the Lower Rakaia the river channel extends for over two kilometres. This has produced significant engineering and financial difficulties for roading authorities in Canterbury. Roading engineers have also had to take into account the possibility of rivers deviating from their existing channel. This has been a regular occurrence for the Ashburton and Selwyn rivers, which have been forced out of their channels by a build up of gravel deposits.

These bridging difficulties have restricted the development of the transport system within Canterbury. This is highlighted by the fact that there are only two major highway systems connecting the region. These are a coastal highway (Highway One) and an inland route (Highway Seventy Two). The effect of this has been to isolate areas that are bounded by river systems and to concentrate business activity in centres which are located on the major transport routes. This occurs as businesses tend to invest in areas which have low transport costs and good accessibility for the movement of goods and services (Lowe & Moryadas, 1975). In contrast to this, centres with poor accessibility have seen a loss of investment and a slow run down in services. This process has become more marked with time as businesses are placing greater emphasis upon the rapid movement of materials and finished goods.

Rugged and elevated areas (including Banks Peninsula) have also been hindered in their development by poor transportation. The steep nature of the terrain in these areas has made it uneconomic to develop a comprehensive roading network. This means that communities in these areas have to rely upon a single access route. Road quality also tends to be of a poorer standard than in more densely settled areas (i.e. predominantly Class III classification roads (Yerex, 1980)). Table 7.1 highlights the fact that predominantly hill country areas have a higher proportion of unimproved roading. This trend comes out particularly in the later
**TABLE 7.1**

*Roading Comparisons in Rural Canterbury (1966 and 1989)*

<table>
<thead>
<tr>
<th>Hill Country Districts</th>
<th>1966 Area Paved (kms)</th>
<th>1989 Area Paved (kms)</th>
<th>1966 Area Unpaved (kms)</th>
<th>1989 Area Unpaved (kms)</th>
<th>1966 Total Roading Area (kms)</th>
<th>1989 Total Roading Area (kms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheviot</td>
<td>91.20 (28.2%)</td>
<td>232.00</td>
<td>216.60</td>
<td>916.80</td>
<td>323.20</td>
<td>334.80</td>
</tr>
<tr>
<td>Akaroa</td>
<td>67.20 (18.2%)</td>
<td>216.60</td>
<td>302.40</td>
<td>369.60</td>
<td>386.60</td>
<td>386.60</td>
</tr>
<tr>
<td>MacKenzie</td>
<td>174.40 (15.9%)</td>
<td>916.80</td>
<td>214.60</td>
<td>386.60</td>
<td>1,091.20</td>
<td>1,091.20</td>
</tr>
<tr>
<td></td>
<td>306.20 (36.5%)</td>
<td>532.10</td>
<td></td>
<td></td>
<td>838.30</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lowland Districts</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eyre</td>
<td>99.20 (34.6%)</td>
<td>187.20</td>
<td>79.10</td>
<td>277.00</td>
<td>286.40</td>
<td></td>
</tr>
<tr>
<td>Rangiora</td>
<td>144.00 (50.8%)</td>
<td>139.20</td>
<td>121.90</td>
<td>354.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paparua</td>
<td>216.00 (41.0%)</td>
<td>310.40</td>
<td>132.70</td>
<td>526.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>501.80 (79.1%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Local Authority Statistics
Transit New Zealand

Note 1: The roading figures for Rangiora cover both the borough and the county (district).
Note 2: Compatible figures are not available for the period after 1989.

Roading figures. In the case of Cheviot and MacKenzie more than 60% of their roading area in 1989 was still unimproved (i.e. shingle tracks). This is in sharp contrast to lowland counties, such as Eyre and Paparua, where the figure is less than 30%.

These differences in roading quality are one reason why hill country areas have experienced declines in investment and employment. Businesses are unwilling to invest in centres which have an inefficient roading infrastructure. They search for locations which have a reliable and low cost transportation network (Lösch, 1954). The effect of this process has been to concentrate business activity in a few centrally located areas. This can be seen in activities such as milk processing and flour milling. The major plants in these sectors are positioned on the main transport routes and they draw in raw commodities from a wide area. Plants in hill

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2 A number of roads within the MacKenzie District were de-classified during the late 1970s. This explains why the figure for total roading has declined over the 1966 to 1989 period.
country areas can not compete against this, as difficult terrain conditions make it uneconomic to transport raw materials to these centres for processing.

At a broader scale, transportation difficulties have hindered the development of new forms of agricultural production, such as market gardening and horticulture. This is due to the fact that these activities need a good transport system for the rapid movement of their production. In the case of market gardeners they need to be assured of daily access to the auction markets. They can not afford transport hold ups as this would affect the quality of their production (through over-ripening) and the price they receive at the market. For this reason, market gardeners have tended to locate in lowland areas, near the major markets, rather than risking areas which have possible transportation difficulties (i.e. areas where there is a risk of roads and bridges being closed for extended periods). The effect of this has been to concentrate high value activities in areas with favourable terrain conditions.

This section has shown that it is important for researchers to have an understanding of the physical environment, if they are to explain the changes occurring within a region. Researchers need this insight, as businesses and households are constrained in their actions by the environment in which they operate. This was highlighted in the analysis of terrain conditions in Canterbury. The work showed how hill country and river boundary areas are adversely affected by their physical setting. Their difficult physical environment is a disincentive to investment and it has been a hindrance to transport development. This has caused these areas to lag behind the rest of the economy and to focus on a narrow range of activities.

**LOCAL ECONOMIC CONDITIONS**

The regional variations in primary production and processing are not caused simply by physical factors. Local economic conditions also play an important role in shaping rural activity (Webber and Rivers, 1991: 10). The economic environment in a region affects the
priorities decision makers are trying to achieve and their ability to respond to change. It is therefore important that researchers have an understanding of the economic structures within the area they are studying. In particular, they need to have an understanding of the ownership patterns within the study area. This is a critical point, as the pattern of land ownership affects the way properties are managed and developed overtime. It is also important to look at the way local businesses are organized and the goals they are trying to achieve. Researchers need this insight as it helps them to explain why businesses are following a certain path of development.

i) **The Influence of Land Tenure on Property Management**

The way a property is managed depends to a large extent upon its ownership structure. If a farm is privately owned there is greater flexibility in decision making than if the property is controlled by a company or partnership. This can be seen by comparing the way corporate and family farms operate (Johnson, 1992, interview). Corporate operators regard farming "purely as a business" (Webber and Rivers, 1991: 32), while family operated farms have a more diverse range of priorities. They see farming not only as a source of income but as a way of life. This means that their actions are influenced by social considerations, as well as by economic demands. This is an important point to recognise, as it helps to explain why farmers adopt different forms of property management.

In the case of corporate operators, such as Tasman Agriculture and The Rural Trust, their primary reason for investing in a property is to gain an economic return. They see farming as an investment which can produce both an on-going income, as well as a capital gain. There is also a tendency for corporate operators to see farming as a short term investment, rather than as an asset which is to be passed on from generation to generation. This short term focus and the need to make an economic return has a major bearing on the way properties are managed.

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3 This term refers to both registered farm companies and to business partnerships.
Corporate farmers tend to follow market conditions more closely than other groups within the rural sector. They adjust their production to meet the changing conditions and they look for new areas of growth. This is done to maximise the financial return from the property and to gain a commercial advantage over competing producers. Corporate farmers were some of the first to invest in the Kiwifruit industry. They were prominent particularly in the late 1970s and early 1980s, when the industry was being established on a large scale in the Bay of Plenty and in South Auckland. Corporate farmers also provided much of the initial capital for the deer and goat breeding industries. Investors were attracted to these sectors by the high commodity returns and by the lucrative tax incentives that were available for land and stock improvement. These incentives encouraged corporate farmers to move away from traditional forms of livestock production.

The focus in recent years for corporate investment has been the dairy sector. At the forefront of this investment have been a number of public companies, including: Dairy Brands, The Rural Trust, and Tasman Agriculture. Investors have focused on this sector as it has been yielding an above average rate of return. This is due to improving returns for dairy production and instability in traditional grazing activities. This dual set of circumstances has encouraged investors to convert traditional grazing properties into intensive beef and dairy units. This process of farm conversion has caused a marked change in the pattern of agricultural production in areas such as the Lower Waitaki and Ashburton. The Lower Waitaki has seen a significant number of farms change from livestock grazing to dairy production (Hall, 1992: 20), while the Ashburton region has seen a swing to beef fattening. An important point to note about corporate involvement in this process of farm conversion is its short term nature. The major farm companies see themselves basically as developers. They intend to sell the properties once they are established. Their reason for selling is to exploit the rising property market for beef and dairy units. By selling on a rising market they are able to make a significant 'windfall' profit. This highlights the fact that commercial operators invest in farming principally for the economic returns that can be generated.
Family operated farms differ significantly in their style of management from corporate operators. They view farming not only as a business venture but as a way of life. Family members have a strong commitment to the land and to its improvement.

"There is a sense of obligation to generations past and to generations in the future"

(Keating & Little, 1991: 26)

This commitment to the land has a major bearing on the way a property is managed and on the goals that land users are trying to achieve. Most land owners see themselves basically as custodians, rather than as investors. There is a strong emphasis on improving the quality of the land and the livestock. These improvements are made to raise farm productivity and to ensure the long-term viability of the unit. The work is also undertaken to provide employment for family members (Fairweather, 1985).

At a management level there are a number of differences between family and corporate farms. Family farms are characterised by a long-term approach towards property management. They tend to stay with a particular form of production, rather than swapping between activities. This long term approach is taken as family farmers do not have the financial or the physical resources (i.e. labour and machinery) to move rapidly from one form of production to another. They can only undertake development when the resources become available, or by borrowing. This means that farm investment is spread out over a number of years, rather than being concentrated in one or two seasons. This need to spread out investment has the effect of delaying land use change.

Family and corporate farms not only vary in their management approach but also in their general economic focus. The goal of commercial operators is to produce an economic surplus on their investment, whereas family operators see their objective as being the reproduction of the household unit (in both an economic and a social sense) (Friedmann, 1978). These different economic approaches have a bearing on the way properties are organized. In the case of family farms the focus is on building up a viable asset, that can provide an on-going income for family members. To achieve this there is an emphasis on improving the quality and
productivity of the property. This approach often means that profitability is sacrificed in the short-run. Family members are prepared to accept a short-term decline in profit if it will ensure the survival of the property into the future. In contrast to this, corporate operators are concerned mainly with gaining a return over the short to medium term. Investors are generally not prepared to have their funds tied up for an extended period without any significant return. As a result, commercial operators have tended to concentrate their investment in areas where short-term profits (or tax incentives) are available.

The discussion in this section has shown that land tenure has a major bearing on the way a property is managed. This came out clearly in the comparison between commercial and private land owners. The work showed that commercial operators see farming basically as an investment, which can yield an on-going income. This contrasts sharply with private land owners who see farming more as a way of life. They look at farming as a long-term asset, which is to be improved overtime. These differences in approach have a major influence on property management. In particular, they affect the speed at which farmers move from one form of production to another. For this reason it is important to have an understanding of the ownership patterns within an area. With this insight researchers are in a better position to explain the course of change within a region.

ii) The Survival of Retail Services in Rural Communities

New Zealand, like most western countries, has been experiencing a decline in rural business activity over the past 30 years. This decline has no single cause. It has been produced by a combination of political and socio-economic events. The three major factors behind this trend are outlined below:

i) difficult economic conditions within the farming sector have reduced rural spending power (especially since the removal of government price supports);

ii) the increasing mobility of the rural population has allowed households to shop further afield (i.e in the larger centres); and
iii) the decline in the rural population has cut away at the customer base for retailers. These changes mean that retailers are operating within a shrinking market. They are facing a decline in their customer base and a decrease in consumer spending (Jussila, Loivonen, & Tykkyläinen, 1992). To survive, retailers have to increase their market share. This has meant reducing margins and forcing less economic operators out of business. This competition has caused profitability to decline and it has also meant that the remaining retailers are having to service a larger catchment area. This can involve longer hours for the retailer and greater travelling distances.

The magnitude of the changes occurring within the retail sector can be seen by studying Table 7.2. The Table shows that rural Canterbury has experienced a significant decline in most areas of retailing over the past 30 years. The decline has been particularly marked in the drapery, grocery, and stock supply areas. The number of firms in each of these categories has declined by more than 30 percent since 1966. In the case of the drapery sector the decline has been over 60 percent. These areas have suffered the most as they provide what can be classed as general services (e.g. clothing, food, and basic farm requirements). Consumers tend to shop around for these services, rather than using the closest facility. This has been especially

| TABLE 7.2 |

| Changes in the Availability of Retail Services in Rural Canterbury |

<table>
<thead>
<tr>
<th>Activity</th>
<th>1941</th>
<th>1966</th>
<th>1991</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairies/Grocers</td>
<td>76</td>
<td>91</td>
<td>62</td>
</tr>
<tr>
<td>Draperies</td>
<td>44</td>
<td>48</td>
<td>19</td>
</tr>
<tr>
<td>Stock &amp; Station Outlets</td>
<td>46</td>
<td>52</td>
<td>26</td>
</tr>
<tr>
<td>Service Stations</td>
<td>66</td>
<td>90</td>
<td>70</td>
</tr>
<tr>
<td>Pharmacies</td>
<td>11</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Post Offices (Post Shops)</td>
<td>21</td>
<td>19</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: Universal Business Directory

Note 1: The figures shown in this table are based upon a sample of 23 rural communities. These communities were selected after taking into account: population, transport, and land use factors.

Note 2: Comparable figures for earlier periods are unavailable.

Note 3: Retail banking has been excluded as part time and mobile services have not always been recorded accurately.
true in the past two decades with the improvement in personal mobility. The result of this trend has been that customers are shifting their trade to a few centrally located stores, which tend to be in the larger centres (Rural Business Survey, 1992, Rural Household Survey, 1992 - 93).

This picture of retailing indicates a sector in decline. Retailers appear to be on a downward spiral as external forces are eroding their profitability. This however is not always the case, as no two businesses are identical. Retailers differ markedly in their response to change and there are important local conditions which influence the survival or failure of an enterprise. This is witnessed by the fact that an increasing number of communities are rallying round to ensure that basic services survive (Rural Household Survey, 1992 - 93). Retailers have also been making strenuous efforts to broaden their product range and to attract a larger proportion of the local trade. These local efforts have not reversed the closure trend but they have helped to sustain some of the more marginal retail outlets. This shows that local intervention is able to have an impact upon the pattern of business activity. For this reason it is important that researchers have an understanding of the influence local groups and individuals can have on retailing. As part of this, researchers need to look at why investors are still prepared to establish or take over retail outlets in the rural sector.

The initial point to be made is that retailers have not simply sat back and watched their businesses decline. Most have tried to attract new customers, either by extending their product range or by incorporating new services (e.g adding a postal agency). Retailers believe these measures are needed if they are to draw customers away from the larger centres (Burke & Burke, 1992: 14). Retailers have also been extending their opening hours, so as to provide a more convenient service. This is aimed particularly at households with limited access to transport (i.e elderly groups and families with only one car). The intention behind these actions has been to meet the needs of the local community, so they will be encouraged to shop locally, rather than travel out of the district (Rural Business Survey, 1992).
These changes mean that rural stores are taking on a more diversified appearance. It is not uncommon for retailers to provide three or even four different services. This is certainly true in less populated areas. The stores in these areas provide not only groceries but also fuel, postal services and light meals. These additional activities are needed if the stores are to remain economically viable. This trend towards multi-service rural stores is likely to continue over the next decade, due to the on-going economic restructuring within the rural sector. Overseas examples also show that there is a long-term trend from single service stores to ones which provide a range of facilities. This trend is highlighted in the work of Jussila, Lotvonen, and Tykkyläinen (1992). In their study of Finish Lapland they found that most rural stores have between four and five secondary activities, as is shown in Figure 7.3 (A). These secondary, or sideline activities play an important role in the economic survival of retail stores in rural Finland. Without this additional income most of these stores would have closed. This is due to the fact that the core activities no longer provide a sufficient income to remain profitability. Diversification has therefore helped to counter the loss of population and revenue that has occurred over recent decades.

Another important factor in the survival of rural stores is the level of support they receive from local residents. Businesses need a base of local support if they are to remain profitable over the medium to long-term. If stores have to rely on passing trade their likelihood of survival is limited. A good example of this was the closure of the Sheffield store in Mid Canterbury, during 1991. Turnover in the store declined during the 1980s as an increasing number of residents bypassed the store for services in Darfield and Christchurch. In the main, residents came to treat "the village store as an 'occasional' convenience" (Burke & Burke, 1992: 15). This meant that the store had to rely increasingly on passing trade. The loss of a regular customer base made it unprofitable for the owner to continue and the store was closed (Rural
FIGURE 7.3
The Structure of Rural Stores in Finland

Figure 7.3 (A)
Number of Sideline Activities Undertaken in Rural Stores
(Finland, 1989)

Figure 7.3 (B)
Major Sideline Activities in Rural Stores
(Finland - 1989)

Source: Jussila, Loyonon, & Tykkyläinen, 1992
Note 1: The figures presented in these two tables are based on a survey of 206 rural stores in Lapland, Finland.
Business Survey, 1992 & Rural Household Survey, 1992 - 93). The Sheffield case highlights how important community support is for the survival of retailing within the rural sector. There is fortunately a growing realisation among rural communities that it is essential to maintain at least a basic range of retail services. Residents are also beginning to appreciate that rural stores act as the focal point for their area and that they provide the elderly and the disadvantaged with a range of valuable services.

"The village shop is more than a mere retail outlet. It is also a source of local income and a lifeline to those without transport" (Laws, 1992: 5).

Finally in this section, it is important to look at what motivates a person to invest in the rural service sector.

"Running the village shop was a post-war dream, like owning a country pub or becoming a small-holder" (Laws, 1993: 13)

The majority of investors are attracted by the idea of a rural lifestyle, rather than the economic returns. Very few go in thinking that rural stores are a financial goldmine. They like the idea of becoming part of a community and owning their own business (Rural Business Survey, 1992). These ideas appealed particularly to investors in the over forty age group category, who saw the purchase of a business as a way of changing their career path. This focus on social factors, rather than economic conditions is a major reason why rural stores have tended to survive, when under normal conditions they should have closed.

This look at the retail sector in Canterbury has shown that some businesses are surviving in spite of continued economic and political restructuring. Retailers have achieved this by encouraging local support and adapting their businesses to meet consumer demand (i.e broadening their product range and opening at more convenient times).
LOCAL POLITICAL CONDITIONS

Territorial and special purpose authorities have historically played an important role in community development. This is due to their statutory powers over land use and construction, as well as their position as service providers. Local authorities provide their communities with a wide range of primary services, from the provision of roading and electricity through to pest destruction. This section will look both of these roles and the level of discretion local authorities have in their decision making.

i) The Role of Territorial and Ad Hoc Authorities Within the Planning System

Local authorities are responsible for "the wise use and management of the" land, air and water resources within their districts (Town & Country Planning Act, 1977, Section 4). To achieve this goal they have been delegated extensive regulatory powers to establish guidelines for resource management. These guidelines define what activities are permissible in each area and how they are to be undertaken. Most of these guidelines are brought together under the umbrella of a district or a regional planning scheme. These schemes lay out how local authorities see their regions developing and what their major policy goals are.

The scope of local authority planning has expanded significantly over the past seventy years. In the early part of the century local authorities dealt mainly with building and land drainage issues. Over time their powers have been extended to include areas such as environmental management and marine safety. The diverse range of activities they now supervise is

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This term will be used to cover both territorial and special purpose authorities (e.g. Catchment Boards and Noxious Plant Authorities).

A number of ad hoc authorities have also had the authority to issue planning schemes. These include Catchment and Pest Destruction Boards. Since the 1989 restructuring of local government these schemes have been taken over by district and regional councils.
outlined in Figure 7.4. The figure shows that local authorities have an input into most areas of community development (Williams, 1985: 19).

The powers that territorial and ad hoc authorities have to regulate land and resource management are derived from the government, through a variety of parliamentary statutes and regulations. These ordinances define what bylaw making powers local authorities can yield. They also set out a number of principles which are to guide authorities in their actions. In the case of Catchment Boards, they were given four key planning objectives. These were:

"(a) The promotion of soil conservation:
(b) The preservation and mitigation of soil erosion:
(c) The prevention of damage by floods:
(d) The utilisation of lands in such a manner as will tend towards the attainment of the objects aforesaid" (Soil Conservation & Rivers Control Act, 1941, Section 10)
To achieve these goals, Catchment Boards were given bylaw making powers to regulate land use in areas that were prone to erosion or flooding. These powers enabled Catchment Boards to exclude or restrict activities in sensitive environmental areas.

In general, the planning structure in New Zealand gives local authorities and planning officers a high degree of discretion in their policy development. The major pieces of legislation outline a range of guiding principles, rather than a series of strict procedures (Williams, 1985: 30). This has been done so that councils can incorporate local demands and conditions into their decision making. This flexibility is reflected in the fact that territorial authorities have produced district schemes with markedly different priorities.

"It is possible to produce a district scheme which is liberal, permissive and unregulated, or on the other hand, restrictive, extremely detailed and over-regulated" (Williams, 1985: 30)

This discretion in setting planning procedures makes it possible for local authorities and their administrative officers to influence the pattern of development within an area. This can be seen by looking at the different approaches local authorities have taken to major planning issues, such as forestry development and the zoning of areas for industrial use. In the case of forestry investment there are marked variations between the amount of planting that is permissible. The majority of rural councils in New Zealand have used their zoning powers, under the 1953 and 1977 Town and Country Planning Acts, to restrict the extent of forestry development. They have been swayed by the view "that as much agricultural land as possible needs to be retained" (Shucksmith & Watkins, 1991: 154). This attitude has encouraged councils and their planning officers to restrict development, particularly on the higher classes of land (Le Heron and Roche, 1985: 226). Only in a few areas, such as the Bay of Plenty and Tasman, have councils historically supported large scale development. In Canterbury, councils have until recently imposed strict limits on what land could be used for forestry. Even in hill country areas, where forestry is an important tool against erosion there have been limits as low as 40 hectares per property.
Another example of local authority intervention has been the zoning of areas for industrial activity. Councils have had formal control over the location of industrial and residential sites since the passing of the 1926 Town Planning Act. This Act gave local authorities the power to determine what areas could be classified for industrial development. These powers were extended in the 1950s with the Counties Act and the Town and Country Planning Act. These later pieces of legislation gave councils control over issues such as building design and the level of permissible waste discharge. The tendency has been for councils to use these planning controls to restrict where industrial activities can be located. This point is highlighted in the Canterbury Regional Planning Scheme. The scheme states that industrial and service activities should be concentrated within "key towns in rural areas (Darfield, Leeston, Oxford, and Akaroa)" (Canterbury Regional Council, Section I: Settlement Distribution, 1985: 16). Councils have taken this approach in order to "avoid adverse environmental consequences" (Williams, 1985: 56) and to limit land use conflicts between industrial and farming activities. The effect of these bylaws has been to restrict the growth of industrial activity and employment in rural areas. The major industrial group affected by these restrictions has been the primary processing sector. Primary processors would normally locate near the source of production, yet they have been forced by planning restrictions to locate near the larger urban centres\(^6\). In recent years this trend has started to change, but there is still a tendency to exclude industrial activities from rural areas and from smaller centres.

The discussion in this section has shown that local authorities and their officials have a central role in the planning process. They regulate what activities can be undertaken and how they are to be managed. The work has also shown that councils are able to use their planning powers to restrict activities which are seen as being in conflict with local values. This came out clearly in the discussion on forestry and industrial development.

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\(^6\) Notable exceptions to this rule are the customwood processing factory at Selton and the Clendenboye Dairy factory.
ii) **Local Authorities as Service Providers**

In addition to their planning role, local authorities are also major service providers. They undertake a range of activities that are important for everyday life within the rural sector. These activities range from the provision of library facilities through to the maintenance of roading and flood protection schemes. Councils and ad hoc authorities undertake these activities as they have a high social value and they tend to be unattractive to commercial investors. Investors have shied away from these areas as they tie up capital for an extended period.

**TABLE 7.3**  
Local Authority Involvement in the Provision of Services  
(Prior to the 1989 Reorganisation)

<table>
<thead>
<tr>
<th>Function</th>
<th>Territorial Authority</th>
<th>Specialized Authority</th>
<th>Auckland Regional Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roading and Footpath Construction</td>
<td>P</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water Supply and the Provision of Drainage Facilities</td>
<td>P</td>
<td>-</td>
<td>P</td>
</tr>
<tr>
<td>Soil and Water Conservation</td>
<td>-</td>
<td>P</td>
<td>-</td>
</tr>
<tr>
<td>Provision of Cultural Facilities</td>
<td>P</td>
<td>P</td>
<td>-</td>
</tr>
<tr>
<td>Social Services</td>
<td>S</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Pest and Noxious Weed Destruction</td>
<td>S</td>
<td>P</td>
<td>-</td>
</tr>
<tr>
<td>Environmental Health (e.g. refuse collection)</td>
<td>P</td>
<td>-</td>
<td>P</td>
</tr>
<tr>
<td>Electricity Supply</td>
<td>S</td>
<td>P</td>
<td>-</td>
</tr>
<tr>
<td>Passenger Transport</td>
<td>S</td>
<td>-</td>
<td>P</td>
</tr>
<tr>
<td>Education</td>
<td>-</td>
<td>P</td>
<td>-</td>
</tr>
<tr>
<td>Hospitals</td>
<td>-</td>
<td>P</td>
<td>-</td>
</tr>
</tbody>
</table>

**Key:**  
- P - A primary function of local authorities.  
- S - A secondary function or an activity which is supplied only by a few authorities.

**Source:**  
period and they yield a low rate of return. This is particularly true in remoter areas, where the population is widely dispersed and the usage rate for services is low.

The range of services carried out by local authorities can be seen in Table 7.3. The majority of these services are undertaken by territorial authorities. They have responsibility for drainage, environmental health, recreational facilities, and the maintenance of the roading network (other than state highways). These services are classed as basic activities, and they are necessary for the day to day operation of a community. Specialised functions have tended to be delegated to ad hoc authorities. These are functions which are important for the longer term development of a region. They range from pest destruction and soil management, through to the provision of health care services. The number of activities performed by local authorities has tended to increase with time. New functions have been taken on board in response to demands from ratepayers and from the community as a whole.

"One area in which some local authorities have increased their participation in recent years is in the provision of social services" (Scott, 1979: 17)

Rising social concerns have prompted councils to play a greater role in the welfare area. Councils are becoming increasingly involved in social planning and in the provision of basic welfare services (e.g. budget advice bureaus, and community welfare officers).

Rural authorities tend to concentrate more on the provision of basic services than their urban counterparts. This is due to the dispersed nature of their population and the high cost of infrastructure servicing in these areas. This point can be seen in the case of Canterbury. The rural authorities in Canterbury have made strenuous efforts over recent decades to improve the quality of the sewerage, water, and roading systems within their districts. They have also sought to reduce the accessibility problems their residents face by the provision of mobile creche and library facilities. These initiatives have been taken to increase the quality of basic services and to reduce the transportation barriers that face large numbers of residents in rural

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7 Government restructuring in the late 1980s and early 1990s has seen the majority of these ad hoc authorities abolished. Their responsibilities have been transferred to regional and territorial authorities.
communities. Rural authorities have undertaken these initiatives as there is a strong political tradition in New Zealand that intervention should be used to bring about "equality of opportunity" (Cleveland, 1979: 43). The contention is that groups within society should not be disadvantaged because of their economic or physical conditions. This concept is outlined in Section 598 (1) of the Local Government Act, 1974. A local authority can:

"encourage the development of such services and facilities as it considers necessary in order to maintain and promote the general well-being of the public" (Local Government Act, 1974, Section 598 (1))

Finally, it is important to look at the level of discretion local authorities have in the provision of services. The key point to remember is that local authorities are not independent in their actions but are constrained by legislative and regulatory guidelines, which are imposed by central government. In the majority of cases, the guidelines set out a number of broad principles by which local councils are to operate, rather than defining specific standards. This gives councils considerable scope in the way they deliver services and allocate resources.

There are however a number of cases where the government has imposed fairly stringent regulations on local authority decision making. These tend to be mandatory activities, such as the supply of electricity and fresh water (Scott, 1979). The government's intention in these areas is to ensure that households receive a certain standard of service (e.g. the quality of fresh water has to meet specific health standards). With the exception of these 'mandatory' functions, it can be said that local authorities in New Zealand are given a high degree of discretion in the way they allocate services and resources.
LOCAL SOCIAL CONDITIONS

This final section will look at the influence family and community factors have on decision making. The work will study how these factors affect rural behaviour and the goals that decision makers are trying to achieve. This insight is important, as social factors have a major influence on the pattern of change (Found, 1971: 133). This point is highlighted in Figure 7.5. The figure shows how decision makers are influenced in their behaviour by the social conditions within the local community. These conditions modify rural activity and the way decision makers look at change. It is therefore important to build up an understanding of these conditions and the way they affect individual and household decision making.

**Figure 7.5**
**Social Influences on Rural Behaviour**

![Diagram of social influences on rural behaviour]

Source: Adapted from Jones, 1967, 16.
The social conditions within a household have a major bearing on rural activity. They affect the priorities of the decision makers and the way developments in the broader economy are perceived. It is therefore important to look at these structures and to study their impact on decision making. The two major issues that will be studied in this section are outlined below:

i) how do age and health factors affect the pattern of rural activity; and

ii) what impact do educational factors have on decision making.

The findings from this analysis will shed light on the way social factors affect rural activity and the goals that decision makers are trying to achieve. In particular, they will help to show why businesses and households do not react to change in a uniform manner.

Studies over the past thirty years have shown that there is a strong correlation between the age of a person and their willingness to adopt new ideas and practices.

"With respect to age, the research shows a tendency for older persons to seek and use new information less than younger people" (Found, 1971: 142)

This point comes across clearly when looking at the way farms are managed. Younger farmers tend to be more receptive to change than their older counterparts. This occurs as they are able to see the long term benefits that will accrue from their investment in new plant and machinery (Rural Farm Survey, 1992). This compares with older farmers (particularly those in the over 55 age group) who are looking towards retirement. In these cases, farmers are less inclined to make a major investment, as they will not usually receive the benefit from the work. There is also a tendency amongst older farmers to reduce their overall labour input into the property (Keating & Little, 1991, 1994). As a result of this, they tend to stay with their existing forms of production, rather than diversifying into new areas of production.

These differences in approach can also be seen in the way rural businesses operate. Younger investors tend to be more willing to diversify production and to upgrade facilities than their older rivals. Older businessmen tend to be more conservative in their investment approach.
and in the way they react to events. These contrasting trends can be seen by looking at the changes occurring within the Canterbury engineering sector (Rural Business Survey, 1992). The younger operators have tried to expand their product range and to supply locals with a more complete engineering service. They feel that this is the only way to attract customers during a period of declining sales and profitability. This approach has often required operators (particularly sole operators) to work longer hours and to survive on a lower markup. In contrast to this, older operators have tended to cut back on staff and salaries to cope with the decline in business. They feel that it is possible to weather a period of economic decline if they reduce their overheads and salary costs to a minimum. These contrasting approaches to business and farm management show that it is important to have an understanding of the age structure within an area. In particular, researchers need to know if the age structure is changing, as this will affect the way business and farm managers respond to change.

Health conditions also play an important role in the way older age groups respond to change. This is especially true in farming, because of the heavy workload and injury rate. The physical strain of farming makes it impossible for a 60 year old to undertake the same level of activity as someone 20 or 30 years their junior. As a result of this, farmers and business managers start to reduce their workload from their mid 50s. In the case of farmers they move away from labour intensive activities to areas that require less day to day attention (i.e. from sheep rearing to beef fattening). For businesses, the trend is for managers to move away from the physical side of manufacturing, or selling, to more of a managerial role. In both cases, health factors encourage managers to take a more conservative approach to their businesses. As a result of this, older managers tend to focus on maintaining their properties, or businesses, rather than investing in their long-term development.

Researchers have also found that educational factors play an important role in shaping a person's behaviour (Gibbs, 1973).

"In general, farmers with high education seek and use new information to a greater degree
than those with less formal education" (Found, 1971: 142)
This point has been highlighted by Wilkening (1957) and Jones (1967) in their look at the willingness of land users to accept new agricultural practices. They found that land users with a high level of education were keen to adopt new forms of production. This group actively sought out information on new farm practices and machinery. They also consulted farm advisers and attended field seminars more regularly than other groups. In contrast to this, farmers with a low level of education are often put off from investing in new innovations by their complex nature or by a lack of confidence. These findings by Wilkening and Jones are reflective of the situation within Canterbury. The farms and businesses which have adapted to change with the most success are those controlled by managers with a broad education (Rural Farm Survey, 1992). These managers have the ability to cope with the changing economic and political conditions within the economy. Managers with only limited educational skills tend to adapt more slowly to change. They wait until definite trends occur in commodity production and until new innovations are thoroughly tested.

This section has shown that researchers need an understanding of the social conditions within a household. Family and personal conditions have a major influence on the way decision makers look at change and on the goals they are trying to achieve. This point came out clearly in the discussion on education. The work showed how farmers with higher levels of education are more willing to adopt new innovations and to accept change.

(ii) The Social Priorities of Close-Knit and Transitory Communities

The structure of a community has a major bearing on the attitudes and behaviour of its population (Hall, 1987). This can be seen by contrasting well established centres with more recently settled communities. In well established centres there is a strong social bond between the residents. This bond has been build up over generations and is based upon their shared heritage (Hall, 1987). This bond gives residents a strong community feeling and a commitment to their district. This commitment is reflected in the support residents give to
local organisations and businesses (e.g. church groups, sporting clubs, stores, and the local school). Residents see the local church, school, hotel, and general store as the key points of contact between friends and neighbours. This is particularly true in the case of the local church and school. They tend to be the key points of social exchange within a community (Fuller, 1984: 433).

"The place of schools in country communities can not be underestimated" (Little, 1980: 60)

Residents believe these services and facilities play a central role in binding their community together. This explains why residents have fought strongly for the retention of these services. They have made vocal protests when moves have been made to restructure any of their key services (i.e. hospitals, schools, and post offices).

In contrast to this, areas with a weak social framework have lost services, as residents have few ties to the local community. They usually shop out of the area (i.e. in a larger centre) and they make little use of local facilities (e.g. local school and sporting facilities). This can be seen by looking at the situation in the Waimakairi District of North Canterbury. A growing proportion of the population in this district are 'lifestyle' residents. They work in Christchurch, but live in the country. These residents purchase most of their requirements in Christchurch and they use few of the local services. Even schooling is undertaken in Christchurch, rather than in the local area. As a result of this, the level of service provision in the district has declined over recent decades.

This contrast between close-knit communities and those with a migratory population can also be seen in the provision of voluntary services. Areas with a well established community are characterised by a high number of voluntary organisations (Packman, 1985). These organisations provide services which range from child care through to the provision of meals for the elderly. These services exist as residents feel a commitment to their district, and to their neighbours. In some cases, residents are involved in a number of voluntary organisations. These organisations provide important social services and they help to reduce
rural isolation. In areas with a more mobile population (i.e. the Waipara area in North Canterbury) there tend to be fewer voluntary organisations and the residents are less inclined to become involved in social activities (Rural Household Survey, 1992 - 93). This occurs as there is not the same level of commitment to the local community. Most of the residents have been in the area for less than ten years, and they do not have family ties to the region.

Finally in this section it is important to look at the influence community factors have on farm and business management. Areas with a close-knit community have a strong co-operative approach to business. This is particularly true in the case in farming. Farmers work closely with their neighbours and they share new ideas (Jones, 1967). This co-operative approach comes out particularly during periods of economic and physical distress. Farmers rally round to support their neighbours and to provide them with tangible assistance (e.g additional feed during periods of drought). This close co-operation also has an impact on the speed at which farmers accept change. By looking at their neighbours, farmers can see how new practices are introduced and what impact they have on production. This makes it possible for innovations to spread more rapidly across a region.

At the other end of the spectrum there are rural communities which have only a loose social structure. These tend to be areas which are dominated by part-time and corporate farmers. They operate as individual units, rather than as part of a wider industry. They have only occasional contact with their neighbours and there is no regular exchange of information. The lack of regular contact reduces the speed at which new ideas and farming practices are spread within a community. The lack of social cohesion also reduces the willingness of neighbours to support each other during difficult climatic periods.

CONCLUSION

This chapter has shown that changes within the rural sector can not be explained without an understanding of the conditions within the local environment. Local conditions have an
influence on rural behaviour and on the pattern of change. It is therefore important that researchers have a knowledge of these conditions and the way they affect rural activity. Researchers need to look particularly at the physical environment within an area. This is necessary as topographic and terrain factors have a major bearing on the types of production that are possible.

The work has also highlighted the important role that individuals and households play in the decision making process. This came across clearly in the discussion on family farming and on the survival of rural stores. The work showed how personal factors (e.g. the desire to be one's own boss) have a major bearing on the pattern of rural activity. They affect the goals that decision makers are trying to achieve and the way they run their business or farm. These personal factors need to be understood by researchers if they are to explain the regional variations that occur within a country.

The final point this chapter highlighted was the role local authorities play in the planning process. Local authorities have been delegated significant planning powers to control the management of land, water, and air resources. As a result of these powers, councils and their officials are able to regulate the pattern of development. They have the power to determine where activities are located and how they are to be developed. This discretion in setting planning guidelines gives local authorities an important role in the way rural areas develop. Researchers need to understand this role and how councils have used their discretionary powers.
CHAPTER EIGHT

THE CONTRIBUTION OF A BROADER RESEARCH APPROACH TO THE EXAMINATION OF RURAL ECONOMIC AND SOCIAL CHANGE

INTRODUCTION

The focus in the second part of this thesis will be on the practical application of a broader research approach. The thesis will examine the contribution a broader approach can make to the analysis of business and community development, and the ease with which it can be brought into rural geography. This assessment will be based upon a detailed case study of Canterbury. The study will explore the changing structure of the Canterbury economy and the forces which have been moulding its development. The intention in this research is to illustrate what is involved in adopting a broader research approach and whether it can enhance our understanding of rural change. The case study will look particularly at the ties between Canterbury and the wider economy. It will investigate the strength of these ties and the extent to which developments in the broader economy feed through to local decision making. The case study will also be used to examine whether a broader perspective can be brought into rural geography without sacrificing the essential elements of the discipline, specifically, the focus on place and spatial diversity.

A BROAD APPROACH TO THE CHANGES IN RURAL CANTERBURY

Over the past forty years there have been a number of studies dealing with the development of Canterbury (Duncan, 1952; King, 1961; Scotter, 1965; Cant, 1967; Silverwood, 1978; Gardner, 1983 and McBride, 1990). These studies have explored the trends in land use, settlement, and social interaction. The tendency within this research has been to view issues
in isolation and to treat Canterbury as a closed economy. This narrow focus has limited the scope of traditional research and has prevented researchers from identifying the underlying causes of rural change. Even critical issues, such as the decline in rural industry, have been treated in isolation, rather than being seen as part of a broader process of restructuring.

If researchers are to understand the structure of business and household activity within Canterbury it is important that they study the region as a whole, not as a series of disjointed places and events. A broader perspective is critical as the developments in business and community activity are closely related. For example, the changes in retailing reflect not only the state of the economy, but also the preferences of local consumers and their level of mobility. This inter-play between activities needs to be understood if researchers are to explain the pattern of change within Canterbury. In addition to this, it is important to appreciate that Canterbury is tied into the broader New Zealand and international economy. Political and socio-economic pressures in the wider economy have a bearing on the direction of local activity. Researchers need to understand both these broader pressures and the state of the local economy if they are to develop an understanding of the forces shaping business and household decision making (Trost, 1989).

A broader approach to the developments within Canterbury has become more evident in the research of the past decade (Fairweather & Campbell, 1991; Robinson, 1986). The Fairweather and Campbell study of Methven and Mount Somers incorporates an overview of the district and of the processes that have been shaping the area's development. The purpose of this overview was to provide the study with a detailed setting and to emphasise the role played by national conditions in shaping local activity (e.g. how the restructuring in the stock & station industry has reshaped the commercial basis of Methven). Robinson's 1986 study on the aspirations of school leavers follows a similar vein. There is a strong emphasis on the broader regional and national pressures that are shaping the ideas and aspirations of school leavers. Both of these studies emphasise that rural change is not a simple cause and effect mechanism, but is a complex process.
i) An Outline of the Case Study

The intention of this research is to build up a comprehensive picture of Canterbury and of the processes which have been shaping the region's development over the 1921 to 1991 period. The study will trace the changes in economic activity, the developments in social thinking, and the trends in political behaviour. The research will examine why these developments have occurred and how decision makers (i.e. primary producers, businesses, and households) have responded to them. This study differs from existing research in two important respects.

i) The emphasis will be on identifying the broader processes which are shaping rural activity. The discussion will examine how Canterbury is tied into the wider economy and the degree to which national and international processes are determining rural priorities and aspirations.

ii) It also differs from previous research in that it focuses on the decision making process within rural communities rather than on the physical changes in land use or business activity. The work will investigate the factors which have motivated businesses and households in their actions.

The work will look closely at the broader influences on the Canterbury economy and how they have been affecting farm, business and household activity. An understanding of the broader environment is important as Canterbury is linked through trade, financial relations, and social contacts with other regions and with the international economy. These linkages have existed since the first traders set foot in Canterbury. The scale of these linkages has been growing in the past fifty to sixty years with the integration of Canterbury into the wider economy. Integration has meant that the changes within Canterbury are being dictated increasingly by events at the national and the international level.

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1 Canterbury has experienced a number of boundary changes since its inception as a province in 1852. This poses difficulties in creating a homogeneous set of data. The southern boundary in particular has varied, with sections of the former Waitaki County being included in Canterbury for planning and resource consent purposes. For this reason, it was necessary to include the former Waitaki County in the study area, as is shown in Figure 8.1.
Figure 8.1
The Canterbury Study Area

The study also explores the decision making process within rural communities. The work will examine how businesses and households view the changes in the rural economy and how they have adjusted their actions to cope with them. The purpose in doing this is to develop a better understanding of the choices that are facing decision makers and the trade-offs they have to make. The research will look closely at the way political and social conditions have affected the pattern of decision making. The impact of political conditions on decision making can be seen in the area of land and resource use. Land users have been restricted in the way they use their properties by local authority regulations, departmental guidelines, and legislative controls. These planning restraints have limited the types of production in each area and how properties are managed. The social influences on decision making tend to be less obvious, but they are just as important in shaping rural activity. For example, the rising standard of education and training over recent decades has had a major bearing upon the aspirations and behaviour of the younger population in rural communities. The students with higher levels of education have tended to seek employment in the larger centres, as rural communities have limited opportunities for those with advanced training.

ii) The Objectives of the Research

The case study will be used principally to demonstrate the need for a broader research perspective within rural geography. The work will examine the extent to which businesses and households in Canterbury are tied into the wider economy and how broader political, social, and economic conditions are shaping the direction of rural decision making. The four major points that will be examined in this study are summarised below:

i) To what degree is business activity being driven by the state of the national economy and by the trends in the international market;

ii) How responsive are primary producers to developments in the commodity market and to government initiatives (i.e. agricultural and planning initiatives);

iii) How have developments in social thinking and in employment relations affected the traditional household and power structures in the rural sector; and
iv) What affect have government regulatory and planning actions had on the distribution of commercial and residential activity.

The case study will also be used to explore the continuing need for a local perspective within rural geography. The discussion will look at how behavioural factors and spatial conditions influence rural attitudes and the direction of farm and community activity. The study will examine what emphasis should be placed upon these factors and how a local perspective can be incorporated into the broader analysis.

iii) The Selection of Canterbury as the Study Area

Canterbury was chosen as the study area for two principal reasons. The first relates to the availability of historical data. Detailed historical records exist from the early days of settlement. This is due largely to the presence of Lincoln Agricultural College (Lincoln University) which has an extensive collection of agricultural, as well as general material, dating back to the late nineteenth century. Detailed social histories also exist for most settlements and major families. This makes it possible to re-construct the social fabric of community life since the early part of the century.

The other reason for selecting Canterbury was its variety of land use and settlement conditions. The region has both intensive and extensive forms of agricultural land use (from market gardening through to high country sheep rearing). This variety makes it possible to study how different sectors of the farming community have coped with market changes and with the introduction of new technology. The region also has a variety of settlements, both in terms of their population and their function. The settlements in the case study range in size from 200 people up to 8,000 (The centres are listed in Appendix E and their locations are shown in Figure 8.2). The settlements also vary in their major function. The largest group of
Figure 8.2
The Centres Examined in the Case Study

settlements are concerned with farm servicing. This group is followed by transport and tourist centres. There are also a growing number of commuter and retirement areas, especially around Christchurch. This variety in the size and function of communities is important for understanding the trends in rural-urban migration, (e.g. the movement of the elderly to rural communities and the continuing loss of population in the 15 to 29 year age group).

iv) The Time Frame of the Study

The study will cover a time frame of seventy years, from 1921 to 1991. This was not an arbitrary choice, but was set by the availability of consistent records and by the nature of the study area. The data collected prior to World War One tended to be sketchy and there were large holes in the material. This made it difficult to build up an accurate picture of the trends within rural society. Data availability was less of a problem in the 1920s. There was an increase in the range of data collected and in the quality of the recording procedures (e.g. district roading statistics were collected from 1926). Another reason for this starting point was the introduction in the early 1920s of new land and livestock classification systems. These new systems made comparisons with earlier records impractical.

The 1921 starting date was also selected as Canterbury was entering a new phase of its development. The 1920s marked a turning point in Canterbury's development, as it witnessed the end of the colonial expansion phase and the beginning of a new era of rural consolidation. The period of agricultural expansion had come to an end in the previous decade with the last of the high country runs being developed. The region was also experiencing a slow down in economic activity and in population growth.

An extended time frame is necessary as the changes within rural society occur gradually rather than in the space of one or two seasons. In the case of land use change, it is necessary to take at least a three to five year perspective, while changes in the social make up of an area, such as
an increase in educational standards, can take several generations to become evident. It is therefore important that rural change is seen in a temporal context, as well as in a spatial setting (Wallerstein, 1993: 20).

**TABLE 8.1**

**A Breakdown of the Case Study**

| Chapter Nine: | An overview of the political and socio-economic trends in Canterbury |
| Chapter Ten: | The changing business environment within rural Canterbury |
| Chapter Eleven: | The developments in agriculture and forestry |
| Chapter Twelve: | The employment and population trends within rural Canterbury |
| Chapter Thirteen: | The community response to the closure of services |
| Chapter Fourteen: | The changing position of women in rural society |

v) **The Structure of the Study**

The study has been divided into six distinct sections, as is shown in Table 8.1. The initial section examines the structure of the Canterbury economy and its development since the early 1920s. This section should be seen essentially as setting the scene for the later research. It outlines the characteristics of the Canterbury economy and how local businesses and households have responded to the changing conditions in the wider economy. The work will look especially at the growing integration between Canterbury and the national economy. It examines the increasing role government agencies are playing in the management of the region's resources and how businesses in Canterbury have been drawn into the wider economic arena.

The five sections which follow look at important aspects of the Canterbury economy. Chapter ten investigates the business environment within the region. It examines the contraction of the retail sector and the move away from small scale, local processing, to centralised production units. The chapter also investigates the strategies that rural businesses
have employed to maintain and expand their customer base. The discussion highlights the different approaches taken by family operated firms and corporate enterprises.

The focus in chapter eleven will be on the changing land use patterns within Canterbury. The discussion will concentrate mainly on the agricultural trends (there are also small sections on forestry and residential land use). The work examines the changes in agricultural activity and the conditions which are forcing producers to move from their traditional forms of production. The work looks closely at the signals farmers have received from the international market and from the New Zealand government. The chapter will also investigate the changing structure of the farming unit. In particular, the growth in farm partnerships.

Chapter twelve will explore the employment and population trends within Canterbury. The research will examine the areas of declining employment activity and the obstacles communities face in attracting new investment. The work will look especially at the problems smaller communities have had in attracting and retaining employment. The chapter will also look at the related issue of population change. The discussion will examine the pattern of population growth and the changing demographic structure of rural communities.

Chapter thirteen will examine how the closure of services (e.g. schools, hospitals, and retail activities) are impacting upon households and the wider rural community. The work will look at how the loss of services is leading to a break down in the social cohesion of communities and is causing a greater sense of isolation. The final chapter will study the changing role of women within rural society. The work will examine the increasing participation of rural women in the paid workforce and in community affairs.

THE STATISTICAL BASIS OF THE RESEARCH

The case study draws on both historical and contemporary material to build up a picture of the Canterbury economy and its development over recent decades. The material has been brought
together from a variety of sources; including government departments, private organisations, and individuals. This section will comment briefly on the different sources of material and how they have been used in the case study. The discussion will also look at the difficulties of bringing together the data and creating a workable base of information. The work will look particularly at the issue of data compatibility (e.g., long run data can be affected by changes in classification and handling procedures).

i) **Canterbury's Historical Pattern of Land Use and Settlement**

The changes in land use and settlement over the past century can be re-constructed through a combination of social histories and published material. Detailed social histories exist for most communities within Canterbury (Gardner, 1983, Gillespie, 1953, Hawkins, 1957, Popple, 1953, Silverwood, 1978, and Vance, 1980). These histories provide a valuable window into rural society and into the attitudes of the population. They look closely at the way communities develop and they offer researchers a snapshot of life in the early part of the century. The insights provided by these histories are supported by three other important sources of information. These are council records, newspaper clippings, and departmental files (e.g., Department of Education and Department of Health files). These records help to identify the major issues facing rural communities. The letters and reports in these files highlight the attitudes of the local population to major issues, such as the closure of schools and hospitals (Paterson, Interview, 1991). Researchers need to be careful in using this material as it tends to focus on certain groups. In the case of social histories they tend to look at the more successful households within a district. The conditions facing lower socio-economic groups are often overlooked. It is therefore important to treat this type of material with some caution. Another difficulty with this material is the lack of statistical data to back up the comments. Most social histories focus on personal views, rather than looking at the

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2 These difficulties will be examined in greater detail in Appendix D. The appendix provides an overview of the empirical research and of the techniques which have been employed to analyse the findings.

3 Social histories were usually produced to mark the anniversary of an area (i.e., the fiftieth or hundredth anniversary).
TABLE 8.2
The Availability of Historical Records

<table>
<thead>
<tr>
<th>Type of Data</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Patterns</td>
<td>Department of Statistics, Meat &amp; Wool Board, Agro-Economics Research Unit (Lincoln), Ministry of Agriculture &amp; Fisheries, Valuation New Zealand, Local Authority Reports</td>
</tr>
<tr>
<td>Business Activity</td>
<td>Universal Business Directory, Department of Statistics, Ministry of Commerce</td>
</tr>
<tr>
<td>Community / Social Trends</td>
<td>County Histories, Council / Government Reports, Biographies, Newspaper Clippings</td>
</tr>
<tr>
<td>Educational Patterns</td>
<td>Ministry of Education, Canterbury Education Board</td>
</tr>
<tr>
<td>Commodity Prices</td>
<td>Department of Statistics, Pyne Gould Guiness, Dairy Board, Meat &amp; Wool Board</td>
</tr>
<tr>
<td>Health/Social Services</td>
<td>Department of Health, Department of Social Welfare</td>
</tr>
<tr>
<td>Labour Force Patterns</td>
<td>Department of Labour, Department of Statistics, Stones Directory, Wises Directory</td>
</tr>
<tr>
<td>Political Boundaries</td>
<td>Local Government Commission, Local Government Association</td>
</tr>
<tr>
<td>Population/Migration</td>
<td>Department of Statistics, NZ Planning Council</td>
</tr>
<tr>
<td>Roading/Transport Patterns</td>
<td>Local Authority Association, Urban Transport Council, Transit New Zealand, New Zealand Rail</td>
</tr>
</tbody>
</table>

Source: Author

Concrete trends in an area. This lack of concrete data means that social histories cannot be used by themselves to map the changes in rural society.

To re-construct the early patterns of land use and settlement within Canterbury it has been necessary to build up a base of statistical material. This material has been gained mainly from local authorities and government departments, such as the Ministry of Agriculture and the Department of Statistics. These agencies put out an extensive range of statistical material, as is shown in Table 8.2. They also produce detailed reports on the structural changes occurring within the economy. This material has been complimented by records from a number of private organisations, such as Pyne Gould Guiness and Universal Business Directories.
Pyne Gould Guinness has produced comprehensive reports on stock trends and land prices over the past century, while UBD produces a directory which lists businesses by locality. From these historical records it has been possible to build up a picture of the major trends within the Canterbury economy.

It is important when using historical data to look at the reliability of the material. This is necessary, as the survey techniques used in 1920 tended to be less thorough than they are today. This point can be highlighted by looking at the difficulties in gaining information on employment trends in the 1920s and 30s. The major source of this material was the Post Office directories put out by Wises Publishing. These directories only provided "information on [the] nominated heads of a household and they [did] not necessarily include all households" (Hall, 1990: 109). The poor quality of this data meant that it was difficult to gain an accurate picture of the employment patterns within Canterbury.

Researchers also need to look at how consistent organisations have been in the way they record material.

"Researchers need to be careful when they are using historical data, as the recording procedures can vary from one period to another" (Morrison, Interview, 1991).

If a department changes its recording procedure it becomes difficult to produce a consistent run of data. This can be seen by looking at the changes in the way agricultural land is classified. The land use categories in the 1920 farm survey differ from the modern survey. The Department of Statistics has combined a number of the land use categories and they no longer have a section for fallow or waste land. The Department has also changed the definition of occupied land on more than one occasion. The effect of this has been to alter the number of farms that are in the survey (Fairweather, 1985). These changes have made it difficult to produce a reliable set of data on land use change. Finally, it is important to comment on the comparability of data from different sources. It has been necessary in this work to source material from a number of departments and organisations. The material from these different sources is not always in a compatible form. It has therefore been necessary to
rework a significant proportion of the material. In the case of commodity prices it was necessary to adjust the returns for inflation and to put the data into an index form (a detailed summary of this procedure is included in Appendix D). This has made it possible to compare the returns for a variety of commodities. In spite of these drawbacks, historical data is an important source of material for identifying the trends within an area.

ii) **The Recent Trends Within the Rural Sector**

The recent trends within Canterbury can not be explained by studying historical data. To understand the changing business and household environment it has been necessary to survey the major groups within the rural community (i.e businesses, households, and land users). By surveying these groups it has been possible to highlight the factors that are shaping rural activity in the 1990s. Surveys can also be used to examine the influence personal factors have upon rural behaviour. This type of information can not be gained from historical records or even social histories.

Three surveys have been undertaken for this study. They look at business, household, and land use activity (copies of these surveys are included in Appendices A-C). The surveys were designed to complement the historical data and to identify the role personal and local factors play in shaping rural activity. These goals were tested by distributing the surveys to a pilot group. This highlighted the effectiveness of the questions and where changes were needed. The final surveys were distributed on a systematic basis within 24 rural districts (see Appendix E). These districts were selected after looking at their:

1. population density;
2. agricultural patterns;
3. terrain conditions; and
4. distance from a major centre.

The intention was to select a sample of areas that reflected the different conditions within Canterbury. The surveys were distributed on the basis of the electoral rolls and Wises
The electoral rolls were used to produce a list of households and farms in each area. Every fifth name on these lists was contacted personally or by postal questionnaire. In the case of rural businesses every second entry in Wises Directory was contacted. This 'multi-stage' approach provides a reliable framework for sampling a large population (Kalton, 1983: 30) (a detailed summary of the sampling procedure is included in Appendix D). In total, 363 surveys were returned (103 Business Surveys, 158 Household Surveys, and 102 Farm Surveys). The surveys have helped to identify the major issues that are confronting businesses and households in their decision making. The returns have also made it possible to look at particular groups within the rural community. This is important for identifying which areas have suffered most from deregulation and farming decline over the past decade.

Interviews have also been conducted with local authority officials and officers from various government and private agencies (e.g. Federated Farmers and the Meat & Wool Board). These interviews have been used mainly to identify the recent changes in local and central government policy. In the case of local authorities, the aim has been to identify the changes in council policy towards forestry and rural subdivision. At the central government level, the intention has been to follow the recent changes in livestock taxation and in pest control policy. These interviews have helped to identify the changing political structures over the past few years. They also provide an insight into the political conditions which businesses and households will be facing in the future.

SUMMARY

This chapter has been used to introduce the case study and to discuss the contribution a broad approach can make to our understanding of the changes within Canterbury. The chapter has shown that there are deficiencies in the existing research and that a broad approach would provide a more comprehensive picture of the rural economy. With a broad approach it is possible to look in detail at the Canterbury economy and to study the decision making
environment within the region. This chapter has also been used to examine the different types of historical and survey material utilised in the study. The chapter has discussed how this material has been collected and what difficulties there have been in creating a workable base of data. The overall function of this chapter has been to lay the groundwork for the discussion which follows.
CHAPTER NINE

AN OVERVIEW OF THE CANTERBURY ECONOMY AND ITS DEVELOPMENT SINCE 1921

INTRODUCTION

The initial part of this study will be used to build up a picture of Canterbury and its development in the decades since World War One. The purpose of this examination will be to identify the pressures on farm, business, and household activity; and to develop a framework for the detailed analysis in later chapters. A framework is necessary as the developments in land use and settlement have not occurred in isolation but against a backdrop of changing political and socio-economic conditions, which need to be understood if the pattern of development within Canterbury is to be explained.

The chapter will examine how the business environment within Canterbury has been restructured by changing financial and trading conditions; and how the traditional household and community structures have been altered by trends in employment and education. The chapter will also investigate how the State has intervened in the Canterbury economy; and the growing role local authorities and government agencies have over the allocation and use of the region’s resources. The discussion will stress how Canterbury has been drawn into the wider national and international economy over the past seven decades, with the improvement in transportation systems and the expansion in trade. This growing integration has meant that broader conditions are playing a greater role in the decision making of farmers, business leaders, and households.
THE ECONOMIC ENVIRONMENT WITHIN CANTERBURY

Canterbury has evolved from a settler society in the early part of the century into a diversified, market led economy. In 1921, the region was geared almost exclusively towards primary agricultural production (i.e beef, lamb, and wool). Producers were concerned with a small range of bulk commodities, which were exported primarily to Britain and Continental Europe. The majority of these commodities were exported in an unprocessed, or partially processed state. Final processing usually occurred at the destination. This was due to a lack of domestic capital and the domination of the export trade by overseas firms (principally British companies) (Sinclair, 1988). Local enterprises could not raise the necessary capital for investment while foreign companies were reluctant to invest in processing facilities which would duplicate their existing operations.

The processing plants that did exist tended to be small scale operations. The majority of these operations serviced the needs of their immediate community, rather than the export trade (the notable exceptions to this rule were the dairy and stock processing facilities). The major reason why processing tended to be localised in the 1920s and 30s was the high cost of internal transportation. Difficult terrain conditions and limited investment in roading (from both central and local government) kept internal transport costs relatively high. This made it more economic to carry out initial processing within the area of production. This situation existed not only in Canterbury but throughout New Zealand. The nature of the country and the short period of European settlement meant that the nation had an underdeveloped infrastructural base. The country was essentially a series of regional economies, rather than a single economic unit.

The absence of high quality, sealed roading made long distance travel a slow and arduous affair. Figure 9.1 shows that the roading system during the 1920s and 30s consisted almost entirely of unpaved, gravel roads. Difficult terrain conditions compounded this situation by
slowing the development of a national transport system (Prichard, 1970). These difficulties limited the scale of production and they forced businesses to locate near their market. This caused a duplication of basic services, especially industrial activities (e.g. sawmills and engineering workshops). Even specialised operations, such as bottling plants, lime works, and ice cream factories existed in a number of centres (Wise's Business Directory, 1941).

This picture of Canterbury changed only gradually during the inter-war period. Economic uncertainty and a difficult financial environment limited the ability of farmers and processors to take advantage of the advances that were occurring in farm and production technology. Confidence in the agricultural sector fell away sharply after the First World War, with the termination of the guaranteed pricing system¹ and the collapse in international commodity returns in the 1920-21 season. The end of the post-war commodity boom reduced the profitability of agricultural production in Canterbury and discouraged productive investment

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¹ Primary producers in New Zealand operated under a regulated pricing system during World War One and in the two seasons following the termination of hostilities.
(Sinclair, 1988: 245). Financial institutions were reluctant to lend to primary producers as they had been severely burnt with the property speculation that accompanied the commodity boom. Both of these factors produced "a loss of confidence, hesitancy, [and] disillusionment" among farmers and the population generally (Sinclair, 1988: 245). This loss of confidence in the agricultural sector had a flow on effect for the rural economy as a whole, as farmers constituted the largest single customer group for most businesses (Philpott, Interview, 1992). This is reflected in the fact that the early 1920s was the high point (in terms of business activity) for a number of the centres in the case study (e.g. Little River and Waikari). For others, the level of business activity reached in the early 1920s was not repeated until after World War Two.

FIGURE 9.2
Average Return for NZ Export Commodities (1919-20 to 1989-90)
(Prices Adjusted to 1990 Prices)

Note 1: The Wool Price is calculated from the average auction price at wool sales.
Note 2: Milkfat prices are calculated from Dairy Board payout levels.
Note 3: The average Tray price is based upon the Apple & Pear Board pay out levels.
Sources: Department of Statistics, New Zealand Year Book, 1920 - 1990.
Confidence in the agricultural and processing sectors was further weakened by the Great Depression and the move towards protectionism in international trade. Demand fell away for basic commodities while access to key markets became more difficult, as countries sought to protect their own farming sectors. The low and erratic nature of farm returns in this period can be seen in Figure 9.2. Foreign competition also became more intense as producers and their governments attempted to retain international market share. This can be seen in Denmark's reaction to the January 1933 devaluation of the New Zealand Pound. The devaluation posed a considerable threat to Danish dairy exports to the United Kingdom. The Danish government responded to this threat by devaluing the Krone (Hawke, 1982: 32-37).

To remain viable in this difficult economic climate farmers cut back on the wages of their employees while processors were forced to shed paid labour. Farmers reduced wages rather than laying off workers as most farm activities during this period were labour intensive (Department of Statistics, New Zealand Yearbook, 1920 - 1941). Shedding labour would have reduced production. Industrial enterprises scaled back labour requirements to meet the reduced demand in the economy. In a number of smaller centres, such as Akaroa and Methven, the opportunities for industrial / processing employment fell away sharply in the early 1930s (Wise's Publications, Wise's Post Office Directory: Canterbury, Nelson, Marlborough and Westland, 1921 - 1941).

Another response to the economic crisis was to curtail investment. The tendency among farmers and processors was to delay the replacement of existing equipment and to postpone or cancel plans for the adoption of new technology. Delaying the replacement of equipment reduced capital expenditure but it raised the cost of maintenance. This in turn affected productivity, as older equipment is less reliable and can be out of service for extended periods. The decision to postpone new investment also affected competitiveness, as it gave overseas producers a technical advantage in production. Reducing investment was therefore a double edged sword. It enabled producers to retain capital but at the cost of increased productivity and cost competitiveness. The slow down in the adoption of new technology can
be seen by looking at the example of tractor purchases. The 1920s saw the first serious use of tractors in farm production. In 1923, there were only 77 tractors in Canterbury (Department of Statistics, Agricultural & Pastoral Statistics, 1924). This figure rose steadily in the subsequent six years (from 77 to 1,378) but then tapered off in the early 1930s. The increase from 1929 to 1936 was less than 100 tractors per year (Department of Statistics, Agricultural & Pastoral Statistics, 1930, 1937). Demand fell away despite the growing acceptance that tractors could be a valuable tool in boosting production and reducing labour costs.

Attempts were made during the 1920s and 30s to alleviate the impact of low commodity prices and declining farm and business confidence. The New Zealand Government established a number of marketing boards to facilitate the export and promotion of primary production (Sinclair, 1988: 245), and it intervened in the financial sector to relieve the pressure on producers, and to provide additional access to capital (Sandrey & Reynolds, 1990: 64). These measures were aimed at promoting business confidence and providing a better organisational structure for the export of New Zealand's major commodities. Of these measures, the mortgage relief package of 1936 was one of the more important, as it wrote down mortgages to levels that farmers could adequately service. This action provided tangible relief to a large section of the farming community, and ensured their survival. (These measures will be examined in greater detail when we look at political intervention in the Canterbury economy).

Farm and business confidence began to return in the late 1930s. Figure 9.2 shows how dairy and wool prices climbed from their lows of the early 1930s and staged a modest recovery. Unemployment remained high but there were positive signs on the investment front. Tractor numbers in Canterbury climbed from 1,901 in 1935 to 3,485 in 1941. Across New Zealand as a whole, tractor numbers more than doubled in this period (5,349 to 12,516) (Department of Statistics, Agricultural & Pastoral Statistics, 1937, 1942). Confidence in this recovery remained fragile until the outbreak of World War Two and the return of full employment.
The Second World War and the prosperity of the 1950s and early 60s created a positive economic climate for investment in agriculture and processing. The cornerstone of this prosperity was the bulk purchasing agreement with the United Kingdom. This agreement gave farmers and processors an assured market and price for their production. This enabled producers to plan their future investments with a degree of certainty. This favourable economic climate is reflected in the steady growth of stock numbers (with the exception of pigs) during the 1950s and 60s, and the high level of investment in machinery and property development (e.g. investment in irrigation, erosion protection, and shelter bets). Hill country and high country areas benefited particularly from sustained investment. Increased expenditure on fencing, topdressing, and pasture management saw the productive capacity of these areas rise significantly. The increase in investment did not translate automatically to increases in employment. The post-war period saw a modest recovery in the farm labour force rather than a major expansion in employment. This was due mainly to advances in farm technology which increased individual productivity (Gould, 1982: 82). This can be seen particularly in areas such as harvesting, which had been labour intensive activities in the 1920s and 30s. With modern harvesting equipment it was possible for a handful of contractors to undertake a job that had traditionally required several dozen workers.

Another important feature of the post-war economy was the high level of public investment in infrastructure development (e.g. transport, telecommunications and power generation facilities) (Gould: 1982: 101). The purpose of this investment was to integrate the New Zealand economy and to reduce the cost of moving goods and transacting business. The major area of investment was in roading development. Local authorities and central government agencies worked towards the development of a high quality and comprehensive roading network. The magnitude of this task can be seen in Figure 9.1. The figure shows how the level of sealed roading tripled in Canterbury between 1951 and 1971.

The improvement in the transport network, along with the developments in road and rail haulage, have largely overcome the transportation difficulties that plagued primary producers
and processors in the early part of the century. By the late 1960s most rural centres were linked by paved, permanent roading, while the barriers to inter-regional trade had been greatly reduced. These developments had an important bearing on primary production, as it allowed producers to concentrate on the forms of production that were the most appropriate for their district or region (Moran and Nason, 1981: 47). This development affected rural communities in two respects. Most communities traditionally had small areas dedicated to market gardening and to dairying, in order to meet demands of the local population (Department of Statistics, Farm Production Statistics, 1961-1966, Department of Statistics, New Zealand Agricultural and Pastoral Statistics, 1922 -1957). These operations largely disappeared in the 1950s and 60s, as it became more efficient to bring fresh vegetables and dairy products into an area than produce them locally. The second, and more important implication of this development was that it led to a re-distribution of production within New Zealand. In the case of Canterbury, the region increased its position as New Zealand’s dominant cereal growing area.

The improvement in Canterbury’s transportation system has also lead to a concentration of processing and manufacturing facilities. This usually occurred in conjunction with developments in road haulage (e.g. the introduction of stainless steel tankers in the dairy industry). Once the transportation barrier was removed, it made sense for processors and manufacturers to bring together their production under one roof. This enabled producers to increase their productivity, through economies of scale, and to compete more effectively on the international market. The flip side of this process has been the closure of smaller manufacturing and processing facilities (Harris & Werder, 1980: 25). With the reduction in the cost of moving goods and material there was no longer a need for companies to have processing facilities in each district (Gould, 1982: 101). These closures have tended to be in rural communities, due to their smaller scale of production (Astbury, 1969).

The severity of these closures can be seen in Figure 9.3. The figure shows that the rural sector has lost a significant proportion of it’s industrial base over recent decades. This can be
seen especially in the case of flour mill closures. The flour mills at Ohoka, Southbridge, Waikari, and Winchester were the single largest employers in their communities. The closure of these plants had a major impact on the economic viability of these communities. They lost not only a major employer but also a source of revenue for related businesses, such as engineering and transport firms.

Small scale operations have also be forced out of business by growing competition, especially from urban centres. This point can be seen by looking at the decline in rural bakeries. Up until the Second World War, most centres were serviced by a local bakery. In the case of the survey area, there were 25 bakeries as late as 1941. This figure fell sharply during the 1950s and early 60s. By 1966 there were only 5 bakeries in the survey area (Wise's Business Directory, 1941 - 66). Improvements in transportation made it economic for urban bakeries to service rural communities. Without the transportation barrier, rural bakeries could not remain

FIGURE 9.3
The Declining Industrial Sector in Rural Canterbury

Note 1: These results are drawn from the 23 centres in the case study.
competitive against their urban counterparts. The small number of bakeries that have survived have done so by developing specialised breads and pastries for niche markets (e.g. the tourist trade) (Rural Business Survey, 1992).

Another area affected by urban competition has been the retail sector. Improving personal mobility has enabled households to look further afield for their goods and services. Instead of shopping at local stores, households are tending to make their purchases at urban shopping centres, as they offer lower prices and a wider range of merchandise. This reduction in local expenditure has made it difficult for rural communities to retain a vibrant retail sector (Cant, 1980). The initial activities to close were the speciality operations, such as clothing stores and bookstores. These activities traditionally drew on consumers from a number of surrounding communities. It has become increasingly difficult for these stores to keep their customer base against competition from larger rural centres (e.g. Kaiapoi and Rangiora) and from urban areas. This situation was compounded in the 1970s and 80s by declining farm profitability. Reduced farm profitability caused households to cut back on all but essential items. This further undermined the viability of speciality stores and has started to threaten core services, such as garages and dairies.

The 1970s and 80s have been a difficult period for most sectors of the Canterbury economy. Economic instability, both internally and internationally, has caused restructuring in primary production, processing, and manufacturing. To survive this period of restructuring, producers have had to diversify, become more market orientated, and search for new, niche markets. The major factors which have influenced farm and business activity are summarised in the points below:

i) The loss of New Zealand's guaranteed access to the British market and increasing instability in the commodity market have compelled producers to search for new opportunities (i.e. diversify production) and to become more responsive to market demands;

ii) Increasing competition from overseas producers has made it necessary for
businesses to target their production more carefully;

iii) High internal costs have weakened the viability of the agricultural and processing sectors; and

iv) The deregulation of the New Zealand economy in the mid 1980s exposed local producers to international competition. This restructuring revealed the weaknesses within the economy (particularly in manufacturing) and it forced producers to become more cost and quality conscious (Ministry of Agriculture & Fisheries, 1994 (94/5): 7).

The loss of New Zealand's guaranteed access to the British market and growing international competition has forced farmers and manufacturers to search for new customers and to become more sophisticated in their marketing and production. It is no longer possible to send frozen sides of lamb to Britain and expect a ready market. Farmers and manufacturers have had to tailor their production to meet local tastes and to build up an image of high quality produce in the minds of their consumers. This has involved becoming more sensitive to the requirements of the customer.

"Where the customer wants redder apples the Board and the growers try to fill the requirements" (Sutch, 1964: 39)

The marketing boards and private exporters have made strenuous efforts to open new markets and to educate primary producers on how they can tailor their production to meet the needs of specific markets.

"Over the last two decades the destination of New Zealand exports has ... diversified, so that in 1984-85 only 17.6% of exports were being sent to Europe" (Birks & Chatterjee, 1988: 61)

Farmers and processors have also had to weather declining returns for their production. Returns plateaued in the late 1950s and began a noticeable downturn trend in the mid 1960s (Philpott, Interview, 1992). This movement is illustrated in Figure 9.2. The figure shows that the returns for apples, milkfat, and wool have more than halved, in real terms, between
the 1949/50 and 1989/90 seasons. The figure also shows that there has been significant seasonal volatility in prices. This has added to the uncertainty producers have been living with in recent decades.

The decline in agricultural returns has encouraged both farmers and processors to reduce costs and to diversify their production. Farmers have reduced expenditure by replacing labour with contractors and by adopting mechanised forms of production. This has improved productivity and reduced input costs (O'Malley, Gillon & Rose, 1973). Returns have been increased by improving stock quality (e.g. producing leaner lambs) and by diversifying into other forms of production. Diversification provides farmers with a number of income sources and it levels out financial risk. As part of this, farmers have sought to increase off-farm income, usually by some form of secondary employment. This trend have accelerated since the removal of price supports and the opening up of the economy in the mid 1980s.

The strategy adopted by agricultural processors has been to concentrate on final goods, rather than intermediate products. Final goods command a higher return and there is less volatility in their pricing structure. This strategy can be seen in the case of the wool industry. In the 1950s and early 60s less than 20% of wool production was exported in a scoured state. The majority of the wool clip was sent overseas in an unprocessed, greasy condition (Sutch, 1964). There was little incentive to increase the level of processing while prices remained high. This situation changed in the mid 1960s when wool prices (in real terms) fell sharply. The decline encouraged processors to scour a larger proportion of the wool clip. By the late 1980s more than 90% of the clip was being scoured locally (Speirs, Interview, 1992). Processors have also been moving into the area of yarn production. In the 1990 export season, more half of New Zealand's wool clip was processed into yarn wools (Harding, Interview, 1991). This additional processing has helped to stabilise the returns in the wool industry. The Wool Board and local manufacturers have also attempted to expand the market for New Zealand wool, particularly in South East Asia.
Farm profitability and investment have been hamstrung in the post-war era by high internal costs. One of the reasons for this high internal cost structure has been the government's policy of encouraging import substitution industries. Protecting New Zealand's 'infant industries' from overseas competition has added additional costs to the agricultural sector through higher input costs (Johnson, 1987: 3 - 4). The agricultural sector has effectively been subsiding the manufacturing sector. These higher costs could not be passed on as farmers are price takers on the international market (a concept explored in chapter five). New Zealand farmers have also been faced with a higher inflation rate than our major competitors. Figure 6.1 showed that New Zealand was in a high inflation cycle from the mid 1960s through until the late 1980s. High domestic inflation has meant that the costs of production have been rising faster in New Zealand than overseas. This means that the competitiveness of the farming sector has been declining. This point is reflected in the internal terms of trade figures for agriculture\(^2\) (Philpott, 1984: 4). The data shows an on-going decline in farm profitability during the 1970s and 80s (NZ Meat & Wool Board, Annual Review of the Sheep & Meat Industry, 1965 - 94). The impact of high internal costs has been to squeeze farm profitability and to reduce productive investment. The terms of trade have recovered in recent years with the deregulation of the economy and the tight monetary policies followed by the government, which have curtailed inflation.

Finally, the removal of agricultural support payments and the deregulation of the economy in the post 1984 period led to a period of severe financial hardship and rapid restructuring in agricultural production. Support payments had discouraged innovation and product development by continuing to pay primary producers and processors for commodities that the global market no longer wanted. The removal of these payments produced a period of rapid restructuring as farmers and processors adjusted to international demands. Farmers were forced to change their production techniques to meet the demands of the customer, while

\[^2\] The 'internal terms of trade' is a measure which compares the costs of farm production against the returns farmers receive.
processors had to introduce new plant and technology to adapt to the demands of the international market.

The deregulation of the economy has had a major impact on those sectors of the economy that have been traditionally protected from imports. The major agricultural sector affected by the removal of import controls has been the cereal industry. The removal of import barriers and price controls exposed growers and millers to the vagaries of the international market and to cheaper imports, principally from Australian growers. Cheaper imports reduced local cereal production in the late 1980s and has produced major restructuring in the flour milling industry. Deregulation has also affected the manufacturing base of Canterbury, as local companies have been faced by direct overseas competition. Not all processors have been able to adapt to this new environment, due to out of date technology, a lack of scale, or inadequate management expertise. One major example of this situation has been the decline of the apparel industry in Canterbury. The opening up of the apparel industry to the international market left most apparel manufacturers facing cheaper imports from China and other South East Asian countries. The apparel manufacturers in rural centres lacked the scale of production to match the price of imported goods, with the result that most plants have closed over the past decade. The exceptions have been those manufacturers that have focused on niche markets, such as industrial clothing (i.e. Deanes Apparel in Leeston).

This overview of the economic changes within Canterbury has highlighted three major points:

i) The region has moved from a settler society to a market economy;

ii) Local producers have been forced to increase their productivity and to expand their range of products; and

iii) There has been a shift in manufacturing and retailing from the rural sector to the major urban centres.

These changes have impacted heavily upon the rural sector. The increase in productivity and the move to centralised manufacturing have caused a decline in the employment base of the rural sector. This situation has been compounded by the fact that new investment has been
channelled into the urban areas, rather than the rural community. This has deprived the rural sector of new business and employment opportunities.

THE POLITICAL CLIMATE WITHIN CANTERBURY

The political environment within Canterbury has also changed significantly over the 1921 to 1991 period. One of the key areas of political change has been the growing role of local and central government agencies (e.g. the planning tribunal/environmental court) in the planning process. These organisations have been given increasing responsibility over the allocation and management of resources (Bush, 1980). This is especially true in the case of local authorities. Local authorities have gained powers to direct what activities are permissible on a property. The past seventy years have also seen a number of important changes in the level of government intervention in the economy (Hawke, 1982). The economy has experienced periods of limited intervention (laissez faire government) as well as periods of tight regulatory control, as epitomised by the 1948 Economic Stabilisation Act. It is important to understand how the policies in each of these periods have affected the structure of the Canterbury economy and the behaviour of decision makers.

The government's control over land and resource use has been increasing over the past seven decades. In 1921 there were few restrictions on the way land users managed their properties. Land users had to comply with drainage and roading requirements (i.e. the 1908 Land Drainage Act), but they were otherwise free to undertake most forms of development. In the following three decades a number of changes were made to the legislation to give local authorities a greater say in resource planning and its management. These legislative advances are shown in Figure 6.7, along with a detailed explanation of the powers they give to local authorities and government agencies. By the early 1950s, local authorities had gained the authority to regulate most land use activities (Bush, 1980: 41). These new powers were used

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3 The 1948 Economic Stabilisation Act gave the Government extensive powers to regulate trade and to control the financial markets. The Act was repealed in 1987.
extensively to control the location and design of new industrial sites. Local authorities also used their new powers to set guidelines for a variety of resource related issues (from air and water pollution through to the establishment of recreational reserves) (Williams, 1985). In addition to giving councils greater control over resource use, the government created a network of Catchment Boards, to undertake soil conservation and river protection works. These Boards were delegated significant powers to regulate the land use patterns on flood prone and environmentally sensitive areas. In the case of the South Canterbury Board, it used their regulatory powers to restrict unnecessary developments on flood prone land and it encouraged land owners to undertake measures to mitigate the effect of wind and water erosion (McConnell, 1989).

With the passing of the 1953 Town and Country Planning Act, councils were required to develop a formal district scheme and to put in place a regulated system of zoning. The tendency among rural councils has been to use these powers to preserve the agricultural integrity of their districts. This has involved restricting subdivision and the location of industrial units. The district schemes of the 1960s and 70s attempted not only to limit new industrial development but to prevent additions to existing operations. Rural councils have attempted to concentrate business activity in the larger townships and boroughs within the region (Brechin, Interview, 1992). These measures have acted as a disincentive to industrial development in rural communities and they have compelled existing operations to re-locate to areas where they have the potential for expansion. Rural councils have also used these powers to regulate forestry development. Stringent regulations were imposed to limit forestry development on higher grades of agricultural land. Even in hill country areas local authorities were reluctant to permit more than 40 hectares of plantation forestry4 (Wild, Interview, 1992). These restrictive policies limited the range of land use options open to farmers in the 1960s and 70s, particularly in the high country. This point was highlighted in the farm survey. Respondents from Banks Peninsula and the Canterbury high country were critical of the restrictive planning regulations that existed up until the mid 1980s. They felt that the

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4 Larger plantations were possible in areas that were subject to water and wind erosion.
limits on forestry and subdivision limited productive investment. They also felt that these restrictions had prevented them and their predecessors from undertaking conservation planting (i.e planting for stabilisation purposes).

In the past ten to fifteen years there have been signs of greater flexibility in council decisions on land use development. Councils have become more aware of the importance of attracting new employment and of the need to diversify farm production. This point can be highlighted in the actions of the former Amuri County Council. From the mid 1980s, the County Council granted an increasing number of waivers to allow alternative forms of farm production. It also relaxed its limitations on the size of farm subdivision. These measures encouraged small scale, capital intensive ventures such as walnut and grape growing (Wild, Interview, 1989).

The goal of political intervention in the planning system has been changing in recent years. The government has introduced new auditing procedures for major projects (Environmental Impact Reports) and it has given local authorities and government agencies greater powers to amend projects if they are seen as environmentally disruptive (Moran, 1989). The overall goal of these new powers has been to introduce sustainable management practices in land and resource use. The culmination of this process was the passage of the Resource Management Act in 1991. This created a system of resource consents and environmental monitoring. It required local authorities to establish better monitoring procedures and to create consent procedures which allowed for careful assessment of the impacts of a project. These recent measures have helped to standardise the resource consent procedure and they have laid out the priorities that the government requires in any consent procedure. The new consent procedure has attempted to reach a balance between environmental protection and economic development. The process has also given local authorities greater flexibility when it comes to issuing development consents.

The other major area of political involvement has been in the management of the economy. The New Zealand economy in the early 1920s was characterised by a low level of political
involvement. The government had phased out most of the war-time regulations by the 1920-21 season and there were few restrictions on the movement of capital and trade. This situation began to change in the mid 1920s, as a result of falling commodity prices and increasing trade protection, especially by the United States. These factors encouraged the government to intervene directly in the economy (Hawke, 1982, Mitchell, 1969). The government's initial re-action was to establish a marketing structure for New Zealand's primary exports. At the heart of this structure was a series of marketing boards (e.g. The Dairy Board, The Fruit Control Board, and The Meat Board). These Boards negotiated "storage, insurance, and freight ... and co-ordinate[d] shipping and marketing" (Sinclair, 1988: 252 - 3). The move to a single desk seller benefited producers by reducing the cost of transportation and by co-ordinating the marketing of produce (Hayward, 1972). The Reform government also introduced measures to improve the availability of credit and to relieve the financial pressures caused by the property speculation of the early 1920s.

The level of government intervention in the economy increased with the depression and the downturn in foreign trade, as is shown in Table 9.1. The Coalition government in the early 1930s established a regulatory framework to control the financial market. These regulatory powers were used mainly to control interest rates and the movement of capital. Interest rate controls were introduced in 1932 to curb the high rates being charged by banks on mortgages and overdrafts (Hawke, 1982: 32). This policy was aimed mainly at farmers who were experiencing difficulties with financing their mortgages. The Coalition government also undertook a major revision of the tariff system, based upon the recommendations of the 1932 Imperial Economic Conference (Ottawa). The Conference established a system of imperial preferences whereby New Zealand gained increased access to the British market. At the same time increased tariffs were imposed against imports from non-Commonwealth countries.

"The final outcome of the Ottawa Agreement for New Zealand was that the United Kingdom gave duty free entry for practically all New Zealand products" (Prichard, 1970: 361)
TABLE 9.1

The Evolution of the New Zealand Economy (1921–1991)

<table>
<thead>
<tr>
<th>Period</th>
<th>Type of Production</th>
<th>Economic Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early 1920s</td>
<td>* Production tended to be small scale</td>
<td>* New Zealand had a largely unregulated financial and trading sector</td>
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<tr>
<td></td>
<td>* The majority of firms operated at a regional level</td>
<td>* The economy received high levels of foreign investment</td>
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<td></td>
<td>* Production was dominated by export activities</td>
<td></td>
</tr>
<tr>
<td>Mid 1920s–</td>
<td>* National firms started to evolve through mergers and takeovers</td>
<td>* Increased government intervention in the finance and transport sectors</td>
</tr>
<tr>
<td>Early 1930s</td>
<td>* There was a trend towards industry concentration in favoured areas</td>
<td>* Monopoly marketing structures emerged</td>
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<tr>
<td>Mid 1930s–</td>
<td>* Small production units were gradually replaced by a few large enterprises</td>
<td>* Foreign investment declined</td>
</tr>
<tr>
<td>Early 1960s</td>
<td>* Manufacturing developed as a major sector of the economy (to meet local demand)</td>
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<tr>
<td></td>
<td>* Export returns continued to be dominated by primary commodities</td>
<td></td>
</tr>
<tr>
<td>Mid 1960s–</td>
<td>* The economy become more diversified during this period (i.e., growth in the</td>
<td>* Government support schemes for agriculture and industrial development were introduced</td>
</tr>
<tr>
<td>Early 1980s</td>
<td>processing and servicing sectors)</td>
<td>* Producers faced a period of high inflation</td>
</tr>
<tr>
<td></td>
<td>* Emphasis was placed upon adding value to local production</td>
<td>* The regulatory framework was maintained</td>
</tr>
<tr>
<td></td>
<td>* Manufactured goods made up an increasing proportion of New Zealand’s exports</td>
<td></td>
</tr>
<tr>
<td>Mid 1980s–</td>
<td>* The opening up of the local market to imports makes it necessary for producers</td>
<td>* The economy was opened up to international competition</td>
</tr>
<tr>
<td>Early 1990s</td>
<td>to restructure, to remain competitive</td>
<td>* Trade barriers were removed and the economy was de-regulated</td>
</tr>
<tr>
<td></td>
<td>* Greater emphasis was placed upon exporting, due to stagnation in the local market</td>
<td>* The finance and exchange markets were de-regulated</td>
</tr>
<tr>
<td></td>
<td>* Producers adopted more flexible production methods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>* New Zealand producers widened their export market</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author

This agreement gave local producers preferential access to the British market, but at the same time it imposed higher costs of production, by compelling farmers and manufacturers to source their equipment from Britain, rather than from the cheapest source of production.

The Labour government of 1935 to 1949 changed the structure of the New Zealand economy. It introduced a system of import licensing and it regulated the major sectors of the economy (these policies were summarised in chapter six). The function of import licensing was to
restrict imports and to encourage local manufacturing. Import substitution was encouraged as a means of generating employment and of reducing the country's external account difficulties (Hawke, 1982, Prichard, 1970: 390 - 393). This support of industry "diverted resources away from agriculture" (Bollard & Buckle, 1987: 105). It meant that capital was diverted to inefficient manufacturing, rather than being used in the productive sectors of the economy. The agricultural sector was also subsidising manufacturing through the purchase of expensive local goods.

The first Labour government intervened in the agricultural sector by providing financial relief to mortgage holders and by making capital available for investment (through the State Advances Corporation). The government also extended the powers of the Dairy Board. It gave the Board the power to establish a stabilisation account, which could be used to cushion the swings in dairy returns. These measures brought relief to farmers who were encumbered with heavy loans and it gave dairy farmers greater security in their planning.

Government intervention in the agricultural sector increased slowly during the 1950s and 60s. Selective measures, such as fertiliser subsidies and development loans, were introduced to boost production. Both Labour and National saw agricultural development as being important for the economic prosperity of the country. The scale of intervention rose dramatically in the 1970s, in response to falling world commodity prices (Sandrey & Reynolds, 1990: 64 - 66). By the mid 1970s the government was providing farmers with on-going financial support (a summary of the programmes introduced over this period are listed in Chapter six). The scale of this support can be seen in Table 9.2. At its height (1983 - 84), the taxpayer was providing farmers with approximately one quarter of their total income.

Political intervention in the agricultural sector distorted the pattern of economic activity. Subsidies and support payments created an artificial image of prosperity in the 1970s and early 80s. This encouraged farmers to increase production, in spite of the fact that there were growing international stock piles of wool, lamb and butter.
TABLE 9.2

Government Assistance to Primary Producers

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assistance ($m)</td>
<td>312</td>
<td>412</td>
<td>723</td>
<td>1160</td>
<td>1709</td>
<td>951</td>
<td>898</td>
<td>454</td>
</tr>
<tr>
<td>Value of Output ($m)</td>
<td>4354</td>
<td>4549</td>
<td>5000</td>
<td>5092</td>
<td>5900</td>
<td>7579</td>
<td>6860</td>
<td>6600</td>
</tr>
<tr>
<td>Assistance as % of Output</td>
<td>7.2</td>
<td>9.1</td>
<td>14.4</td>
<td>23.1</td>
<td>23.3</td>
<td>12.5</td>
<td>13.1</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Note 1: The 1987 figures were a Ministry of Agriculture estimate.
Note 2: The 1987 figures include GST.


Government intervention also delayed economic restructuring, by masking the inefficiencies in the agricultural sector (i.e. high costs of processing as a result of outdated technology). The longer this restructuring was delayed, the less competitive New Zealand farmers and processors became. This delay made the eventual change to an open market system a more painful experience than it needed to be. This is reflected in the drawn out restructuring of the freezing industry. Older plants, such as Islington and Kaipoi, were maintained by the subsidies of the 1970s and early 80s, while the subsidies also encouraged new investment, in what was already an over-supplied industry (e.g. the Fortex plant in Ashburton). When the subsidies were phased, it quickly became apparent that most New Zealand plants suffered from out of date technology and management practices. Funding to rectify the technology gap was not readily available, as the over-capacity in the industry meant reduced profitability. The result has been a slow, and very costly (in both financial and human terms) process of restructuring.

The period since 1984 has seen the government move away from direct intervention in the economy. This has been done to remove the distortions in the economy and to reduce the financial pressures on the government (Birks & Chatterjee, 1988: 73 - 75). The financial burden of intervention become unsustainable by the early 1980s. To counter the spiralling costs of intervention the government opened up the economy and phased out the subsidies to the business and farming sectors (Birks & Chatterjee, 1988: 72 - 75). The government also
introduced a system of user pay charges and reduced its financial support for rural services (e.g. the cross-subsidization of rural post offices ceased). The move to an open market economy has caused restructuring throughout the agricultural sector. Farmers and processors were forced to adjust their production and to reduce their costs in order to become internationally competitive. This adjustment process has been a prolonged affair, rather than a one off shock. The financial impact of this restructuring has been substantial. The majority of farmers operated at the margins of profitability throughout the mid and late 1980s (New Zealand Meat & Wool Board, Sheep and Beef Farm Survey, 1980 - 1994). The low returns over this period made it difficult to maintain the condition of properties (Rural Farm Survey, 1992). This can be seen particularly in the Canterbury hill country and high country, where reduced profitability has forced farmers to scale back fertiliser use. The consequence of this has been reduced carrying capacities. The loss of subsidies also produced a property slump, which bottomed out only in the late 1980s. The property slump lost farmers a large proportion of their equity, and younger farmers, with mortgage levels of up to 80% of the original land value became technically insolvent as the result of the slump. (Rural Farm Survey, 1992).

Even in a deregulated economy the government and its agencies, such as the Reserve Bank, still play an important role in the management of the rural economy. The Reserve Bank has the legal duty to control inflation within a zero to two percent range. Keeping inflation low is critical to the long term profitability of the farming sector vis-a-vis its overseas competitors. To attain this long term goal of price stability the Bank has mainly used monetary tools, such as raising interest rates. This policy has disadvantaged farmers in the short term by keeping interest rates high and pushing up the value of the dollar. It is seen however as necessary for the long term productivity of the New Zealand economy, especially price sensitive areas, such as primary production. The government also continues to have a presence in the rural economy through its control of the marketing boards and its funding of agricultural research agencies.
THE SOCIAL TRENDS WITHIN CANTERBURY

The final part of this review will examine the social trends within Canterbury. The work will study the changing household structure within Canterbury, as well as the trends in education, employment and community decision making. The social environment in the early part of the century was hierarchical in nature. This can be seen especially in the way households were structured. Households were dominated by the male members of the family. They were the major income earners and decision makers. Women tended to play a secondary role in household and community affairs (Gillespie, 1953, Hawkins, 1957 and Popple, 1953). This hierarchical structure comes through strongly in the social histories of Canterbury. The studies showed how decision making in this period was dominated by the leading businessmen and farmers within each area. This division existed as women were discouraged from gaining higher education or from becoming financially independent. The male members within a family were given priority in education and training. This disparity meant that the educational standards of rural women were below their male counterparts, especially at the tertiary level (McLeod, 1968). The division between men and women could also be seen in the employment field. Women made up only 20% of the labour force\(^5\) in 1926, and they were excluded from most areas of senior management (Gilson, 1969: 184-187). The only sectors which offered women a long term career were nursing and teaching.

In the period since 1921, there have been a number of important social changes. There are no longer the sharp divisions within the employment sector or within rural households. These changes have been brought about by a combination of rising educational standards, increasing personal mobility, and greater access to employment.

"Undoubtedly the most powerful influence in encouraging greater participation of women in employment has been increasing industrialisation" (Gilson, 1969: 187)

Industrialisation in the period since world war two has opened up a wider range of job opportunities for women. The growing need for labour created an environment that was

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\(^5\) The labour force category covers both full and part time employment.
conducive to increasing female participation in the workforce. This can be seen particularly in the case of married women. In 1926, married women made up 8% of all women in employment. By 1966, this figure reached nearly 40% (Gilson, 1969: 193). This increase in female participation has not been confined to a few selected areas. Women now play an important role in most areas of employment (Rural Household Survey, 1992-93). This point comes out when looking at sectors that have been traditionally male dominated, such as agriculture (see Figure 9.4). In 1921, women made up roughly 4% of the paid agricultural workforce in Canterbury. This figure has increased to 30% in the 1986 census period. Women now play a key role in the management and operation of the agricultural sector (Little, Interview, 1992).

FIGURE 9.4

Changes in the Agricultural Labour Force (Canterbury)

<table>
<thead>
<tr>
<th>Years</th>
<th>1921</th>
<th>1951</th>
<th>1981</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Employed</td>
<td>25000</td>
<td>17500</td>
<td>15000</td>
<td>10000</td>
</tr>
<tr>
<td>Male Labour</td>
<td>▲</td>
<td>17500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female Labour</td>
<td>□</td>
<td>15000</td>
<td>12500</td>
<td>10000</td>
</tr>
</tbody>
</table>

Note 1: The 1921 and 1951 figures are for full time workers.
Note 2: The 1981 figures are for full time workers over 15.
Note 3: The 1986 figures are for full and part time workers.

The increase in female participation has tended to occur more slowly in rural areas than in the urban community. This can be seen by studying Table 9.3. The table shows that the ratio between male and female employment is lower in areas such as Amuri and MacKenzie. Rural boroughs also have a low ratio, compared to the regional figure. This disparity occurs as there is a greater diversity of employment in urban areas (Gilson, 1969: 184). Transportation difficulties also limit the ability of rural women to gain access to job opportunities (Gill et al, 1976).

Another critical social change has been the increasing role women are playing in household decision making and in community affairs (e.g. councils and voluntary groups) (Johnston, 1974: 92). This increase has been due mainly to the growing employment and educational status of women. The growing participation of women in the workforce has brought with it greater financial independence and an increasing say in how household and community affairs are managed. Rising educational standards have assisted this trend by providing women with the skills and confidence to explore a wider range of career opportunities. The move away from the traditional household structure has occurred particularly in the last 25 to 30 years. In most households there is now a greater sharing of decision making responsibility between both partners. There is also an increasing number of households that are headed by a female

**TABLE 9.3**

<table>
<thead>
<tr>
<th>Area</th>
<th>1966</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canterbury</td>
<td>0.375</td>
<td>0.486</td>
</tr>
<tr>
<td>Amuri County</td>
<td>0.236</td>
<td>0.332</td>
</tr>
<tr>
<td>Rangiora Borough</td>
<td>0.290</td>
<td>0.420</td>
</tr>
<tr>
<td>Ellesmere County</td>
<td>0.226</td>
<td>0.415</td>
</tr>
<tr>
<td>Geraldine Borough</td>
<td>0.299</td>
<td>0.410</td>
</tr>
<tr>
<td>MacKenzie County</td>
<td>0.244</td>
<td>0.369</td>
</tr>
</tbody>
</table>

Note 1: 1991 figures were not available for most of these districts due to the re-organisation of local government boundaries in 1989.
income earner (Davidson, 1993). At the community level, there has been a gradual increase in the number of women on councils and ad hoc bodies (Gardner, 1983, McBride, 1990). The growth in female representation has been significant but there is still a considerable way to go before there is a true sharing of power and responsibility in the management of community affairs. It is still rare to find examples where women make up more than a third of councillors (Department of Internal Affairs, 1992: 55). This is especially true in rural communities, where there has been a reluctance from the traditional male hierarchy to yield power. The number of women elected to smaller, rural authorities (i.e. those with a population under 20,000) averaged only 19% in the 1992 local body elections (Department of Internal Affairs, 1994: 55).

Finally, it is important to look at the issue of rising educational standards, in particular, what has motivated this trend and how it is affecting the traditional structure of rural communities in Canterbury. This issue was examined closely in Chapter 6. The chapter showed how there has been a growing recognition of the need for higher education if students are to compete effectively in the modern economy.

"Successful production in New Zealand requires well trained farmers" (NZ Council for Education Research, 1941: 4)

The educational standards of the farming population have been of particular concern to the government and educational groups as only 20% of farmers in the immediate post-war period had more than one year of post-primary education.

The government has played a critical role in fostering the development of higher education. During the 1950s and 60s, it invested heavily in new school construction and in facilities for tertiary training. In the case of rural communities, specialised courses and facilities were developed (e.g. agricultural and horticultural courses) to foster interest in high school education. The government also provided scholarships in order that students could attend urban high schools. The impact of these policies and the growing public recognition of the need for higher education can be seen in the increasing numbers of students attending
educational institutions and gaining higher qualifications. These developments were shown in Tables 6.4 and 6.5. This trend towards higher education has grown particularly in the last twenty years, with the proportion of the population without any qualifications falling sharply. In the case of Canterbury, the proportion of the population without any qualifications fell from 75.6% of the population in 1971 to 40.7% in 1991 (Department of Statistics, New Zealand Census, 1971, 1991). The trend for rural communities has been somewhat less, although it has followed the same general pattern. The major area where rural communities lag behind the national trend is in the area of University training. The proportion of residents in rural districts with university qualifications is substantially less than the national or Canterbury average. This is especially true for women. Table 6.5 showed how only 1.1% of women in the Ashburton district had university qualifications in 1991 compared to the Canterbury average of 3.1%.

Higher standards of education have given students greater scope in their career opportunities and more generally, it has raised the aspirations of the younger population. These points were highlighted by Robinson (1986) in his study of Temuka students. The students recognised the value of higher education and that it gave them freedom in choosing their future careers. In particular, it gave them freedom to explore opportunities outside of the South Canterbury area. These findings were supported by the Household Survey (1992 - 93) which was conducted as part of this thesis. The younger respondents said that their educational qualifications gave them flexibility when deciding upon future careers. A disturbing point which came through in the research was that individuals and families with higher qualification levels tended to feel frustrated in rural communities. Rural communities do not usually provide opportunities for highly skilled workers, or possibilities for career progression. This means that rural communities are losing some of their most skilled workers, due to a lack of employment opportunities.
This chapter has been used to build up a framework for the substantive research which follows in chapters ten through to twelve. The chapter has examined how Canterbury has evolved over the 1921 to 1991 period and what have been the major forces shaping farm, business, and household activity. This historical framework is critical, as the developments in land use and settlement do not occur in isolation but take place against a backdrop of changing political and socio-economic conditions. The chapter has look particularly at the wider national and international forces which have been influencing decision making behaviour. The discussion has examined issues such as the role of commodity markets in shaping economic activity and the influence central and local government have on the allocation and management of resources. These wider conditions need to be understood as they have been the principal factors shaping development within rural Canterbury.
CHAPTER TEN

THE TRENDS IN RURAL MANUFACTURING
AND RETAILING

INTRODUCTION

The focus in this chapter will be on the trends in manufacturing\(^1\) and retailing within Canterbury. These two sectors have traditionally played an important role in the Canterbury economy. Rural communities in the 1920s and 30s had a strong and often diverse retail base. Even smaller communities would have a range of basic services. Most centres also had at least one major manufacturing operation and a number of smaller servicing industries, such as bakeries and butchers. The manufacturing operation would draw on the resources or production of the immediate area. Both of these sectors provided a valuable source of employment for the rural population. Since the late 1920s, the business environment within Canterbury has become increasingly difficult for manufacturers and retailers. Improvements in technology and transportation, along with changes in broader political and socio-economic conditions have eaten away at the competitiveness and confidence of rural businesses within Canterbury. These pressures have resulted in a prolonged period of restructuring, and a decline in business numbers. This decline has been felt particularly in smaller and more remote communities. They have seen a large proportion of their service and manufacturing base disappear to urban centres and larger rural communities, with a consequent loss of employment and economic activity. These developments have threatened the survival of smaller centres, such as Little River and Mayfield. Even larger communities, for example Geraldine and Waimate, have found it difficult to remain competitive and to attract new investment.

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\(^1\) The term 'manufacturing' will be used in a broad sense to cover both minor processing activities, such as bakeries, as well as large industrial concerns (e.g. the customwood operation at Selton).
This chapter will explore these trends and discuss the strategies manufacturers and retailers have adopted to remain competitive. The goal in this research is to better understand the pressures managers are under when deciding upon issues such as staffing levels, re-investment, and the adoption of new technology. The chapter will look particularly at the broader pressures on business activity within Canterbury. These range from trade and financial conditions through to political and technological developments. Special attention will be paid to the broader political pressures on business activity, as the New Zealand government has intervened at a number of levels in the economy.

This chapter will also investigate how the views of individual managers can affect the pattern of business activity. The work will look especially at the issue of business confidence. Low business confidence among managers has been a major factor behind the down sizing and closure of businesses over the past decade (Rural Business Survey, 1992). Businesses need confident managers to give them a strong direction and to take advantage of opportunities as they arise. The discussion will also look at why individual operators are prepared to trade off profitability for the perceived advantages of rural living. This insight is important for explaining the variations between corporate and individual investment.

**THE RETAIL TRENDS WITHIN CANTERBURY**

The majority of centres in the 1920s had a relatively strong retail base. Even smaller communities, such as Mayfield and Waikari (with populations of less than 500), were able to support a range of basic retail services. This is shown in Table 10.1\(^2\). It is interesting to note that these centres were able to sustain businesses which are usually associated with larger townships (e.g. a shoe store and a tobacconist). This diversity in retailing is also reflected in the employment figures of this period (Wise’s Publications, Wise’s New Zealand Post Office Directory, 1921). Both of these centres provided specialised types of retail employment, including book binders and tailors.

\(^2\) It has been necessary to use 1941 data in this table, as reliable figures do not exist for the earlier period.
TABLE 10.1
The Retail Businesses in Mayfield and Waikari (1941)

<table>
<thead>
<tr>
<th></th>
<th>Mayfield</th>
<th>Waikari</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Draperies</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Dairies/Grocers</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Hotels</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Garages</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Post Office</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Shoe Store</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Stock Firms</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Tobacconist</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>


The strength of retail activity in this period was related to a combination of roading and economic conditions. The roading conditions in the 1920s and 30s were difficult and made long distance travel an expensive and arduous affair. The major problem was a lack of sealed roading, as was shown in Figure 9.1. In 1926, there was less than 50 kilometres of paved roading in Canterbury, the majority of which was located in Christchurch and Timaru. Most roads were clay or gravel tracks and they were impassable for extended periods of the year (usually during winter and spring). The maximum travelling speeds on these roads were 20 to 30 miles per hour, while it was not uncommon for vehicles to experience one or more breakdowns during a journey (Gardner, 1983, Scotter, 1972). This meant that journeys from Hanmer to Christchurch or Tekapo to Christchurch could take an entire day. In addition to this, the low level of car ownership during the 1920s and 30s compelled households to rely upon commercial services. This frequently meant using more than one mode of transport. The difficulties this caused can be seen in Table 10.2. If individuals or households wanted to travel to Christchurch from centres such as Mayfield, they had to undertake three separate trips. Even short journeys, such as Christchurch to Akaroa and Hororata, required two separate modes of transport. Changing between services added additional time to the journey and it meant that groups could be stranded part way through a trip if they missed their connecting coach or rail service. The time and cost involved in travelling meant that most
TABLE 10.2
Transportation Difficulties in Early Canterbury

<table>
<thead>
<tr>
<th>Route</th>
<th>Modes Of Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christchurch to Hanmer</td>
<td>Rail to Culverden and then daily stage coach to Hanmer. The stage coach was replaced by a daily motor service in the early 1930s.</td>
</tr>
<tr>
<td>Christchurch to Hororata</td>
<td>Rail to Coalgate and then daily mail coach to Hororata. The mail coach was replaced by a motor service in the early 1930s.</td>
</tr>
<tr>
<td>Christchurch to Akaroa</td>
<td>Rail to Little River and then stage coach to Akaroa. A daily motor coach service was introduced in 1921.</td>
</tr>
<tr>
<td>Christchurch to Mayfield</td>
<td>Rail to Ashburton. Then a separate rail trip to Valletta, followed by a stage coach to Mayfield.</td>
</tr>
</tbody>
</table>


households were reluctant to shop on a regular basis outside their local community\(^3\). This gave retailers a natural / secure market and ensured an adequate rate of return for investors. This economic certainty was critical if businesses were to invest capital in rural communities rather than urban centres.

The economic prosperity of the late nineteenth and early twentieth century also acted as a stimulus to retail growth. It heightened business confidence by raising rural incomes and encouraging additional consumer spending. As consumer spending rose, new retailing activities were attracted to rural centres. The growth in consumer spending was important particularly for specialised activities. It made it viable for specialised activities, such as milliners, to establish in the larger rural centres. Another important factor behind the growth in retail activity was the increasing rural population. The rural population grew steadily from the 1880s through until the mid 1920s (Department of Statistics, New Zealand Census, 1881 - 1926). This growing population base acted as an incentive for new retail investment.

The growth in retail activity ended abruptly in the 1920s, as a result of unstable commodity prices and the general economic downturn after 1929. The depression reduced the spending

\(^3\) A number of city stores, such as Ballantyne & Company, provided a mail order service. Rural households made use of these services to purchase specialised clothing and household items.
power of households (Sutch, 1969: 215). This reduction flowed through to the retail sector (Simpson, 1990).

"Farmers had little money to spend. Country shopkeepers therefore had little trade ..."

(Sutch, 1969: 217)

Retailers experienced a sharp decline in turnover, as farmers, and the wider community cut back on discretionary spending. This was a period when even necessities, such as work boots, were seen as luxuries (Philpott, Interview, 1992). To compensate for the decline in turnover retailers were forced to shed staff and to cut back on maintenance. Philpott (Interview, 1992) recounted how retailers relied heavily upon family members to sustain their operations during this period. Family members took the place of paid employees and they often supported the firm with outside (secondary) income. Williams (Interview, 1993) recalled how he and his brothers replaced the paid staff in their parent’s North Canterbury garage / service station. His father also took on a car franchise to supplement the revenue from gasoline sales and vehicle repairs. In spite of these measures a significant number of retail ventures were forced out of business. Most of these businesses simply lacked the capital base to withstand a prolonged period of low or negative returns.

The slump in retail activity was not felt evenly across all service areas. Retailers who supplied essential services, such as groceries and petrol, did not experience the same level of decline as specialised traders, for example machinery suppliers. Specialist retailers found that their customer base eroded rapidly during the late 1920s and early 30s. One of the casualties of the slump were local clothing stores (Ford, Interview, 1993). Instead of buying completed garments, many households made their own clothes during this period.

Another factor which influenced retail activity during the depression years was the movement of households and individuals away from rural centres in search of employment. There was a sense of frustration (even desperation) at the lack of employment opportunities in rural centres. This frustration was expressed by Ford (Interview, 1993) when discussing her early years as a teacher in the Ashburton district. A significant number of her students felt that they
had little choice but to migrate (either temporarily or permanently) to a major centre in search of employment. This movement of population is reflected in the census figures. After a period of sustained growth in the early years of the century, the population peaked in the 1921 to 26 census period and then began a gradual decline (Department of Statistics, New Zealand Census, 1921, 1926, 1936). This decline was noticeable particularly in the 15 to 29 year age group. This loss of population cut away at the customer base of retailers.

The late 1930s and the war period saw some of the earlier confidence return to the retail sector. Improving commodity prices and supportive government policies, as discussed in the previous chapter, raised farming confidence. This translated into greater consumer spending on both essential and discretionary items. This rebound was restricted to some extent by wartime shortages and rationing. Rationing limited the availability of essential items such as gasoline and clothing, while the breakdown in international trade curtailed the importation of machinery, vehicles, and electrical items. These restrictions meant that there was unsatisfied demand within the rural economy and that business revenues were artificially suppressed (Williams, Interview, 1993)

The period since the Second World War has seen two major trends within the Canterbury retail sector.

i) Retail activity has become more concentrated; and

ii) There has been a decline in the overall level of business activity.

The move towards a more concentrated retail system was motivated by improvements in the roading network and in personal mobility (Dahms, 1980 (b): 295, Maunier, Moran & Anderson, 1985: 112). By the late 1950s all of the major highways within Canterbury had been sealed. The level of paved roading had increased from less than 50 kilometres in 1926 to more than 4,000 kilometres in 1961. Personal mobility also improved in this period, with the growth in motor vehicle ownership and with the increasing reliability of cars. These two factors made it possible for residents to bypass "local villages and ... to shop in the larger towns" (Dahms, 1980 (a): 5). Local stores were bypassed as they could not provide the range
of services that were available in the larger suburban malls. They also tended to be more expensive than their urban counterparts. This move from using local stores to urban facilities came out clearly in the field research. The findings showed that residents are prepared to travel extended distances (i.e. up to 50 kms) to fulfil their shopping requirements. This can be seen in the case of Darfield and Southbridge. Roughly half of the residents surveyed in these two centres travel to Christchurch for their retail needs, rather than using the local stores (Rural Household Survey, 1992-93). Local stores do not meet the shopping requirements of these residents. They prefer the wider range and lower prices that are available in the larger, suburban malls.

"Local retailers are not able to compete against the large stores in Christchurch and Timaru" (Rural Business Survey, 1992)

The reduction in travelling time was felt particularly in remoter centres where travelling to a major centre had traditionally involved setting aside a day or even two. Reducing the journey from a day to a couple of hours allowed residents to travel more frequently and it meant that they spent an increasing proportion of their disposable income in the city stores. The reduction in travelling time meant that local retailers were squeezed by urban competition. They experienced a decline in turnover and their customer base fell away. This occurred particularly in the case of speciality stores, which could not compete on price or variety. Communities which were adjacent to a major centre did not experience the same level of decline as they were already linked to the urban network (Janelle, 1968, 1969).

Small retailers have also been hit by rising costs in the post war period. In particular it is important to consider the rising cost of paid labour. Retail wage rates rose in real terms from the end of the Second World War until the mid 1980s (Department of Statistics, Prices, Wages & Labour Statistics, 1940 - 76, Department of Statistics, Wages & Earnings Statistics, 1983 - 92). The national award system meant that rural retailers could not negotiate lower wage rates to compensate for their smaller margins. Retailers had to absorb higher wages on a reducing
turnover. Retailers were also faced with higher company tax rates in the 1940s and 50s. These higher rates did not reflect an increasing ability to pay.

Growing urban competition and additional costs have meant that retailers in rural areas require a larger customer base than they did in the 1920s and 30s, if they are to survive (Dahms, 1980(a): 11). The only way of achieving this has been to expand the range of services they provide and to increase their service area. Retailers are combining their traditional services with complementary services and they are staying open more convenient hours for customers. This drive towards a larger customer base has usually been at the expense of other retailers. This idea of an expanding service area is shown in Figure 10.1. The figure shows how grocery stores have been expanding their service area over the past 40 years in order to gain a larger customer base.

"Retailers have been forced to lower their margins and to stay open later, simply to survive" (Rural Business Survey, 1992)

FIGURE 10.1
The Increasing Area Serviced by Rural Businesses

Source: Author
The trend towards centralised retailing has had a major impact upon smaller centres, such as Little River and Winchester. These towns have experienced a marked decline in retail activity over the past three to four decades. This decline was disguised in the 1950s and 60s by the continuing growth of the larger centres. Towns such as Darfield, Geraldine and Rangiora gained population and services in the immediate post war period. In many cases it was simply a transfer of services from the smaller centres (Paulin, Interview, 1991). The gains in the larger centres meant that the overall level of retail activity grew in the period from 1951 to

TABLE 10.3
The Retail Trends Within the Rural Sector

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Banks</td>
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<td>27</td>
<td>25</td>
<td>32</td>
<td>49</td>
<td>35</td>
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<tr>
<td>Dairies/Grocers</td>
<td>76</td>
<td>71</td>
<td>88</td>
<td>104</td>
<td>78</td>
<td>62</td>
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<tr>
<td>Draperies</td>
<td>44</td>
<td>41</td>
<td>47</td>
<td>43</td>
<td>35</td>
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<tr>
<td>Garages/Service Stations</td>
<td>66</td>
<td>76</td>
<td>83</td>
<td>85</td>
<td>76</td>
<td>70</td>
</tr>
<tr>
<td>Licensed Hotels and Motels</td>
<td>56</td>
<td>44</td>
<td>45</td>
<td>63</td>
<td>77</td>
<td>101</td>
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<tr>
<td>Pharmacies</td>
<td>11</td>
<td>11</td>
<td>13</td>
<td>17</td>
<td>15</td>
<td></td>
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<tr>
<td>Post Office (Post Shops)</td>
<td>21</td>
<td>21</td>
<td>20</td>
<td>22</td>
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<td>14</td>
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<tr>
<td>Specialised Retail Activities</td>
<td>48</td>
<td>47</td>
<td>43</td>
<td>39</td>
<td>33</td>
<td>21</td>
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<td>Stock &amp; Station Outlets</td>
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<td>44</td>
<td>51</td>
<td>54</td>
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<td>26</td>
</tr>
<tr>
<td>Tearooms/Restaurants</td>
<td>36</td>
<td>34</td>
<td>34</td>
<td>31</td>
<td>34</td>
<td>26</td>
</tr>
</tbody>
</table>

(The Figures In This Table Are Based Upon A Survey Of 23 Centres Within Canterbury)


Note 1: The banking category includes part-time facilities.
Note 2: Licensed hotels includes public hotels and taverns, but excludes private hotels (i.e Boarding Houses).
Note 3: The specialised retail category covers three major areas: bookstores, electrical/hardware stores, and shoe stores.

1971. This trend can be seen in Table 10.3. The table shows that there was an increase in all the retail categories, except for restaurants and speciality stores. This increasing trend petered out in the late 1960s and has been followed by an extended period of decline. The only major exception to this trend has been the hospitality sector. Hotels, motels and restaurants have increased to cater for the growing tourist trade. It should be noted that the increase in this sector was concentrated until recently in a few specific areas (e.g. Hanmer Springs, Akaroa, Methven, and Darfield). These towns were either tourist centres, or they were on a major

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4 A list of the centres which were surveyed are included in Appendix E.
transport route. Tourism spending has become more dispersed in recent years, with the
growth in rural tours and in farm stays.

The decline over the past two decades has been brought about by a combination of events.
The principal factor was the fall in agricultural returns. Farm incomes have been hit by the
downward trend in world agricultural prices that began in the mid 1960s (this decline was
highlighted in Figure 9.2). The magnitude of this downward trend can be seen in the adjusted
returns for apples and milkfat. The return on a tray of apples fell by 50% over the 1960 to
1990 period, while the returns for milkfat declined by more than 60% (NZ Apple & Pear
Board, Annual Report, Department of Statistics, Monthly Abstract of Statistics)\(^5\). This
decline was cushioned during the 1970s and early 80s by supplementary payments and by
direct government subsidies for land and stock development (a summary of these policies can
be found in chapter six). These payments helped to sustain farm incomes and retail turnover
during the 1970s. In spite of these payments there was a decline in real spending power over
the 1966 to 81 period (Department of Statistics, NZ Census, 1966 - 1981). This decline
meant that retailers found it increasingly difficult to maintain their margins and to support
additional workers. The overall effect of this was a gradual decline in most areas of retail
activity, as can be seen in Table 10.3. The retail categories which experienced the greatest
decline in this period were dairies/grocers and draperies. The decline in dairies and grocers
reflects the tighter financial conditions in the 1970s and the continuing improvement in
personal mobility. These factors encouraged households to shop in suburban supermarkets
for their basic necessities. The decline in draperies also reflects the move towards urban
shopping. The majority of the products sold by draperies can be purchased from
supermarkets and department stores at a significant discount to the price drapers charge. The
decline in draperies is also a reflection of changing consumer demand. There has been a fall
off in demand for the products which drapers supply.

\(^5\) To calculate the real returns over time, the prices for milkfat and apples, have been adjusted for inflation.
The financial cushion provided by the government to the farming sector was removed after the 1984 election. The reduction in government financial support and the depressed state of the international commodity market produced a period of economic recession for the agricultural sector. Most farmers experienced low rates of profitability during the 1985 to 1991 period (New Zealand Meat & Wool Board, The New Zealand Sheep and Beef Farm Survey, 1985-1994). In order to survive, farmers cut their expenditure to the bone and they lived off the accumulated fertility of their properties. Household expenditure was confined to necessities (Rural Business Survey, 1992). This reduction in spending had a severe impact on retail activity, as farmers were the largest group of consumers within the rural economy.

"the economic health of many places is heavily dependent on the prosperity of the local farmers" (Sorensen & Walmsley, 1988: 281)

The Fourth Labour government also introduced a policy of corporatising state enterprises. This move to a market framework had significant implications for publicly owned retail businesses such as the Post Office. Instead of being mandated to provide a nationwide service, the Post office (and Post Bank) were required to provide a set return on capital (Taylor, Correspondence, 1992, 93). To achieve this, the cross-subsidisation between urban and rural outlets came to an end and post offices were required to be self-supporting. This became increasingly difficult after the sale of the banking arm of New Zealand Post (Post Bank). The result has been a steady decline in stand alone post offices and a move towards postal agencies. These agencies are run as part of another retail activity, usually a dairy or grocery store.

Retailers have also had to struggle against high interest rates and a depressed national economy. High interest rates made it difficult for retailers to raise capital for maintenance and refurbishment. This meant that repairs were delayed and that upgrading schemes were postponed indefinitely (Rural Business Survey, 1992). The depressed state of the national economy in the 1980s and early 90s curtailed retail spending and it increased the level of
competition between retailers. Urban retailers attempted to gain a larger share of the rural market.

The difficult economic conditions since 1984 have placed the majority of rural retailers in a tenuous financial position. They have been finding it increasingly difficult to maintain turnover and profitability. This has led to a sharp decline in numbers. The decline has been magnified by the length of the recession in the rural economy. Retail turnover remained sluggish until the early 1990s. Modest levels of growth have been recorded only since late 1991, and early 1992 (Rural Business Survey, 1992). The depressed state of the economy has meant that retailers have been operating at the margins of profitability. This is sustainable for a short period of time but not over four or five years. The depressed state of the economy has also reduced business confidence, which is a critical factor in sustaining business activity. If owners are not confident about their economic future they tend to re-trench, rather than search for new opportunities. They cut back on spending (i.e. advertising and maintenance) and they try to weather out the recession. Instead of alleviating the problem, these measures reduce the attractiveness of the store and they lead to a decline in turnover. This becomes a downward spiral which eventually results in closure.

Another measure undertaken by retailers has been to replace full time staff with part time and seasonal workers. Part time workers are employed to cover the peak trading hours during the week. This means that customers see little difference in the level of direct service. The move to part time labour has meant an increased workload for managers as they are required to undertake more of the day to day work, such as re-stocking and updating the accounts. Table 10.4 shows the important role that part time labour now plays in the retail sector. The employment of part time workers has also given retailers greater flexibility in the length of time they can stay open. The majority of retailers said that this trend towards part time labour was likely to continue over the next five years (Rural Business Survey, 1992).

6 The introduction of the Employment Contracts Act in 1991 has assisted the trend towards part time labour. The Act gave employers greater flexibility in setting wage rates and working conditions.
TABLE 10.4
A Profile of the Retail Sector (1992-93)

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Age of Business</th>
<th>No. of Full Time Workers</th>
<th>No. of Part Time &amp; Seasonal Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy/Grocery (8)</td>
<td>68.00 [12.91]</td>
<td>3.20</td>
<td>2.80</td>
</tr>
<tr>
<td>Draperies (6)</td>
<td>30.00 [12.83]</td>
<td>3.00</td>
<td>1.30</td>
</tr>
<tr>
<td>Garages/Service Stalions (7)</td>
<td>62.20 [7.20]</td>
<td>5.80</td>
<td>2.50</td>
</tr>
<tr>
<td>Hotels (5)</td>
<td>85.00 [13.50]</td>
<td>3.00</td>
<td>5.70</td>
</tr>
<tr>
<td>Motels (7)</td>
<td>17.50 [4.30]</td>
<td>1.20</td>
<td>1.00</td>
</tr>
<tr>
<td>Pharmacies (6)</td>
<td>62.75 [15.25]</td>
<td>4.00</td>
<td>1.50</td>
</tr>
<tr>
<td>Restaurants/Tearooms (8)</td>
<td>23.40 [8.80]</td>
<td>2.60</td>
<td>7.30</td>
</tr>
<tr>
<td>Specialised Retail Activities (11)</td>
<td>34.00 [14.25]</td>
<td>1.90</td>
<td>3.75</td>
</tr>
</tbody>
</table>

( ) Number of respondents
[ ] Number of years owned/operated by current manager


Note 1: The specialised retail category covers three major areas: bookstores, electrical/hardware stores, and shoe stores.

The major survival strategy retailers have adopted has been to diversify their service range. Their intention has been to offer residents a complete service, rather than providing only one or two items. This trend can be seen especially in the case of grocery stores and garages. They are now providing services which range from hardware supplies through to cafeteria meals. Retailers have also tried to promote themselves as community service centres. Their advertising stresses the important social role these stores play and how they are the contact points for sporting and cultural events (i.e. sporting fixtures and their results are advertised in the store). This community store concept has gained support in tightly knit communities, where there is a strong commitment to the area. Retailers in these areas have been able to encourage support, which has helped to maintain turnover. This survival approach has been less successful in areas with a more transient population, or where the majority of the population work outside of the area (i.e. commuter settlements such as Ohoka). In these areas, there is less sentiment for the local store and it does not play such a pivotal role in the social life of the community.
These measures have helped to save a number of retail outlets, but the overall pattern has been a declining trend. The businesses to suffer most from this decline have been dairies, draperies, speciality stores, and stock firms. All four of these retail categories have declined by more than 40% over the past 20 years (this can be seen in Table 10.3). The scale of this decline means that most rural towns no longer have a distinct retail sector. Many areas are fortunate to retain even a garage or a store. It is important to note that the remaining retail outlets have not been safeguarded by the closure of their competitors. The field study showed that the majority of stores are only returning 5 to 6 percent on their capital\(^7\). This is insufficient to generate the reserves that are necessary for long term refurbishment and maintenance. Without these reserves, businesses will not have the capacity to maintain their stores into the next century. This means that owners are more likely to close their stores than spend more of their own money on re-building.

The decline over the past twenty years has been prevalent particularly in stores that are owned by companies rather than individuals. The decline in corporate investment is due principally to the low rate of return on capital. Retail operations have been returning less than five percent. This compares with fixed interest bonds which have ranged from eight to eighteen percent during the 1980s and early 90s. This decline can be seen particularly in the case of Hannahs shoe stores and the stock & station firm, Pyne Gould Guinness (Fancis, Interview, 1991, 93). Hannahs have either closed or sold nearly all of their chain of rural shoe stores. Declining profitability forced them to concentrate their retail activity in the larger centres, such as Rangiora and Ashburton. In the case of Pyne Gould Guinness, declining rural expenditure caused a severe contraction in the farm supply market. To survive the downturn, they closed a significant proportion of their retail network. From having a presence in most centres, they now carry out business from a few centrally located stores.

Owner operators tend to be more flexible about their rate of return, as they are motivated by community and household factors, as well as economic goals (Rural Business Survey, 1992).

\(^7\) This excludes the wages owners receive as employees of the store.
The survey responses showed that owner operators are prepared to trade off a lower return for the perceived benefits of a rural lifestyle. There is however a perception among owner operators that they are continuing to lose ground against urban competitors. A significant proportion of the retailers contacted felt that their efforts to maintain turnover and customer loyalty would not ensure their long term survival. Without a significant recovery in rural incomes, these stores will not have the resources to undertake new investment. This is reflected in the growing age of rural businesses (Table 10.4). The average age of businesses has been growing as investors have been put off from establishing new retail outlets. There simply is not the turnover in most rural centres to warrant new investment in buildings and stock.

"Running the village shop was a post-war dream like owning a country pub or becoming a small holder, but has forty years of inflation, recession and the growth of the suburban hypermarket dented this dream" (Laws, 1993: 13)

The preceding comments paint a rather bleak picture of the retail environment within Canterbury. There are however a number of centres and retail activities that have withstood the competition from urban malls and the decline in rural spending. Chief among these have been the tourist centres of Hanmer Springs, Akaroa, and Methven. Hanmer Springs has a long history of tourism based upon the hot pools within the area. This attraction enabled Hanmer to sustain its population and service base while other North Canterbury communities experienced declines in retail facilities (Wise's Publications, Universal Business Directories (Canterbury Edition), 1941 - 1991). Hotel and motel numbers have risen steadily in the past thirty years from 5 in 1961 to 15 facilities in 1991. Associated with this growth has been new investment in hospitality services, such as restaurants and cafeterias. Tourist spending has also helped to revive existing services, in particular grocery stores and banks (Rural Business Survey, 1992). In the case of Akaroa and Methven, tourism has turned around the fortunes of centres that were experiencing a sharp decline in retail activity during the late 1960s and early 70s. This decline was related to the downturn in agriculture, farm mechanisation, and the loss of services to larger centres. Akaroa emerged during the 1970s and 80s as a major summer
destination for tourists, while Methven became the service centre for the Mt Hutt ski field, after its opening in 1973. Like Hanmer, both centres have attracted investment in accommodation and hospitality services (Pomeroy, 1997: 11). In terms of restaurants and cafeterias, Akaroa went from 1 in 1976 to 7 in 1991, while the number in Methven climbed from 1 to 5 over this same period. Both centres have also attracted a range of craft stores and businesses that hire out equipment for local activities (e.g. ski hire firms in Methven and vessel charter firms in Akaroa) (Wise's Publications, Universal Business Directories (Canterbury Edition), 1991, Business Survey, 1992).

Towns on the major highways have also tended to weather the decline in retailing with some success. These centres provide services to the travelling public and they act as the base for local and regional transport firms. The two major examples of this in the case study are Amberley and Darfield. Both centres are the base for transport firms and they have a sizeable hospitality sector (e.g. cafeterias through to accommodation). The businesses surveyed in these centres said that passing trade makes up a significant proportion of their turnover and is the difference between survival and going under. In the case of cafeterias the passing trade figure was estimated at 50 percent, while for grocery store and dairy owners the percentage was in the region of 20 to 30 percent (Business Survey, 1992). Passing trade has helped to sustain existing services in these centres, rather than to encourage new investors to establish facilities.

THE CHANGES IN RURAL MANUFACTURING

Canterbury had a relatively strong manufacturing sector during the 1920s and 30s. Most centres had at least one major processing industry, as is shown in Table 10.58. These industries were based upon the resources of their immediate area (e.g. agricultural and forestry resources). Manufacturers located near the source of production as this was found to be more economic than moving the raw materials to a central location. The major reason for this was

8 It has been necessary to use 1941 data in this table, as reliable figures do not exist for the earlier period.
the high cost of transportation in the early part of the century. Poor roading conditions and the braided nature of the region's rivers made the movement of bulky commodities (i.e. wheat and wool) an expensive and time consuming activity.

In addition to these processing facilities, most communities also had a number of service industries (e.g. bakeries, butchers, engineering firms, and joinery operations). These industries emerged in the early days of settlement to meet the demands of the local community, rather than the wider market. They were small scale operations with a limited workforce (usually less than five employees).

The manufacturing sector in Canterbury faced a turbulent time during the inter-war period. Processors were confronted with unstable returns and growing international protectionism, as was described in chapters five and nine. This was compounded by the small scale of production in Canterbury and the limited capital base of most businesses (Philpott, Interview, 1992). This final point was of particular concern, as a lack of capital meant that processors
could not adapt quickly to new production techniques and they were vulnerable to instability in prices and in their major markets (Stewart, Interview, 1994). Stewart recounted the difficulties businesses had in attracting new capital, particularly for primary processing industries. Investors were reluctant to commit capital to ventures where the returns had been depressed for a considerable period and where the future prospects for growth were uncertain. The uncertainty caused by the commodity crisis of the 1920s and the depression blocked necessary investment and it caused a number of under-capitalised operations to collapse. Hampton (Interview, 1993) experienced this situation when working in a wool scour near Timaru in the early 1930s. The company was unable to attract new investment to upgrade the plant and it lacked sufficient reserves to carry it through the depression.

Servicing industries, like retailers, were subject to the spending patterns of the local community. When consumption declined, they faced reduced turnover and profitability. As with retailers, the businesses hardest hit were those producing non-essential items. These included joinery firms, engineering operations, and furniture manufacturers. With weaker consumer spending, these businesses experienced a sharp decline in consumer demand. Grant (Interview, 1992) described how turnover dropped in the Rangiora joinery firm in which he worked. Orders fell off quickly during the depression with an almost complete halt to new house construction. Households also attempted to complete their own joinery repairs rather than bringing in workers. In this particular company, staff numbers were cut back by two thirds (from six full time workers to two) and the remaining workers had to take substantial wage cuts. Bakers and butchers tended to fare better than other businesses as they supplied the basics of life. Even so, they experienced declining turnover and a shift to the least expensive forms of bread and meat.

The processing and servicing industries rebounded in the late 1930s and war period as a result of increased consumer spending and the demands of the war economy. The bulk purchasing agreement with Britain guaranteed commodity prices and assured primary processors of a
market for their production. This stability flowed through to consumer spending, and the servicing sector.

For most businesses, this was a short-lived respite, as the post-war period saw processing and servicing industries come under increasing pressure from competition in the larger centres. The major factors behind this trend were the improvement in the transportation network, advances in production technology, and the introduction of bulk carriers (Gould, 1982: 101). The improvement in the transport system reduced the cost of moving goods and it made centralised production a reality. This benefited the region's major centres but it has caused a contraction in local manufacturing. The declining cost of moving commodities is shown in Figure 10.2. The decline is noticeable particularly over longer distances (i.e. in excess of 40 kms). In the case of bulk lime, the cost of long distance haulage fell by over 40 percent in real terms between 1938 and 1958. The removal of the transportation barrier exposed rural manufacturers to competition from the wider economy. Manufacturers found it increasingly difficult to survive in this new environment. They did not have the scale of production or the capital base to compete effectively against urban producers.

**Figure 10.2 (A)  
Cost of Transporting Bulk Lime in Canterbury (1988 Prices)**
The level of manufacturing has also been affected by tighter planning regulations. Local authorities in the 1950s and 60s\(^9\) introduced land use regulations to preserve high quality agricultural land from encroachment. This was achieved by limiting the extent of industrial zones and by stipulating what types of building could be constructed. The affect of these policies (whether intentional or otherwise) was to restrict: where industries could be located; how they could be constructed; and what level of pollutants they could discharge (Gillies, 1980 (a): 14). These restrictions made it difficult for new industries (particularly processing industries) to gain the necessary consents for construction. As a result of this, new processing plants have been concentrated around Christchurch and Timaru, rather than across the region as a whole. Existing firms were also disadvantaged by these regulations. They

\(^9\) Local authorities gained the power to regulate land and resource use under the Counties Act (1956) and the Town and Country Planning Act (1953).
limited the level of upgrading or expansion that these firms could undertake. This has affected the ability of rural businesses to gain sufficient economies of scale to match urban and overseas competition.

**TABLE 10.6**

<table>
<thead>
<tr>
<th>The Trends in Rural Manufacturing</th>
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<tbody>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Aerated Bottling Plants</td>
</tr>
<tr>
<td>Bakeries</td>
</tr>
<tr>
<td>Cheese/Dairy Companies</td>
</tr>
<tr>
<td>Engineering Firms (General/Structural)</td>
</tr>
<tr>
<td>Flour Mills</td>
</tr>
<tr>
<td>Joinery/Furniture Firms</td>
</tr>
<tr>
<td>Light Manufacturing (i)</td>
</tr>
<tr>
<td>Sawmills</td>
</tr>
<tr>
<td>Threshing Mills</td>
</tr>
<tr>
<td>Wool Scourers</td>
</tr>
</tbody>
</table>

(The Results In This Table Are Based Upon A Survey Of 23 Centres Within Canterbury)


Note 1: The light manufacturing category is made up mainly of clothing and textile companies.

The decline in rural processing can be seen in the dairy and flour milling sectors (Table 10.6). The decline in the number of dairy factories began in the 1950s with the introduction of bulk tankers (Cant & Johnston, 1973). Tankers could reach farms which were more than 50 miles from the processing facility. This meant that it was no longer necessary to have general processing facilities in centres such as Little River and Waimate. These districts could be serviced more effectively by tankers from Christchurch and Clandeboye. Local processors could not compete against these large scale plants, once the transportation barrier had been removed. The only local plants which remain are those which have gone over to specialised production (e.g. cheeses and natural ice creams). The Barrys Bay factory (near Akaroa) has survived by developing a range of high value cheeses, which are targeted to niche markets. The management has also made the factory into a working tourist attraction (Rural Business Survey, 1992).
The first signs of restructuring in the flour milling industry occurred in the early 1940s, with the closure of the Southbridge mill. The mill's hey day was in the 1880s through to the First World War (Penny, 1979). The mill became uneconomic in the late 1930s as it had delayed expenditure on new technology and it was losing suppliers to the Christchurch mills. The loss of suppliers reduced profitability and it left the mill operator without the capital to upgrade the plant's technology. Without this upgrading it could not remain competitive against urban processors. The mills at Ohoka, Waikari, and Winchester would have followed in short order if the Wheat Board had not intervened in the market. The Wheat Board enabled smaller processors to remain in operation by restricting competition and setting price levels. The Board "fixed [the] prices of wheat, flour and bread, allocated milling quotas, controlled entry into milling, and restricted imports of wheat and flour" (Miller, 1989: 12)\(^{10}\). The quota system introduced by the Board made it possible for smaller mills to retain their share of the processing industry.

Economic reality caught up with these mills in the early 1970s. A lack of new investment and obsolete technology meant that these operations were falling behind in terms of productivity and in the quality of their production. Their profitability was also squeezed by rising inflation in the late 1960s and early 70s. These factors combined to force the mills at Ohoka, Waikari, and Winchester to close.

The Rangiora mill has survived by increasing its scale of production and becoming the focus for the milling industry in North Canterbury (Rural Business Survey, 1992). The owners recognised the need for on-going investment in new technology and in updated production facilities. Without this investment, the company would have been forced out of production by its larger rivals. The company has also expanded downstream into bakeries. This vertical integration has been undertaken in an attempt to raise the presence of the Rangiora mill in the market place and to secure access to an established distribution network.

\(^{10}\) The majority of these supports were removed after the market was deregulated in the mid 1980s.
The servicing sector has also experienced a marked decline in economic activity. This trend can be seen in the case of rural bakeries. In the 1920s and 30s each community needed its own bakery to gain fresh supplies of bread. Transporting bread from a major centre was not a feasible option as it could take several days to deliver, by which time it would be stale. The bulky nature of bread and the high cost of travel gave local producers a cost advantage. This advantage declined in the 1950s and 60s. The increase in paved roading reduced the time it took to transport bread from urban bakeries to outlying communities. By the late 1950s most areas could be guaranteed daily deliveries of fresh bread. Urban bakeries also reduced their costs by adopting larger transport vehicles. These vehicles lowered the cost of delivery and they enabled drivers to service an increased area. These changes reduced the competitiveness of rural bakeries and gradually forced them out of business. By the mid 1970s, most communities were serviced from bakeries in Christchurch, Ashburton and Timaru. The bakeries which have survived tend to be specialised producers. They are small scale operations which produce high value pastries, principally for the tourist market (Rural Business Survey, 1992).

Another area experiencing economic decline has been the local sawmilling industry (see figure 10.6). Up until the 1960s, most communities had their own sawmilling operations. These companies serviced the timber needs of their immediate area. They supplied basic items such as fence posts and house framing. Their numbers began to decline in the mid 1960s. This was due to growing competition from large scale operators, such as McVicars, and the downturn in the farming economy. These pressures reduced the number of sawmills in the study area from 15 in 1961 down to 5 in 1991. The remaining mills have survived by increasing their scale of production and developing specialised timber products (Rural Business Survey, 1992). They have also been targeting new markets, in an effort to diversify their customer base.

The only major areas of industrial growth in the 1950 to 1970 period were the fields of light manufacturing (clothing/textiles) and agricultural servicing (engineering and joinery firms).
The increase in these two sectors can be seen in Table 10.6. Clothing and textile companies established rural factories to take advantage of the skilled workforce and the lower rental costs in areas such as Leeston and Rangiora. The majority of these firms were located in the centres around Christchurch. The benefits of this investment were concentrated in a small number of communities. The increase in engineering and joinery firms was stimulated by the post-war expansion in farming. The growth in farm and contract work encouraged new investors to start up engineering and joinery operations. These firms were spread across the region, although there were a few areas of service concentration, such as Amberley and Waimate.

The growth in light manufacturing and in agricultural servicing ended abruptly in the late 1960s. Since 1970 there has been a general decline in rural manufacturing. There has been a tendency to lay the blame for this downward trend on the government's shoulders. The government has been an easy target for industries which were slow to introduce new technology and to rationalise their production. This can be seen especially in the case of the freezing industry (Hodd, Interview, 1991, 1992). The opening up of the economy in the 1980s exposed the inefficiencies in this sector. Freezing companies were still operating large, multi-chain operations, which relied upon 1960s technology. New technology had allowed overseas competitors to develop single chain operations, which could be quickly re-tooled to handle different types of livestock. New working practices also allowed these plants to be run 24 hours per day, rather than being tied to a single shift. The slow introduction of new technology and the continuation of outdated work practices were two of the principal factors behind the poor state of the freezing industry in the 1980s (Harding, Interview, 1992).

Depressed international commodity prices and the removal of supplementary payments have also contributed to the decline in rural manufacturing. Low returns have forced farmers to curtail expenditure on all but essential items. Farmers are also undertaking more of their own maintenance. Instead of contracting out minor engineering and joinery projects, they are undertaking the projects themselves (Farm Survey, 1992). This contraction in expenditure has had a major impact on the servicing sector (i.e engineering firms, joinery companies,
sawmillers, and stock feed manufacturers). These companies have experienced a sharp fall in sales and profitability over the 1985 to 1990 period (Webber & Rivers, 1991). This decline can be seen particularly in the engineering sector. The companies in this sector have all been affected by the reduction in farm expenditure. In some cases their turnover has fallen by 50 to 60% since 1984 (Rural Business Survey, 1992). This decline has made it necessary to shed staff and to cut back on maintenance. In one North Canterbury case the workforce was cut from 18 down to 2 full time workers, between 1984 and 1992 (Rural Business Survey, 1992). Staff reduction has been the major strategy employed to withstand the fall off in revenue.

The survival of the engineering sector owes a great deal to the fact that the majority of the firms are family owned. Owner-operators are prepared to suffer a short term loss if they believe that revenue will improve in future years. They have a strong commitment to the firm and they are willing to sacrifice their time and money to keep it going.

To counter the downturn in local revenue, a number of firms have turned their attention to the export market (four out of the ten engineering firms sampled have moved into exporting). These firms have not found exporting a panacea for their ills, but it has helped to smooth out the seasonal variations in turnover. The owners all stated that exporting is a long term investment. It takes a number of years to develop contacts and to tailor their products to the demands of the customer. On average, export revenues make up thirty percent of the turnover of these four firms. The products they export range from electric fencing through to silos. These firms appear to be in a more financially sound position than their competitors. The firms which have tried to ride out the storm by cutting margins and staff numbers are still in a critical position. Their low profitability over the past decade has placed pressures upon the owners and their families, who have increasingly become unpaid workers. These pressures have sometimes led to a family break up.
TABLE 10.7
A Profile of the Manufacturing Businesses Within Canterbury (1992)

<table>
<thead>
<tr>
<th>Sector</th>
<th>The Average Age of the Business (Years)</th>
<th>Full Time Workers</th>
<th>Part Time Workers</th>
<th>Average Distance to Nearest Competitor (km's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering Firms (10)</td>
<td>44.58 [19.00]</td>
<td>4.33</td>
<td>1.75</td>
<td>9.83</td>
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<tr>
<td>Joinery/Building (8)</td>
<td>25.66 [13.16]</td>
<td>3.33</td>
<td>1.20</td>
<td>2.00</td>
</tr>
<tr>
<td>Clothing/Textiles (7)</td>
<td>13.80 [9.37]</td>
<td>17.50</td>
<td>8.50</td>
<td>15.10</td>
</tr>
<tr>
<td>Primary Commodity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processors (6)</td>
<td>53.25 [14.75]</td>
<td>14.50</td>
<td>9.50</td>
<td>15.00</td>
</tr>
<tr>
<td>Sawmillers (3)</td>
<td>50.00 [35.00]</td>
<td>14.00</td>
<td>4.00</td>
<td>10.50</td>
</tr>
<tr>
<td>Stock Food</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturers (2)</td>
<td>40.00 [18.50]</td>
<td>4.00</td>
<td>3.00</td>
<td>54.00</td>
</tr>
</tbody>
</table>

() Number of respondents
[] Number of years owned/operated by current manager

Source: Rural Business Survey, 1992

The trends in the engineering sector have been paralleled in the joinery, sawmilling, and stock feed areas. All of these businesses have had to undergo restructuring and to lay off full time labour. In some cases this decline has been made up by an increase in part time labour (the full and part time figures for each sector are shown in Table 10.7). The respondents felt that this trend towards part time labour was likely to continue, as it gave employers greater flexibility. The respondents also took the view that there was likely to be further restructuring in the service sector. This was due to the uncertain conditions within agriculture and the growing competition from urban businesses.

Another point highlighted by Table 10.7 is the increasing age of the owners of engineering and joinery firms. The survey found that only two of the engineering firms had changed hands in the last ten years. This indicates that investors are shying away from the engineering and joinery sectors. A lack of new investment and ideas does not bode well for the future of these industries. Without a regular injection of new capital and ideas firms tend to stagnant and go into decline.

The contraction in the textile and clothing sectors over the past ten years has been caused mainly by deregulation in the New Zealand economy. The government opened up the local
market, by reducing the tariffs on imported textiles and clothing. This undermined the local industry, as manufacturers did not have the scale of production to compete against imported products. Local manufacturers were also using out-dated technology compared to overseas producers. The removal of the tariff barrier highlighted these inefficiencies and it led to a period of restructuring, that is still continuing. The firms which have survived have done so by upgrading their technology and by moving towards more specialised forms of production (i.e. swim wear and high value fashion garments). The firms which have closed have tended to be subsidiaries of larger operations. These firms have attempted to reduce costs by centralising production in a single facility.

Even with increasing productivity and the targeting of niche markets there is no guarantee that the remaining clothing and textile firms will remain in operation. Two of the managers surveyed felt that their factories would be closed within five years. They took the view that small scale operations could not compete over the longer term with the low wage industries of China and India. At the other end of the scale there were three managers who took a very optimistic outlook. They were experiencing significant export growth and they were looking to expand over the next few years.

The longer term outlook for rural manufacturing is mixed. There is still considerable weakness in the servicing sector. This means that there is likely to be a further round of restructuring, particularly in the engineering and joinery fields. In contrast to this, there are signs of growth in the processing sector. A number of new facilities have been developed since the late 1980s. One of the largest investments has been a new meat processing facility at Hororata. An interesting point about this new investment has been its diversity. The investment has been spread across a number of areas, from the production of natural ice cream through to the processing of rabbits at Ohoka. The growth in processing facilities has been aided by more liberal zoning regulations. There has been a significant change in council attitudes towards the establishment of new processing facilities. The strict zoning codes of the
60s and 70s have been relaxed in order to attract new industry and employment. This is noticeable particularly in the Waimakairi District (Inch, Correspondence, 1992).

THE TRENDS IN THE TRANSPORTATION SECTOR

The developments in the transportation sector need to be set against a backdrop of government intervention. For the majority of the study period the government has been heavily involved in the licensing of transport operators and in the regulation of transport activities. This regulated environment made it difficult for new entrants to gain a foothold in the industry and it hindered existing companies from expanding. The major reason behind this system of regulations was the desire to protect the state owned rail network from competition. The government saw the rail network as a vital service, which needed to be cushioned against competition from road carriers (Bollard and Buckle, 1987).

In the nineteenth century and the early part of the twentieth century the cheapest, and most efficient way of moving goods from one centre to another was by rail (Duncan, 1952). Private road haulage operators could not compete, as the poor quality of the roading system made the movement of goods a difficult and expensive exercise. This dominance of rail over road began to decline after the First World War with the introduction of new trucks and the improvement in roading conditions (Prichard, 1970). These two factors made it possible for private operators to compete against rail over the medium to longer distances. As a result of these changes, there was significant growth in private transport firms during the 1920s. The majority of these firms operated one or two trucks and they focused on a specific sector of the transport market (e.g. the timber trade, the movement of stock, or the carriage of bulk commodities). They grew from a perceived need within a community for transport services. The small scale of these operations meant that they could service only one or two counties. In addition to these small operations there were several firms which provided services throughout the region.
The increase in road transport during the 1920s had a major impact on the Railways Department. The Department experienced a marked decline in cargo tonnages and in profitability. The government reacted to this decline by introducing the Transport Licensing Act (1931). The purpose of this Act was to regulate the number of new operators within the transport sector. To supervise this process, the Act established a series of Licensing Authorities. These authorities vetted the applicants who were wanting to establish a transport operation. The major criteria for vetting applicants was the impact they would have on existing firms. If the impact was significant then the application would be declined. The effect of this Act was to limit the number of new operators in the transport sector during the 1930s and 40s. The government intervened further in 1936 by restricting the distance road carriers could travel on routes that were already served by rail connections (Bollard & Buckle, 1987: 67). The initial limit was set at 30 miles. This measure had a major effect on regional operators. It meant they were cut out of the lucrative main truck services (i.e. Christchurch to Timaru and Dunedin). The imposition of these mileage limits imposed a major constraint on road carriers and it reduced the profitability of the sector.

The Trends in the Transportation Sector

<table>
<thead>
<tr>
<th></th>
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<td>45</td>
<td>45</td>
<td>43</td>
<td>36</td>
<td>43</td>
<td>38</td>
<td></td>
</tr>
</tbody>
</table>

( The Results In This Table Are Based Upon A Survey Of 23 Centres Within Canterbury)


Note 1: The transport category covers both cargo and passenger carriers.

The number of transport firms in Canterbury stayed fairly constant in the 1930s but they declined sharply in the 1941 to 46 period (this can be seen in Table 10.8). This decline was due mainly to a lack of trained drivers and to the fuel shortages during the war. These wartime conditions caused businesses to merge their operations. This was done so that equipment and manpower could be used more effectively. In the post-war period there was a modest
increase in the number of transport firms. This growth in transport numbers was encouraged by the expansion in agriculture during the post war period. The increase was seen particularly in the area of fertiliser carriers. This was associated with rise in fertiliser use that occurred during the 1950s and 60s. The increase in transport services was kept artificially low by the local licensing authorities. They allowed only a limited number of new entrants, especially in areas that were serviced by rail connections. The tight restrictions on transportation prevented regional and national transport firms from developing. Most firms in the 1950s and 60s were still privately owned and they operated less than five vehicles (Rural Business Survey, 1992).

The 1950s and 60s were an uncertain period for the Railways Department. Their cargo volumes rose overall, but on the regional lines there was a sharp decline. This meant that the Department was subsidising the regional operations from their profits on the major routes. The Department was not prepared to see this situation go on indefinitely so it undertook a programme of line closures (Cavana, 1993). Canterbury was hit hard by this process, as it had a sizeable number of branch lines (e.g Waiau, Lincoln, and Methven). These lines were progressively closed, as their tonnages fell (King, Interview, 1992). The closure of these lines has meant that the movement of agricultural production is now undertaken predominantly by road carriers.

In the past twenty years there has been a marked decline in the profitability of the transport sector and in the number of workers employed. This decline has been caused mainly by a drop off in agricultural work (Rural Business Survey, 1992). Most rural transport firms rely on agricultural work for their 'bread and butter'. The areas affected most have been the fertiliser carriers, the stock movers, and the bulk commodity carriers. The survey found that the businesses in this sector have seen their turnover fall by as much as 30 to 40 % in the 1984 to 1992 period. Most of these firms have had to lay off workers and three of the firms have had to merge with competitors to stay afloat. The specialized transport operators (i.e log movers and lime/silica carriers) have weathered the economic downturn far better than the rest
of the transport sector. They have experienced a modest decline in turnover, but they have been able to maintain their profitability.

The deregulation of the transport sector over the 1983 to 86 period provided a short lived boost to the transport sector. It allowed transport companies to move their goods freely between regions and it allowed them to centralise their transport centres (Bollard & Buckle, 1987). These advantages were outweighed in a short space of time by the sudden influx of new entrants to the transport sector. These new entrants caused margins to be squeezed and profitability to fall dramatically. The outcome of this price war was the liquidation of a number of well established firms.

The future trends in the transport sector depend to a large extent on the profitability of farming and forestry. The transport firms who work in the agricultural sector have seen a slow pick up in turnover since 1990. These respondents believe that this will continue, as long as farm profitability continues to rise. The firms which have seen the greatest recovery so far are the fertiliser carriers. They have noticed a marked increase in turnover. The transport firms which rely on logging have expressed a high degree of confidence in their future profitability. They feel that forestry will be the major growth industry over the next decade in Canterbury.

SUMMARY

The pattern of business activity in Canterbury has changed markedly over the 1921 to 1991 period. There has been a significant decline in rural manufacturing and a concentration of retail activity in the larger centres (e.g Darfield, Geraldine, and Rangiora). The decline in manufacturing began in the 1930s and gained momentum in the post-war period. The stimulus for this decline was the improvement in transportation and production technology. The upgrading of the roading network made it possible for companies to centralise their production in one of the major centres. This move to centralised production affected the majority of industries within the rural economy (from bottling plants through to ice cream manufacturers).
Another important factor behind this decline, was the increasing scale of production. Most rural industries found that they did not have the scale to compete profitability against producers in Christchurch and overseas. A number of businesses overcame this problem by developing niche products, which could be sold at a premium. Planning restraints, and a lack of capital for upgrading have also been important factors in the decline of rural manufacturing.

The retail sector has also experienced a major period of restructuring. The smaller centres in Canterbury have seen their retail sectors all but disappear. Retailing has become concentrated in the larger centres, particularly those on the major transport routes. This concentration of retail activity has been caused by improvements in personal mobility, growing competition from urban retailers, and a decline in farm spending. The decline in small town retailing began in the 1950s. This decline can be traced to the increasing level of car ownership in the rural sector. The growth in car ownership made it possible for rural households to shop in the larger centres. Households were attracted to the larger centres by their lower prices and by the wider range of goods they offered. Another important factor has been the fall in farm spending over the past twenty years. Low returns over this period have forced farmers to cut back on their retail expenditure. This reduction in spending can be seen particularly in smaller centres, such as Mayfield and Waikari, which have lost the majority of their retail enterprises. The only area of significant growth has been in the hospitality sector. Hotels, motels, and restaurants have grown in response to increasing tourist numbers since the Second World War. This growth has been concentrated in a few centres, rather than being evenly spread across the region.
CHAPTER ELEVEN

THE CHANGES IN AGRICULTURE AND THE GROWING PRESSURE UPON FARM LAND FROM ALTERNATIVE FORMS OF LAND USE

INTRODUCTION

This chapter will study the agricultural changes in Canterbury over the 1921 to 1991 period. The traditional image of Canterbury has been as a region of extensive grazing and cropping. Production was confined by the area's low rainfall, limited natural fertility, and the use of labour intensive practices. These limiting factors have been gradually overcome with the development of large scale irrigation, the application of fertiliser, and the replacement of labour with capital equipment. These developments have increased productivity, stocking capacity, and the range of production that is possible. The effect has been to transform Canterbury into a region of intensive agricultural and horticultural activity. This dramatic transformation has no single cause. It has been brought about by a combination of economic conditions, improvements in technology, government support for agriculture, and advances in farm management. This chapter will investigate each of these factors and study how they have come together to shape agricultural activity. The research will look at both the general agricultural trends in Canterbury and the variations between districts. The work will look especially at the Canterbury high country, which has experienced substantial change since the Second World War. The introduction of aerial topdressing and the development of drought resistant strains of clover have greatly increased the carrying capacity of hill country and alpine properties.

The chapter will also examine the growing competition between agriculture and commercial forestry. Forestry has traditionally played a minor role in the economy of Canterbury. The
only significant plantings up until the 1970s were undertaken by the Forest Service and by local authorities. The chapter will investigate why there was limited interest in forestry and what measures were employed by councils and the farming lobby to restrict large scale, private plantings. This section will also investigate why the attitude towards forestry has been changing and how this is reflected in an increased level of planting. The intention in this section is to develop an understanding of the conflict between agriculture and forestry and to identify the factors that have swung the pendulum in favour of forestry in recent years.

The final part of this chapter will look at the pressures on farm land from residential development. This has been a major planning issue since the 1920s when public unease at uncontrolled urban expansion forced the government and local authorities to implement tighter planning controls. This section will examine the problems associated with residential encroachment on farm land (land fragmentation and distorted property prices) and the policies that councils in Canterbury have implemented to contain the threat. The discussion will also comment on the wider implications of restricting residential development.

THE FARMING PATTERNS WITHIN CANTERBURY

The majority of this chapter will be devoted to an examination of the changing agricultural conditions within Canterbury. The work will study the developments in production and the changing structure of farm activity, such as the increasing reliance upon capital equipment. The key areas of investigation in this research are summarised in the points below:

i) What factors have driven the developments in farm production over the study period;

ii) Why has there been a move away from paid labour to contract and family labour;

iii) What factors have contributed to the increase in farm productivity; and

iv) Why has the structure of farm management and ownership changed.

The objective within this research is to draw out the major factors that have been shaping farm attitudes and the direction of agricultural investment.
i) The Trends in Agricultural Production

Canterbury was seen in the 1920s and 30s as a region of extensive cropping and stock rearing. These two activities predominated as a result of the dry climatic conditions (Curry, 1958) and the favourable returns for lamb, grain, and wool in the pre-1914 period. The dominance of these activities can be seen in Tables 11.1 and 11.2. Alternative activities such as horticulture were restricted by the low and often erratic nature of the rainfall pattern. Insufficient rainfall over the spring and summer period made alternative forms of production a marginal proposition. The extended dry period also placed restrictions upon cropping and livestock production. Farmers had to be careful in planning stocking ratios, and in determining planting regimes. In the majority of cases, farmers took a conservative approach towards farm management. They would understock their properties and plant only a proportion of their land in field crops (i.e. wheat, barley and oats) (Curry, 1958). This conservative approach limited production but it safeguarded farm profitability in periods of drought (Flay, 1934: 71). This strategy grew out of the experiences of the early Canterbury farmers, who learnt that the fickle rainfall pattern over summer could quickly turn a healthy, growing crop into a dust bowl (Ryan, Interview, 1992). In the case of livestock, farmers learnt the need to "have a reserve feed supply sufficient for at least one season" (Flay, 1934: 73).

In addition to stock rearing and cropping most districts also had a number of farms devoted to market gardening and dairying. These properties supplied their immediate area with fresh milk and produce. They survived because of the transportation difficulties in this period and the problems in storing perishable items without refrigeration. The clay and gravel roads of the 1920s restricted the speed at which vehicles could travel and they caused frequent delays in the movement of goods. Haulage firms found it especially difficult in winter, when sections of highway could be washed out (Anderton, Interview, 1993). The slow speed of road transport
### TABLE 11.1

**Land Use Patterns in Canterbury (1922-1990)**

(The Figures are Stated in Hectares)

<table>
<thead>
<tr>
<th>Year</th>
<th>Field Crops (Root &amp; Fodder)</th>
<th>Horticulture (Orchards, Market Gardens) (4)</th>
<th>Plantations (Native &amp; Exotic)</th>
<th>Grasslands &amp; Unimproved Land</th>
<th>Total Occupied Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1922</td>
<td>320,484</td>
<td>1,625</td>
<td>9,467</td>
<td>2,946,051</td>
<td>3,283,749</td>
</tr>
<tr>
<td>1931</td>
<td>232,354</td>
<td>2,130</td>
<td>23,065</td>
<td>3,038,842</td>
<td>3,302,637</td>
</tr>
<tr>
<td>1941</td>
<td>221,818</td>
<td>1,680</td>
<td>31,552</td>
<td>3,008,144</td>
<td>3,269,827</td>
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<tr>
<td>1951</td>
<td>143,608</td>
<td>1,735</td>
<td>38,550</td>
<td>2,975,346</td>
<td>3,166,711</td>
</tr>
<tr>
<td>1961</td>
<td>164,974</td>
<td>919</td>
<td>35,399</td>
<td>2,950,659</td>
<td>3,151,930</td>
</tr>
<tr>
<td>1971</td>
<td>122,629</td>
<td>1,619</td>
<td>40,059</td>
<td>2,992,080</td>
<td>3,156,387</td>
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<tr>
<td>1981(5)</td>
<td>176,032</td>
<td>----</td>
<td>47,827</td>
<td>3,143,023</td>
<td>3,366,882</td>
</tr>
<tr>
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<td>70,278</td>
<td>2,804,307</td>
<td>3,061,570</td>
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<td>Akaroa</td>
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<td>1922</td>
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<td>60</td>
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<td>16</td>
<td>31</td>
<td>106</td>
<td>41,191</td>
<td>41,475</td>
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<td>1941</td>
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<td>19</td>
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<td>41</td>
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<td>90</td>
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<td></td>
<td>Rangiora</td>
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<td>55</td>
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<td>214</td>
<td>19,042</td>
<td>21,904</td>
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<td>164</td>
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</tr>
<tr>
<td>1990</td>
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<td>277</td>
<td>345</td>
<td>20,478</td>
<td>23,136</td>
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<tr>
<td></td>
<td>Strathallan</td>
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<tr>
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<td>144</td>
<td>528</td>
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<td>3,892</td>
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<td>254,495</td>
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<td>17,260</td>
<td>1,836</td>
<td>6,755</td>
<td>209,434</td>
<td>235,285</td>
</tr>
</tbody>
</table>

Sources:  

**Note 1:** The figures prior to the 1921-22 season were collected on a different recording basis. For this reason, the earlier figures are not compatible.

**Note 2:** Until 1966 the land use figures were collected in January. From 1966, they were collected in June.

**Note 3:** Up to 1958-59 all farms over 0.4 hectares were included (outside of town boroughs). From 1959-60 to 1969-70 only farms over 4 hectares were included (outside of town boroughs). From 1970-71 the survey covers all farms, irrespective of size.

**Note 4:** Private gardens are excluded from this category.

**Note 5:** No horticulture category was included in the 1981 survey.

**Note 6:** Until 1950 the land use categories did not add up to the total area figure, as gardens were excluded. After 1950 the Department of Statistics included them in other categories.
### Table 11.2

**Livestock Trends in Canterbury (1921 - 1989)**

<table>
<thead>
<tr>
<th></th>
<th>Total Pigs</th>
<th>Dairy Cattle</th>
<th>Total Cattle</th>
<th>Total Sheep</th>
<th>Total Goats</th>
<th>Total Deer</th>
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<tbody>
<tr>
<td><strong>Canterbury</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(excl. Waitaki)</td>
<td></td>
<td></td>
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<tr>
<td>1921-22</td>
<td>56,588</td>
<td>79,515</td>
<td>212,328</td>
<td>4,301,838</td>
<td>250</td>
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<tr>
<td>1930-31</td>
<td>39,417</td>
<td>73,739</td>
<td>190,322</td>
<td>5,410,909</td>
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</tr>
<tr>
<td>1940-41</td>
<td>42,845</td>
<td>66,396</td>
<td>172,931</td>
<td>5,100,459</td>
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<tr>
<td>1950-51</td>
<td>24,841</td>
<td>64,448</td>
<td>209,730</td>
<td>5,700,867</td>
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<tr>
<td>1960-61</td>
<td>30,892</td>
<td>55,637</td>
<td>260,614</td>
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<tr>
<td>1970-71</td>
<td>66,547</td>
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<td>386,314</td>
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<td>1980-81</td>
<td>78,205</td>
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<td>405,922</td>
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<td><strong>Cheviot</strong></td>
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<tr>
<td>1921-22</td>
<td>767</td>
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<td>6,250</td>
<td>176,670</td>
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<tr>
<td>1930-31</td>
<td>443</td>
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<tr>
<td>1940-41</td>
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<td>812</td>
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<td>207,906</td>
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<tr>
<td>1950-51</td>
<td>121</td>
<td>638</td>
<td>8,392</td>
<td>220,140</td>
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<tr>
<td>1960-61</td>
<td>206</td>
<td>441</td>
<td>11,835</td>
<td>274,293</td>
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<tr>
<td>1970-71</td>
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<td>321</td>
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<tr>
<td>1980-81</td>
<td>642</td>
<td>46</td>
<td>22,994</td>
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<td>1,026</td>
<td>50</td>
<td>23,682</td>
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<td>1988-89</td>
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<td>462,918</td>
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<td>1,318</td>
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<td><strong>Eyre</strong></td>
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<td>1921-22</td>
<td>2,638</td>
<td>2,945</td>
<td>5,470</td>
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<tr>
<td>1930-31</td>
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<td>2,470</td>
<td>4,432</td>
<td>60,663</td>
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<td>2,408</td>
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<td>2,739</td>
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<td>8,967</td>
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<td>1980-81</td>
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<td>10,273</td>
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<td>9,214</td>
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<td><strong>MacKenzie</strong></td>
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<td>1921-22</td>
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<td>1930-31</td>
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<td>1985-86</td>
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<td>30,665</td>
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<tr>
<td>1988-89</td>
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<td>77</td>
<td>29,623</td>
<td>908,339</td>
<td>5,417</td>
<td>10,292</td>
</tr>
</tbody>
</table>

**Sources:**

**Note 1:** The table begins with the 1921-22 season as there was a change in the classification of livestock from the previous season.

**Note 2:** The figures between 1921-22 and 1950-51 were taken on the 31st of January each year. Thereafter, the figures were recorded on the 30th of June.
and the potential for delay made the movement of goods over extended distances an expensive exercise, as was shown in the previous chapter (specifically Figure 10.2). Another factor which contributed to this situation was the problem of storing perishable items. The absence of refrigerated lorries made it difficult to transport milk and vegetables from other districts without some degree of deterioration. These difficulties made it more efficient to have a local source of supply for basic foodstuffs than having them brought in from other counties. This point comes through particularly when looking at the distribution of dairy cattle. Districts which had a marginal climate for dairying, such as Cheviot and MacKenzie, had sizeable herds in the early 1920s, as is shown in Table 11.2. These herds existed as the outlying communities in these areas were not readily accessible by road.

Another feature of the agricultural landscape in the early 1920s was widespread pig rearing. Most districts had a small herd, as is shown in the examples in Table 11.2. These herds existed for two principal reasons. They consumed the by-products from dairy production and they supplied their local communities with pork and bacon.

This traditional pattern of farming and land use began to change in the late 1920s and early 1930s. The major features of this change were the move away from cropping and dairying. The decline in cropping affected hill country areas more than lowland districts, while the fall in dairy cattle numbers affected the region as a whole. Stock rearing was the only activity that experienced growth during the inter-war period. This growth was concentrated in the area of sheep rearing (beef numbers fell between 1922 and 1941). The major factors which contributed to these changes are outlined below:

i) The cost of moving crops and produce between districts began to fall with the improvement in the transportation network;

ii) Unstable prices for wheat and barley forced farmers to scale down their level of cropping; and
iii) The increasing use of fertiliser and irrigation raised the productivity of grazing properties. Each of these factors had a bearing on the pattern of farm production during the 1920s and 30s.

The improvement in the roading system and in the quality of transportation over this period made it possible for farmers to specialise in a single activity, rather than having to mix their production. This change can be seen particularly in the case of cropping. Hill country farmers found that they could buy in fodder crops more cheaply than producing them locally. This enabled farmers to concentrate upon grazing, rather than dividing their time and resources between several activities. This change from growing fodder crops on the farm to bringing them in from another districts can be seen in the land use figures for Akaroa and Wairewa. The level of cropping in these two counties fell from 5,707 hectares in 1922 to 322 hectares in 1931 (Department of Statistics, NZ Agricultural and Pastoral Statistics, 1922 - 1931). This move from mixed farming to grazing made it possible to increase overall production, as farmers could concentrate on a single activity.

The roading improvements in the 1920s and 30s also had an important bearing on the distribution of dairying and pig rearing. Better roading conditions meant that there was less need for dairy herds in districts that were marginal for this form of production. The communities in these districts could be supplied with fresh milk from areas which were better suited to dairy farming. A similar pattern was seen in the pig rearing industry. With the improvement in transport links, local demand could be satisfied by production from outside of the immediate district. These changes meant that the rearing of dairy cattle and pigs became increasingly concentrated. Dairy numbers were concentrated in the districts around Christchurch and Timaru. In the case of pig production the major areas were Ellesmere, Waimairi, and Strathallan.

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1 The majority of this land (5,185 hectares) was used for fodder crops and for producing seed.
The dairying and pig rearing sectors also experienced a significant decline in overall stock numbers. Between 1922 and 1941 the number of dairy cattle fell by 13,000 and the number of pigs by 14,000 (Department of Statistics, NZ Agricultural and Pastoral Statistics, 1922-1941). This decline was due principally to the improvement in the national transport system.

The improvement in the road and rail network allowed commodities to be moved more freely around New Zealand. This made it possible for regions to concentrate on certain types of production. The export dairy sector became concentrated in the Taranaki/Waikato area (Moran & Nason, 1981), and pig rearing was concentrated in South Auckland. This process meant that dairy and bacon products could be shipped in more cheaply than local production.

The decline in cereal production and in dairying can not be explained simply by looking at the changes in the transport sector. The downward trend was also caused by the unstable international market for milkfat and wheat. The returns for these two commodities varied markedly from one season to another. This can be seen by looking at Figure 11.1. The figure shows that the returns varied by as much as twenty percent from season to season. The extent of these price changes can be seen by looking at the case of Tuscan wheat. The price of Tuscan wheat went from a high of 7 shillings and 6 pence per bushel in 1921-22 to a low of 3 shillings and 10 pence in 1933-34 (Hilgendorf, 1939: 129). This instability discouraged farmers from investing in cereal production or in dairying. The major beneficiary of this decline was the livestock sector. Investors moved into stock rearing as it required less capital than cropping and it offered a more predictable return. Confidence in the wheat and dairy sectors only returned in the mid 1930s with the establishment of the Wheat Purchases Committee (1936) and the granting of stabilisation powers to the Dairy Marketing Board (1938) (Sandrey and Reynolds, 1990).

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It should be noted that the decline in pig numbers was closely related to the fall in dairy cattle. This was due to the fact that pigs have traditionally been used to consume the by-products from dairying.
The major area of growth in the inter-war period was in livestock rearing (principally sheep rearing). Table 11.2 shows that sheep numbers rose from 4.3 million in 1922 to 5.4 million in 1931. This expansion was due in large part to the increasing use of fertiliser and irrigation. Farmers started using artificial fertilisers in the 1880s (Department of Statistics, New Zealand Yearbook, 1986-87: 440), but they were not used in large quantities until 1910 (Popple, 1953). Between 1910 and 1930 there was a steady increase in the use of fertiliser (especially superphosphate). The major reason for using fertiliser was to compensate for the natural deficiencies in the soil. Most soils in Canterbury had only limited fertility. This meant that they could not support high levels of stocking or extended periods of cropping. This changed however, with the increase in fertiliser use. Fertiliser allowed farmers to improve the quality
of their soils and to maintain higher stocking ratios. The impact of fertiliser use was felt particularly in the hill country districts. This point can be seen by looking at the MacKenzie example in Table 11.2. The MacKenzie district carried 455,000 sheep in 1921-22. This figure rose to 580,000 in 1930-31, an increase of 27 percent in eight years. This level of stocking could not be maintained in the 1930s due to the depression and the downturn in farm profitability. Most farmers cut back on fertiliser as a way of reducing farm expenditure. As a result of this, stocking levels stabilised and in some cases declined during the mid to late 1930s.

Another important factor behind the growth in stock rearing was the increasing use of irrigation. Irrigation races were introduced in the late nineteenth century. During the 1880s and 90s a number of water race schemes were established in Mid Canterbury.

"The inauguration of the stock water races ... eliminated the former dry conditions and made possible the raising and fattening of sheep" (Popple, 1953: 123)

By 1920, most districts had a number of small irrigation projects. These early schemes showed that irrigation water could be used to produce additional pasture and crop growth over the summer and autumn period. This extra growth made it possible for farmers to increase their stocking ratios and to raise the yields from cropping. The overall impact of these schemes was to move Canterbury towards a more intensive form of agriculture. It should be noted that most of these early schemes were of a small scale nature. Large scale irrigation development did not begin until the mid 1930s, when the government started building a series of gravity fed schemes (e.g the Lyndhurst scheme). These schemes had a limited impact in the pre-war period but in the 1950s and 60s they transformed Canterbury into an area of intensive production.

"Land which carried less than three sheep per hectare in 1938 was able to carry six sheep per hectare by 1945 and over 20 sheep per hectare by 1976" (Evans & Cant, 1981: 61)

This discussion on the land use changes in the interwar period would not be complete without looking at the government's role in the rural economy. The Government's major involvement
in the 1920s was in the marketing of primary production. The government established a series of marketing boards which co-ordinated the shipping and distribution of local produce to Europe and North America. By co-ordinating the export of lamb and butter the government sought to raise farm revenue. This can be seen by looking at the case of the Meat Marketing Board. The Board arranged bulk shipping and insurance contracts for the lamb and mutton trade. These bulk contracts reduced the cost of transportation and insurance (Hayward, 1972). This meant that a larger proportion of the sale price could be returned to New Zealand. The importance of these boards should not be under-rated, as the cost of transportation usually made up 40 to 50 percent of the final sale price. The marketing boards also helped to stabilise the returns for production, by restricting how much lamb and butter would be distributed in each market. This gave farmers a measure of security in their longer term planning.

The fall in commodity prices and farm profitability during the 1930s caused the government to become more involved in the management of the rural economy. In the mid 1930s, the government took over the role of providing finance for farm development. This was necessary, as financial institutions had withdrawn from the rural market, after suffering severe losses in the earlier part of the decade. The government also increased it's regulatory control over the production and marketing of primary produce. In the case of the cropping sector, the government established the Wheat Purchases Committee (1936) to co-ordinate the growing, milling, and distribution of wheat and flour in New Zealand (Sandrey and Reynolds, 1990). The reason for this intervention was to stabilise farm returns and to promote long term investment. The impact of these measures started to be felt in the late 1930s, with a return in farm confidence and a slow increase in new investment (Philpott, Interview, 1992). The measures introduced by the government in the inter-war period helped to stabilise farm profitability and to mitigate the worst effects of the depression. If these measures had not been introduced it is likely that farm production would have fallen further than it did during the 1930s.
The slow growth in farm production during the interwar years contrasts sharply with the 1940 to 1970 period. These three decades saw a rapid increase in production and in farm investment. This growth was encouraged by favourable market conditions, increased government assistance, and the widespread adoption of aerial topdressing. These three factors had a major bearing on farm activity. The high returns from beef and wool gave farmers the capital that was needed to develop their properties and to increase production. The increase in farm production was also encouraged by the government. The government did this by providing farmers with development subsidies and tax incentives. The government also assisted farmers by providing farm consultants and by developing the infrastructure within the region. The third factor behind this expansion in farm production was the introduction of aerial topdressing. Aerial topdressing improved the fertility of hill country areas and it allowed stocking levels to increase.

"Aerial topdressing opened hitherto unproductive and highly eroded hill country to grassland farming" (Barber, 1989: 162)

**FIGURE 11.2**

The Trends Within the Commodity Market
(Inflation Adjusted: 1919/20 Base)

Figure 11.2 (a): The Returns for Beef and Lamb Production (1920 - 1969)
The returns from farm production rose sharply in the period after World War Two (as is shown in Figure 11.2). This increase was caused by growing prosperity, especially in North America. The growth in economic prosperity produced an increase in consumer demand for meat and wool. Under normal conditions this increased demand would have been absorbed by a rise in international supply, after three or four seasons. This did not occur as the major primary producers were still recovering from the war. This meant that demand continued to outstrip supply until the mid 1960s.
"Slow peace-time recovery by New Zealand's traditional agricultural market rivals contributed to the high export returns of the immediate post-war decade" (Barber, 1989: 162)

The returns for farm production were also affected by the Korean War (1950 to 1953). The Korean conflict caused a sudden increase in demand for meat and wool. Wool growers were the major beneficiaries of this increase. Between 1948 and 1950 the average auction price for wool went up by nearly 300 percent in real terms (Department of Statistics, New Zealand Yearbook, 1949, 1950, 1951).

The high returns from meat and wool in the post war period encouraged Canterbury farmers to expand their production. This was achieved by increasing the stocking capacity of their land and by adopting labour saving technology. Stocking capacity was increased by improving pasture quality and by introducing more appropriate stock breeds (e.g. a Romney, Border Leicester cross was introduced for wetter pastures). The major changes are outlined below:

i) Pastures were subdivided for better stock rotation;

ii) Drought resistant seed varieties were planted so that stock levels could be maintained over the summer;

iii) Water races and irrigation channels were developed to increase pasture growth; and

iv) New breeds of stock were introduced (Farm Survey, 1992).

These improvements in pasture quality and in stock management made it possible for farmers to increase the stocking ratio per acre. It must be remembered however that the growth in stocking capacity also produced an increased workload. This increase was mitigated to a large extent by the introduction of labour saving technology and by the use of contract labour (Ryan, Interview, 1992). New farm machinery, such as the Fergusson tractor, cut down on the physical workload, while hand held drenchers and electric shearing blades reduced the time spent looking after each stock unit. To cope with the periods of high workload during the year farmers brought in contract labour. This made it possible to handle the workload that resulted from an increase in stock numbers.
The scale of this increase was shown in Table 11.2. Between 1941 and 1971 the number of sheep and cattle in Canterbury almost doubled. Cattle numbers rose from 172,000 to 386,000, while sheep numbers increased from 5.1 million to 9.9 million. An important point to note about this increase was its widespread nature. Both hill country and lowland areas experienced an increase in stock numbers. This can be seen by comparing the growth in Eyre County and MacKenzie County during the 1950s and 60s (Table 11.2). The table shows that cattle and sheep numbers doubled in Eyre county between 1941 and 1971, while cattle numbers tripled in MacKenzie and sheep numbers rose by nearly 50 percent. This comparison demonstrates that the growth in farm production and investment was a general process, rather than being confined to certain areas. It is also important to recognise that the land area used for stock rearing did not vary greatly in the post war period (the area used for grazing stayed at approximately 3 million hectares over the 1941 to 71 period). This means that the rise in stock rearing was produced by improvements in productivity rather than by taking over land from other activities.

The changes in the agricultural sector over the 1950 to 1970 period were not caused simply by high world prices for beef and wool. The growth in farm production was also encouraged by government intervention. The government promoted farm investment by expanding the roading and irrigation network in rural areas, and by providing farmers with a range of support payments. The government's goal in providing this assistance was to create a favourable setting for farm investment. The expansion in paved roading opened up the rural economy and it reduced the cost of moving farm equipment and stock, as was shown in Figure 10.2. The group who benefited most from this reduction in transport costs were hill country farmers. Transport costs were a major burden for this group of producers. Figure 10.2 showed that long haul transport costs for items such as bulk lime fell in real terms by more than a third between 1938 and 1968.

The government also provided financial support for large scale irrigation projects. This funding began in the mid 1930s and grew steadily in the post war period. The government's
objective in providing this funding was to improve pasture quality and to increase stocking capacity. This investment meant that large areas could be transformed from dry land farming into intensive production. This point was highlighted by Evans & Cant (1981) in their study on the effect of irrigation in Mid Canterbury. They found that the stocking capacity on irrigated farms increased from an estimated 4 units in 1945 up to 14 units in 1976. It is also important to mention that the government provided on-going funding for research into dry land farming (principally through the Ministry of Agriculture & Fisheries and the Department of Scientific and Industrial Research). One of the key areas of research has been the testing of drought resistant strains of pasture and crop seed for the variable climatic conditions in Canterbury, and other east coast regions. The aim of this research has been to develop strains that are tolerant of the low rainfall conditions in the January to April period. The government has also provided funding for stock research as well as soil analysis. This investment in dry land research has yielded substantial rewards, in terms of stocking rates and farm productivity (Evans & Cant, 1981).

The government in the 1950s and 60s also encouraged farm production by providing tax relief and establishing a financial safety net for producers. The most important of these measures was the introduction of a stabilisation account for the meat industry (1955). This action was taken to counter the price swings that occurred after the abolition of the bulk purchasing agreement with Great Britain. The government felt that farmers needed a stable return if they were to going to adopt a long term approach to investment. The stabilisation scheme gave the Meat Board the power to impose a financial levy on farmers. This levy was used to build up a reserve which was paid out when beef and lamb prices fell below a minimum threshold. This fund provided stock farmers with a reasonably stable return, even in periods when the world price was falling.

In the early 1960s the government also started providing producers with direct subsidies. This was done to encourage farmers to expand their production and to diversify into new

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A stock unit is equivalent to one breeding ewe.
activities (Department of Agriculture, 1966). The early subsidies covered areas such as transportation and fertiliser. The government would pay farmers a rebate on the amount of fertiliser they consumed and on their transportation costs. The scale of these schemes expanded during the 1960s. This can be seen by looking at a 1966 measure on stock valuation. The government introduced a valuation scheme that allowed farmers to write off the full value of additional stock against their income. This gave farmers a major tax advantage over other sectors of the economy. These later measures were introduced to counter growing overseas competition and to cushion farmers against the downturn in the global economy that occurred in the late 1960s.

The third factor behind the post war expansion in farm production was the increasing use of aircraft for topdressing and sowing (Barber, 1989: 162). The development of topdressing aircraft enabled farmers to fertilise hill country and high country areas for the first time (Gould, 1982: 82). Traditional application methods were uneconomic in these areas because of the difficult terrain conditions and the high cost of transporting fertiliser. Both of these problems were overcome by using aircraft. Aerial topdressing has improved the quality of high country pasture and it has allowed farmers to increase their stocking ratios. The improvement in pasture quality has also helped to reduce erosion. The benefits of aerial topdressing were recognised within a few years of the initial trials (Ensor, Interview, 1989). This led to a speedy acceptance of topdressing as a farming tool, especially among high country farmers. This rapid acceptance of aerial topdressing was shown in Scotter's 1965 work on Canterbury. His findings showed that the area top dressed by aircraft climbed from 210,000 acres in 1945 to 842,000 acres in 1960 (Scotter, 1965: 431). This rapid increase in the use of aerial topdressing helps to explain the rise in high country stocking rates over the 1941 to 1971 period. Ensor (Interview, 1989) saw the introduction of aerial topdressing as the key to the re-vitalisation of high country farming. It encouraged South Island high country farmers to see their properties as a resource that could be improved through careful management (e.g. greater fencing of slopes for pasture and stock management).
The final part of this section will look at the changes in farm production since 1970. The 1970s and 80s were an uncertain time for farming in Canterbury and New Zealand generally. The major obstacle to farm development was the poor state of the New Zealand economy. New Zealand went from being a low inflation economy, with a balance of payments surplus to a highly indebted nation, with double digit inflation and interest rates.

"From 1970 onwards ... New Zealand's inflation rate tended to be above the OECD average" (Sandrey and Reynolds, 1990: 44)

High domestic inflation ate into the competitive advantage that New Zealand producers once enjoyed. Its major impact was on the cost of farm inputs (Philpott, 1984: 4). The cost of labour, machinery, and stock rose rapidly during the 1970s and 80s. These additional costs made New Zealand production more expensive and gave overseas competitors, such as Australia and Canada, a cost advantage. As a result of this, New Zealand producers lost market share in their major export areas (Europe, Japan, and North America).

Another obstacle to farm investment has been the high interest rates over the past 20 years. The interest rate on commercial loans rose steadily during the 1970s and early 80s. Commercial loans could be obtained in 1970 at an interest rate of seven percent (Bertram Interview, 1991). At seven percent, farmers were able to carry a substantial debt burden. This situation changed in the mid 1970s with interest rates climbing above ten percent. The rise in interest rates was caused by increased government borrowing and by a shortage of capital in the domestic economy. The rise in interest rates made it necessary for farmers to become more selective in their investment programmes. For example, on the Maxwell property near Timaru a planned irrigation project was scaled back by over a third in 1979 because of rising interest rates and a sudden tightening of credit (Maxwell, Interview, 1992).

The government attempted to cushion farmers against the rising interest rates by providing concessionary development finance and low interest loans through the Rural Banking Corporation (Sandrey and Reynolds, 1990). These concessionary loans encouraged farmers to run up sizeable debts during the late 1970s and early 80s. The phasing out of these grants between 1983 and 1985 had a major impact on financing. Farmers were suddenly faced with
interest rates of fifteen percent for overdrafts and development financing. These rates increased further in the 1986 to 1988 period, when inflation peaked at seventeen percent. A number of farmers commented that they were paying up to twenty two percent for seasonal finance (Farm Survey, 1992).

The increase in the cost of finance caused farmers to reduce their capital investment. This can be seen in Table 11.3. The level of investment fell from $166 million in 1981-82 down to a modest $42 million in 1987-88. The decline was felt particularly in the building and

<table>
<thead>
<tr>
<th>Season</th>
<th>Buildings (000s)</th>
<th>Farm Machinery (000s)</th>
<th>Total Capital Investment (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>42,925</td>
<td>21,716</td>
<td>123,916</td>
</tr>
<tr>
<td>1967-68</td>
<td>35,184</td>
<td>17,504</td>
<td>101,233</td>
</tr>
<tr>
<td>1968-69</td>
<td>29,053</td>
<td>17,001</td>
<td>91,215</td>
</tr>
<tr>
<td>1969-70</td>
<td>25,159</td>
<td>17,017</td>
<td>87,909</td>
</tr>
<tr>
<td>1970-71</td>
<td>26,325</td>
<td>17,528</td>
<td>88,825</td>
</tr>
<tr>
<td>1971-72</td>
<td>23,410</td>
<td>23,716</td>
<td>95,478</td>
</tr>
<tr>
<td>1972-73</td>
<td>28,326</td>
<td>26,806</td>
<td>124,720</td>
</tr>
<tr>
<td>1973-74</td>
<td>35,746</td>
<td>25,005</td>
<td>127,743</td>
</tr>
<tr>
<td>1974-75</td>
<td>38,268</td>
<td>21,330</td>
<td>106,572</td>
</tr>
<tr>
<td>1975-76</td>
<td>35,164</td>
<td>26,517</td>
<td>113,536</td>
</tr>
<tr>
<td>1976-77</td>
<td>37,877</td>
<td>32,561</td>
<td>124,725</td>
</tr>
<tr>
<td>1977-78</td>
<td>36,443</td>
<td>24,385</td>
<td>109,398</td>
</tr>
<tr>
<td>1978-79</td>
<td>34,217</td>
<td>30,694</td>
<td>125,125</td>
</tr>
<tr>
<td>1979-80</td>
<td>39,734</td>
<td>29,154</td>
<td>136,653</td>
</tr>
<tr>
<td>1980-81</td>
<td>47,303</td>
<td>28,883</td>
<td>149,301</td>
</tr>
<tr>
<td>1981-82</td>
<td>51,435</td>
<td>33,557</td>
<td>166,584</td>
</tr>
<tr>
<td>1982-83</td>
<td>50,264</td>
<td>31,420</td>
<td>155,073</td>
</tr>
<tr>
<td>1983-84</td>
<td>49,267</td>
<td>32,879</td>
<td>153,051</td>
</tr>
<tr>
<td>1984-85</td>
<td>38,425</td>
<td>33,263</td>
<td>137,404</td>
</tr>
<tr>
<td>1985-86</td>
<td>31,236</td>
<td>14,589</td>
<td>81,595</td>
</tr>
<tr>
<td>1986-87</td>
<td>15,621</td>
<td>11,805</td>
<td>55,508</td>
</tr>
<tr>
<td>1987-88</td>
<td>11,147</td>
<td>8,631</td>
<td>42,251</td>
</tr>
<tr>
<td>1988-89</td>
<td>11,495</td>
<td>9,070</td>
<td>43,377</td>
</tr>
</tbody>
</table>


Note 1: The collection period for this data was the March year up until 1973, and the June year thereafter.

Note 2: Since 1971 all holdings of over one hectare have been surveyed. Prior to this, the survey covered holdings of over four hectares.

Note 3: The figures in this table have been adjusted for inflation. The results are shown in 1967 dollar terms.

4 The figures quoted in this example have been adjusted for inflation.
construction area. There was a sharp decline in major projects, such as the construction of new buildings and the installation of irrigation schemes. The only area of investment which weathered the turmoil of the 1980s was stock development. This point came through clearly in the survey findings. Figure 11.3 shows that the majority of respondents (69.6%) maintained or increased their level of investment in new stock. This contrasts with the decline in new machinery and building investment. Farmers took the view that improving their livestock quality was one of the simplest ways of increasing farm productivity and profitability (Farm Survey, 1992).

The investment levels in the early 1990s recovered from the lows of the late 1980s. This has been due to the fall in interest rates and the gradual improvement in commodity prices. Investment levels are still low by historical standards and they are below what is necessary for long term capital replacement (Hodd, Interview, 1992). Instead of investing in new

![FIGURE 11.3](image-url)

**FIGURE 11.3**

Changes In Farm Investment Since the Mid 1980s

<table>
<thead>
<tr>
<th></th>
<th>No of Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased</td>
<td>70</td>
</tr>
<tr>
<td>Same</td>
<td>63</td>
</tr>
<tr>
<td>Reduced</td>
<td>56</td>
</tr>
<tr>
<td>No Response</td>
<td>49</td>
</tr>
</tbody>
</table>

- Machinery
- Land Development
- Building
- Stock Purchases

equipment farmers have been trying to reduce their debt levels and to build up their capital base, in case of a further period of economic uncertainty (Farm Survey, 1992). The effect of this policy has been to run down existing capital (especially farm machinery). This has reduced farm productivity and has been one of the major reasons behind the decline in stock numbers since 1981 (see Table 11.2). This decline in productivity was highlighted in the farm survey. 79 percent of respondents said that the reduction in investment would have a major impact on the long term productivity of farming. This view came out particularly in the case of cereal and hill country farmers. Cereal producers were concerned about the run down in farm machinery (i.e harvesters, ploughing equipment, and seed spreaders). A run down in the quality of farm machinery would increase the workload that was needed to manage a cropping operation. In contrast to this, hill country farmers were concerned about the run down in pasture quality. A reduction in pasture quality reduces the stocking capacity of the land, and it increases the possibility of erosion (Farm Survey, 1992).

High inflation and interest rates are not the only factors which have influenced farm production over the past two decades. It is important to also look at the trends within the international commodity market. International demand for primary production started to decline in the late 1960s. This was due to an economic downturn in the major economies and an oversupply of primary production. These two factors caused international commodity prices to fall sharply in the 1966-67 season. Figure 11.4 shows that this decline was felt particularly in the wool growing sector. Between 1966-67 and 1968-69 the returns from wool almost halved. Farmers responded to this sudden decline in profitability by cutting back on investment and variable expenditure (i.e fertiliser and pesticides) (Willis, 1988: 219). As a result of this, farm production stagnated in the early 1970s (Easton, 1982: 4). A recovery in the world economy between 1971 and 1973 caused commodity prices to return to their early 1960s level. This increase was however short lived. The oil crisis in late 1973 and 1974 caused the world economy to go into a prolong period of recession. This recession caused commodity prices to track downwards over the next decade. This decline was made worse by
the fact that most government's were encouraging their producers to expand production. The effect of this was to create an oversupply of primary production in the world economy.

In New Zealand's case, the government made strenuous efforts to protect the agricultural sector, through supplementary minimum prices, development grants, and fertiliser subsidies (as described in chapters six and nine). In spite of these grants the returns from primary production decreased over the 1974 to 84 period. The sharpest decline was in lamb and wool prices, as is shown in Figure 11.4. The decline in these two areas caused farmers to shift

**FIGURE 11.4**

The Commodity Trends From 1965 to 1990
(Inflation Adjusted: 1965/66 Base)


Note 1: Supplementary payments (i.e SMPs) are included in the figures.

Note 2: The table has a 1965-66 season base (Index Base = 1000).

Note 3: A new index had to be created for the latest period as consistent beef and lamb figures do not exist for the entire 1920 to 1990 period.

Note 4: The index values have been adjusted for inflation.
away from sheep rearing and into alternative forms of production (e.g. beef, pork, and venison production). Between 1980 and 1985 sheep numbers declined by nearly a million in Canterbury, while cattle, deer and pig numbers all increased.

New Zealand farmers did not feel the full impact of the decline in world commodity prices until the system of government subsidies was phased out in the 1984-86 period. These payments had insulated the agricultural sector from the international market and they had helped to maintain investment levels. The removal of these supports caused a sharp fall in returns during the 1985-86 season, as can be seen in Figure 11.4. The decline in market returns has forced producers to scale down their spending on most areas of expenditure, in particular fertiliser. The decline in fertiliser use between 1981 and 1987 was dramatic. In 1981, 2.4 million tonnes of fertiliser was applied onto New Zealand farms. This figure declined to 1.7 million tonnes in 1987 and 88 (Department of Statistics, New Zealand Yearbook, 1986, 1992). Farmers appreciate that the reduction in fertiliser use will reduce their long term productivity, but in most cases they have had no option but to cut back in this area (Farm Survey, 1992). A decline in production was usually seen after two or three seasons. Farmers found that their stocking capacity was declining and that the quality of their pasture was also suffering (Johnson, 1987: 11).

To counter the decline in commodity prices, farmers have attempted to diversify their production and to follow market conditions more closely. The diversification in farm production has been mainly into other forms of stock rearing. An increasing number of farms are mixing sheep with cattle, deer and goats. Their intention has been to move away from a single source of income. This point came out clearly in the survey findings. Only 21 farms out of the 112 surveyed now rely on a single commodity (usually sheep rearing). Most farms had two major sources of income, while there were a few which had three or four activities. The findings also showed that there has been a move towards horticulture (particularly apple production). A number of the respondents around Christchurch and Timaru said that they were thinking about horticulture or they were actually planning an investment in fruit
production. Farmers have also been trying to stabilise their returns by following market conditions more closely. 61.7 percent of the respondents in the farm survey said that they now adjust their production to match the conditions in the international market. These adjustments range from holding back sheep from one season to another through to changing stock types to match international demand. These measures have helped to mitigate the low returns from farm production. It must be stressed however, that farmers are not receiving enough to cover the re-investment that is needed to maintain current production levels.

The low point for farm production in Canterbury was the 1990-91 season (Farm Survey, 1992). Since then there has been a modest recovery in production and in farm confidence. This recovery has been based upon growing world demand for primary production and the completion of the Uruguay round of trade negotiations. These negotiations have given producers confidence that commodity prices will increase over the medium to long term. It is important to note however, that production and new investment continues to be depressed\(^5\). This is due to the fact that farmers have been using their surplus revenue to reduce debt, rather than to increase output (Farm Survey, 1992). This conservative approach reflects the difficult period that most farmers have been through. Farmers are no longer willing to carry a heavy debt burden, even with interest rates around ten to twelve percent. This means that new development will be funded mainly from revenue, rather than borrowing.

ii) **The Employment Trends Within the Farming Sector**

The farming sector has traditionally been the major employer within the Canterbury economy. In the 1920s, most farms required additional labour, either on a full time or a seasonal basis. This was necessary to cope with the heavy work load on rural properties. The physical workload was higher than it is today because of the low level of mechanization. Almost every activity was carried out manually, from hole drilling through to milking. This made farming a labour intensive occupation. The labour intensive nature of farming was encouraged by the

\(^5\) Farm production in the 1992/93 season was restricted by severe climatic conditions.
low wage rates in this sector. Farm wages varied between 66 and 79 percent of the average wage between 1920 and 1930 (Department of Statistics, New Zealand Yearbook, 1920 - 1931). Low wage rates made it more economic for farmers to employ labour than machinery.

TABLE 11.4
Decline in Paid Farm Labour (1921 - 1967)

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid Farm Workers in New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921/22</td>
<td>84,400</td>
</tr>
<tr>
<td>1925/26</td>
<td>75,000</td>
</tr>
<tr>
<td>1930/31</td>
<td>88,600</td>
</tr>
<tr>
<td>1935/36</td>
<td>92,700</td>
</tr>
<tr>
<td>1940/41</td>
<td>74,000</td>
</tr>
<tr>
<td>1945/46</td>
<td>72,500</td>
</tr>
<tr>
<td>1950/51</td>
<td>62,600</td>
</tr>
<tr>
<td>1955/56</td>
<td>58,600</td>
</tr>
<tr>
<td>1960/61</td>
<td>52,500</td>
</tr>
<tr>
<td>1965/66</td>
<td>47,200</td>
</tr>
<tr>
<td>1966/67</td>
<td>46,500</td>
</tr>
</tbody>
</table>

Source: Hussey and Philpott, 1969: 43.

Note 1: The figures in this table are estimates of the farm labour force.

The number of farm workers began to decline in the mid to late 1930s, as is shown in Table 11.4. The major factor behind this decline was the growing use of capital equipment. The late 1930s and the post-war period saw a rapid increase in basic farm machinery (e.g. tractors and harvesters). The growth in farm machinery can be seen by looking at the number of header harvesters that were sold by Andrews and Bevan over the 1920 to 1950 period. Between 1920 and 1935, Andrews and Bevan sold only 78 header harvesters. In the following fifteen years the number sold was nearly 1,000 (Scotter, 1965: 430 - 431). Header Harvesters had a major impact on the number of workers that were needed during the harvest period. Farmers found that they could manage a harvest with only a few workers and that the time required for harvesting could be reduced to a couple of days. The single most important labour saving tool was the tractor. Tractors were a valuable tool for ploughing and for transporting bulky material around a property. They could also be adapted for drilling post

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6 The number of farm workers increased during the depression as the Government provided financial encouragement to keep workers on the land.

7 Andrews and Bevan was one of the major engineering firms in Canterbury.
holes and for planting crops. Tractors and harvesters reduced the amount of physical effort that was required to manage a property. This made it possible for most farmers to work their properties without permanent, paid labour (Scotter, 1969: 431).

Another important factor behind the decline in farm employment was the rising cost of labour. Wages in the farming sector almost doubled in real terms between 1935 and 1950 (Department of Statistics, New Zealand Yearbook, 1936-1951). The increasing cost of labour made it difficult for farmers to maintain a permanent workforce. Instead of a permanent workforce, farmers hired labour for short periods, through contractors.

"It is more cost effective to hire contract labour, than having a full time workforce" (Farm Survey, 1992)

Contract labour had a number of advantages over permanent farm labour. Contract labour could be hired for specific projects or for certain periods of the year. This meant that farmers could reduce their overall wage bill. Another reason for using contract labour was their level of expertise. Farmers could employ contractors who were experienced in areas such as drain laying and earth moving. This allowed farmers to obtain a high standard of workmanship. Contractors also brought with them specialised equipment which farmers could not afford. The move to contract labour can be seen by the number of contracting businesses that were established during the 1950s and 60s. By the mid 1960s the larger centres in Canterbury had four or five contracting firms (Wise's Publications, Universal Business Directories, 1965). These firms ranged from general contractors through to specialized operations (e.g. drainage and fencing contractors).

The decline in farm employment over the past two decades has been caused more by low returns, than increasing mechanisation and wage costs. The low returns over the 1970 to 1991 period forced most farmers to cut back on their permanent, paid labour (Farm Survey, 1992). This reduction in farm labour has increased the workload on farmers and on their families. A number of respondents said that they were working 70 to 80 hours a week since they laid off their paid staff. The drop in farm labour since 1970 can be seen in Table 11.5.
The table shows that farm employment in Canterbury dropped 37 percent (1,200 workers) between 1975 and 1985. A large proportion of the workers laid off had been working on land development projects (Farm Survey, 1992). Land development was the first area of expenditure that farmers reduced their spending on.

The trend in recent years has been for a small recovery in farm employment. It is important to note however, that this growth is concentrated in the horticultural area (Wallace & Lattimore, 1987). Grazing and cropping farms are still experiencing a decline in employment. This can be seen in Table 11.5. The horticultural areas around Christchurch and Timaru have experienced sizeable growth in the 1985 to 1990 period, while hill country areas, such as Amuri and Wairewa, are still declining. The responses from the farm survey reinforce this

### TABLE 11.5

The Farm Labour Trends in Canterbury (1975 - 1990)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amuri</td>
<td>166</td>
<td>179</td>
<td>163</td>
<td>108</td>
</tr>
<tr>
<td>Cheviot</td>
<td>98</td>
<td>64</td>
<td>55</td>
<td>50</td>
</tr>
<tr>
<td>Hurunui</td>
<td>297</td>
<td>217</td>
<td>121</td>
<td>193</td>
</tr>
<tr>
<td>Rangiora</td>
<td>98</td>
<td>80</td>
<td>83</td>
<td>93</td>
</tr>
<tr>
<td>Eyre</td>
<td>96</td>
<td>95</td>
<td>84</td>
<td>105</td>
</tr>
<tr>
<td>Oxford</td>
<td>63</td>
<td>47</td>
<td>24</td>
<td>33</td>
</tr>
<tr>
<td>Malvern</td>
<td>252</td>
<td>328</td>
<td>164</td>
<td>149</td>
</tr>
<tr>
<td>Paparua</td>
<td>165</td>
<td>114</td>
<td>132</td>
<td>253</td>
</tr>
<tr>
<td>Waimairi</td>
<td>100</td>
<td>93</td>
<td>109</td>
<td>169</td>
</tr>
<tr>
<td>Heathcote</td>
<td>28</td>
<td>42</td>
<td>41</td>
<td>45</td>
</tr>
<tr>
<td>Mt Herbert</td>
<td>13</td>
<td>14</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Akaroa</td>
<td>36</td>
<td>23</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Wairewa</td>
<td>37</td>
<td>23</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Ellesmere</td>
<td>259</td>
<td>172</td>
<td>155</td>
<td>210</td>
</tr>
<tr>
<td>Ashburton</td>
<td>804</td>
<td>563</td>
<td>425</td>
<td>532</td>
</tr>
<tr>
<td>Strathallan</td>
<td>313</td>
<td>195</td>
<td>171</td>
<td>208</td>
</tr>
<tr>
<td>MacKenzie</td>
<td>161</td>
<td>124</td>
<td>109</td>
<td>121</td>
</tr>
<tr>
<td>Waimate</td>
<td>275</td>
<td>173</td>
<td>153</td>
<td>183</td>
</tr>
<tr>
<td>Total</td>
<td>3,274</td>
<td>2,562</td>
<td>2,052</td>
<td>2,493</td>
</tr>
</tbody>
</table>


Note 1: The figures are for the June year.
Note 2: The total for Canterbury includes the Chatham Islands.
Note 3: Compatible data does not exist for the 1950s or 60s.
point. Stock farmers see little prospect of increasing their number of paid employees, while horticultural producers believe they will expand their workforce slowly over the next five years.

iii) The Increase in Farm Productivity Over the 1921 to 1991 Period

Farm productivity in Canterbury has risen significantly over the course of the study period. Crop yields for wheat, barley, and oats have grown by more than eighty percent while stocking rates have climbed dramatically. This growth has been produced by a combination of factors rather than a single event. They include:

i) The development of large scale irrigation;

ii) The growing use of fertiliser;

iii) The introduction of new crop and stock varieties; and

iv) The mechanisation of farming.

The increase in fertiliser use and the growth in farm irrigation have improved the pasture quality within Canterbury. The improvement in pasture quality has made it possible for farms to support more stock per hectare. Stock rates in some areas have increased between four and five fold since the end of the Second World War (Evans & Cant, 1981). In the case of the cropping sector, growers have been able to extend the season through the traditional summer drought. This has enabled farmers to grow crops which take a longer period to mature.

Farm productivity has also been increased by the introduction of more appropriate crop and stock varieties. New varieties of wheat and barley have been introduced after careful testing by the Wheat Board and the DSIR. Their testing has shown which varieties are appropriate for Canterbury's climatic conditions. Farmers have also been encouraged to replace their existing pastures with drought resistant types of clover and lucerne. Drought resistant strains were introduced after lengthy testing by seed and stock firms (Fancis, Interview, 1992). These new crop and seed varieties have raised the level of production on properties in
Canterbury. The introduction of new stock has had a similar impact. The Ministry of Agriculture has introduced sheep and beef varieties that are better suited to the local conditions (e.g. the Booroola Merino was introduced to improve the reproductive performance of fine wool sheep). As a result of this, the quality of meat and wool has improved over the past seventy years. The introduction of these new breeds has also helped to increase the lambing and calving rates within the region (Fraser, Interview, 1991).

Another important factor behind this trend has been the growing level of mechanization within the farming sector. Mechanization has reduced the physical workload on rural properties and it has increased the number of stock units that can be managed per worker. This point can be seen by looking at the dairy sector. The introduction of automated milking equipment enabled farmers to increase the number of cattle that are milk at any one time. This advance in technology made it possible for farmers to handle a greater number of cattle. As a result of this, the number of dairy cattle per unit has increased by more than three fold over the 1920 to 1990 period (Harding, Interview, 1992).

The growth in farm productivity can be seen by looking at the changes in the cropping sector (Figure 11.5). The cropping sector in 1920 was characterised by low production yields and a high reliance on manual labour. Crop yields were low in Canterbury because of the poor climatic and soil conditions. These poor conditions made it necessary for farmers to practice an extensive form of cropping. This situation changed in the late 1930s and early 1940s with the increasing use of fertiliser and irrigation. Fertiliser increased the fertility of the soil, while irrigation made it possible to have an extended growing season. These two factors made it possible for farmers to gradually increase production. The increase in production was also made possible by the introduction of new crop varieties (Fraser, Interview, 1991). These new strains were more suited to the conditions in Canterbury and they were designed to maximise crop yield (this was achieved by reducing the amount of foliage). The rapid growth in production over this period can be seen by comparing the crop yields in the 1920s and 1980s.
In the case of wheat production, the average yield increased from 31.66 bushels\(^8\) to 62.05 bushels per acre. The growth in oat production was even more dramatic. The yield increased from 39.68 bushels up to 84.71 bushels. This improvement in productivity means that farmers are producing twice the crop of the 1920s, but on the same amount of land. This increase in production has helped to offset the fall in crop returns that have occurred over the study period.

Another measure of productivity is the amount of labour that is required to operate a property. In the 1920s and 30s, the cropping sector relied heavily upon manual labour. The planting and harvesting stages of crop production required a large workforce and it could take several weeks to bring in a crop. This reliance on manual labour was due to the low level of mechanization in the cropping sector. Most activities (except for threshing) were done by hand during the 1920s. This dependence on a large labour force began to change in the 1930s.

**FIGURE 11.5**

*The Increase in Cropping Yields*

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\(110\)
\(100\)
\(90\)
\(80\)
\(70\)
\(60\)
\(50\)
\(40\)
\(30\)
\(20\)
\(10\)
\(0\)

<table>
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<th>30-31</th>
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<th>50-51</th>
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<td>□ Oats</td>
<td>✫ Barley</td>
<td></td>
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</tbody>
</table>

Sources: Department of Statistics, Agricultural Statistics.
Department of Statistics, Agricultural & Pastoral Statistics.
Department of Statistics, Farm Production Statistics.

Note 1: A bushel of wheat is 60 pounds, compared to 50 pounds for barley, and 40 pounds for oats.

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\(8\) The wheat and oat yields discussed in this example are based on 10 year averages.
with the increasing use of header harvesters and tractors (Scotter, 1965). The introduction of header harvesters enabled growers to bring in a crop with only a fraction of their previous workforce. They also reduced the amount of time that was needed to harvest the crop. This meant that crop damage during harvesting, was reduced to a minimum. The growth in harvester and tractor use transformed the cropping sector between 1940 and 1960. Growers found that they were able to handle most activities without bringing in labour. Only during the harvesting period did growers need to hire farm workers. The growth in farm mechanisation continued during the 1960s and 70s, with the introduction of new spraying and planting equipment. This new equipment allowed farmers to dispense with their permanent farm labour, as growers were able to manage the planting and growing stages by themselves (Farm Survey, 1992). The overall effect of mechanisation has been to increase individual productivity and to reduce the need for hired labour. The reduction in hired labour has helped crop growers to improve their competitiveness and to survive in a period of declining wheat and barley prices.

Farm productivity has stagnated since the mid 1980s due to the uncertain state of the rural economy. The difficult economic environment has forced farmers to reduce their fertiliser use and to cut their expenditure on capital items. The reduction in fertiliser use has harmed soil fertility and crop yields, while the decrease in capital spending has increased the average age of farm equipment. Ageing farm equipment is less productive than new machinery and it takes longer to service (Farm Survey, 1992). The reduction in fertiliser use and the decrease in capital expenditure has produced a situation where productivity is showing signs of declining. This trend is unlikely to be reversed until there is a sustained improvement in commodity prices.

iv) The Trends in Property Ownership and Management

The final issue that will be examined in this section is the changing nature of farm ownership in Canterbury. The research will look at how the ownership pattern has altered over the study
period and what factors have been behind this change. The work will look particularly at the variations in ownership between different forms of agricultural production (e.g. family partnerships dominate the grazing sector while corporate entities predominate in the poultry industry). Understanding these ownership patterns is critical as they have a direct bearing on the style and direction of property management. They influence both the financial and planning priorities that are followed on a property. For example, corporate investors have a short to medium term financial outlook while individuals tend to have a longer term perspective (Farm Survey, 1992).

Farming activity in the early years of this century was in the hands of individuals and families (Philpott, Interview, 1992). This private control of farm land had been encouraged by successive governments and by the settler associations (e.g. the Canterbury Association). State backing for settler farming reached a peak under the Liberal government of 1893 to 1912. The Liberal government broke up the large estates (e.g. Cheviot, Culverden, and Sherwood Downs) and provided assistance to new settlers under the 'Lands For Settlement' policy (Scotter, 1965: 209-214) (Gould, 1970). Corporate involvement in this period was limited. Investors shied away from the grazing and cropping properties of Canterbury as they tied up capital for an extended period and the yields from commodity production were unstable (Philpott, Interview, 1992).

The ownership patterns began to change after the First World War. Between 1918 and 1924 the country experienced a property boom. This was due to a combination of high commodity prices in the immediate post-war period and government grants to ex-servicemen for farm development (Sinclair, 1988: 244). The property boom caused an influx of speculative capital. Corporate investors and financial institutions bought up property in anticipation of a short term profit (i.e. a capital gain from land appreciation). "It has been estimated that nearly half the occupied land changed hands between 1915 and 1924" (Sinclair, 1988: 244). The high demand for property caused the average price of land to increase from £9 per acre in

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This term refers to both registered farm companies and to business partnerships (other than family partnerships).
1916 to £18 per acre in 1921 (New Zealand Meat & Wool Board, Annual Review of The Sheep Industry, 1951). Corporate investors took a short term approach to their holdings. They invested in land to gain a quick profit, rather than to build up a long term asset. This is reflected in the fact that a large percentage of investors moved out of farming once land prices started to decline in the mid 1920s. Corporate investment dwindled further in the late 1920s and early 30s with the onset of the depression.

The post-World War Two period saw renewed corporate investment in the agricultural sector. Unlike the 1920s this investment was concentrated in a few specific areas, principally poultry and pork production. Investors were attracted to these areas of production as they could be organized along industrial lines. They provided investors with an on-going return and production could be adjusted to meet demand. For example, it was possible to double poultry production in the space of a few months. By the late 1960s corporate investment had come to dominate poultry and pork production in Canterbury (Farm Survey, 1992).

During the 1970s and early 80s there was substantial corporate investment in dairying and stock rearing. Investors were attracted to these properties as they were seen as a hedge against inflation (Johnson, Interview, 1992). Property prices in these two sectors rose faster than the rate of inflation. Investors were also encouraged to invest in these properties by the favourable tax benefits that were being offered by the government. In the majority of cases investors joined a syndicate, rather than buying an entire property. The move from private ownership to corporate control brought substantial changes to the way these properties were managed. Managers on corporate farms were driven by the need to generate a yearly return for their stock holders. This meant that managers were required to take a short term focus in their planning (Farm Survey, 1992). They had to follow the price trends within the market, rather than adopting a long term approach to development. This contrasts with family farms, where the intention is to improve the quality of the property for future generations (Keating & Little, 1991: 26). This has often meant sacrificing short term gains for a more stable long term income (Farm Survey, 1992).
The growth in corporate agriculture has not been sufficient to displace family farms (or family partnerships) as the major ownership category in Canterbury. In activities such as grazing and cropping corporate farms account for less than 10% of properties. Family farms have survived as they have shown a high degree of resilience in the face of changing economic conditions. In many respects, family farms have coped with the swings in the New Zealand and international economy better than corporate investors (Wilson, 1994: 4). Corporate investors are required to make a profit, whereas family farmers see their goal as being the reproduction of the household unit (in both an economic and a social sense) (Friedmann, 1978). This means that the making of a profit is not their over-riding goal. Family farms do however face a number of difficulties in maintaining production and income. The most important of these is the high cost of capital equipment and land development. Farmers have only a limited capital base, so they can not afford to purchase the latest equipment or to undertake rapid development. This lack of capital means that this group have to take a longer term approach to investment. This is illustrated by the fact that new forms of production will be phased in over a number of years, as the finance for development becomes available (Farm Survey, 1992). These financial restraints mean that family farms can not respond to change as quickly as corporate operators.

In spite of these difficulties, family farms are likely to remain the major group within the farming sector, for the foreseeable future (Johnson, Interview, 1992). Corporate interest in farming tends to be limited to particular areas and to certain types of production (e.g dairy production in North Otago and Southland). Investors have shown little interest in supporting a full scale move to corporate farming. This lack of support is due to the fact that corporate farming is not necessarily the most efficient form of production. This point was highlighted during the recession of the mid to late 1980s. Family farms tended to cope better with the recession than most commercial operators. This was due to the fact that they could call upon family labour to replace paid employees, and they placed less emphasis on the profit margin than corporate investors. This point was highlighted in the survey findings. Most family farms operated on the margins of profitability between 1985 and 1991. The rate of return on
capital was as low as one or two percent (Farm Survey, 1992). To cope with this situation, expenditure was curtailed and family members increased their level of off-farm employment (e.g., contract work and seasonal employment in processing industries). This additional revenue has been used to supplement farm income and to cushion these households against future financial instability. Corporate investors were not prepared to withstand six or more years of low or negative returns. The poor returns also contributed to a decline in land prices. This meant that companies were losing their equity base. As a result of these factors, corporate investors have scaled down their holdings.

THE GROWING IMPORTANCE OF FORESTRY WITHIN CANTERBURY

The forestry sector has emerged over the past two decades as an important element of the Canterbury economy. From a minor land use activity in the 1950s and 60s it has grown to become a major competitor for arable land. The recent interest in silviculture contrasts markedly with the historical attitude of land owners towards forestry development, particularly large-scale plantings. Land owners have traditionally viewed forestry as a secondary form of production, suitable only for "waste areas which otherwise may be a liability" (Lothian, 1945: 89). Large-scale plantings were opposed as they were seen as being in competition with agriculture and as a threat to the vitality of rural communities (Viles, Interview, 1992). They were criticised for their removal of productive land and for their low level of sustained employment. Even developments on poorer quality soils were strenuously resisted (Ryan, Interview, 1992). This opposition to forestry has only waned in the last two to three decades. The impetus for this change has been the deteriorating financial position of agriculture and the growing awareness among land owners of the financial and environmental benefits that forestry can bring to a farming operation.

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10 A large scale planting is defined by nurserymen as being over 100,000 stems. Depending upon the planting regime this equates to an area of 80 to 100 hectares.
The forestry estate in the early 1920s was only 9,467 hectares (Department of Statistics, NZ Agricultural and Pastoral Statistics, 1922). This equated to less than one three hundredth of all occupied land in Canterbury. The only large-scale plantations tended to be state forests. The largest of these was at Hanmer. The Hanmer Forest was established at the beginning of the century to test imported timber species for cultivation in New Zealand, particularly Corsican Pine and Canadian Larch. Private investment in forestry was minimal during this period. This reflected the strong opposition to forestry from agricultural producers. Individual producers and their representative bodies campaigned vigorously against proposals for new plantations and they lobbied for legal restrictions to be placed upon the level of private planting (Singleton, Interview, 1995) (Rayne, Interview, 1989, 1992). This lobbying forced the majority of local authorities to put in place planning regulations that curtailed the level of forestry development. These regulations were given additional force with the passage of the 1920 Counties Act and 1926 Town Planning Act.

The opposition to forestry was targeted principally at large-scale, block development, which was seen as removing productive agricultural land. Shelterbelt and protective plantings on the other hand were seen as a valuable tool in property management. Experience had shown the need for shelter belts in Canterbury and the ability of plantings to stabilise erosion prone areas.

"All farms benefit from shelter, whether it be just a [small] isolated clump of trees in a corner or a continuous belt" (Lothian, 1945: 87)

Shelter belts were seen as an important management tool on properties. They provided cover for stock during storms and they reduced the wind chill factor by disrupting airflow. This was critical in the lambing season as the degree of wind chill has a significant bearing on survival rates. Shelter belts were also important in mitigating the affects of the nor-westerly (föhn) wind. Nor-westerly winds could damage both crops and pasture. A strong nor-westerly wind could remove several tonnes of soil per hectare from newly ploughed land (Andrews, Interview, 1992). With a mature shelter belt however the nor-westerly wind could be disrupted and adjoining crops given a degree of protection. Most farmers have learnt from
often bitter experience the need for shelter belts. Andrews (Interview, 1992) recounted how his grandfather had spent years experimenting with different tree species to find a suitable mix for his mid-Canterbury property.

The area in forestry increased during the 1920s and 30s from less than 10,000 hectares to just over 30,000, as is shown in Table 11.6. This increase was due mainly to government intervention in this sector. The government established a number of state forests to build up the timber resource in Canterbury and to provide a source of employment during the depression years (Scotter, 1965: 431). This investment was concentrated in a small number of districts rather than being spread evenly across the region (i.e. Amuri, Eyre, Hurunui, Malvern, and Strathallan). The forests were established on poor quality land, mainly river flats and shingle fans. These areas were of little economic value for grazing or for cropping.

Private interest in forestry continued to be minimal as can be seen in the examples of Akaroa, Ellesmere and Waimate (Table 11.6). The level of forestry planting in these three counties increased by only 250 hectares over the 1921 to 1941 period.
State investment in forestry declined abruptly after 1939 with the outbreak of the Second World War. The government diverted the resources spent on forestry into other sectors of the economy. The reduction in investment caused new plantings to virtually cease, as was shown in Figure 6.3. This meant that the level of forestry stayed fairly consistent throughout the war period. The 1946 figure for forestry was only marginally higher than the 1941 level (Department of Statistics, NZ Agricultural and Pastoral Statistics, 1947).

The immediate post-war period (1946 to 1951) saw renewed government interest in forestry, particularly as a tool for combating the environmental problems facing the country (e.g. gully and hill slope erosion). To this end, the government channelled funding through the newly established Catchment Boards to subsidise plantings on erosion prone properties. Land owners generally accepted the need for this form of forestry and they co-operated with the Catchment Boards in the development of management and planting programmes (Andrews, Interview, 1992) (Rayne, Interview, 1989, 1992). This infusion of capital into catchment programmes and the continued development of large-scale plantations were the major contributors to the rise in forestry between 1946 and 1951.

The post-war growth in forestry came to an end in the early 1950s. New plantings levelled off and the area in forestry reached a peak of 38,500 hectares. The state planting programme came to a conclusion and new proposals for plantations were vigorously opposed by the farming lobby, which argued that forestry was eating into the agricultural estate and sacrificing productive land (Viles, Interview, 1992). Interest from the private sector was limited as high lamb and wool prices favoured livestock rearing, while advances in aerial topdressing were improving the quality of high country pasture. Private investment was also curtailed by increasingly stringent planning regulations. The ability of councils to regulate land use activity increased significantly in the early 1950s with the enactment of the Town and Country Planning Act (1953). Section 3 (1) of this Act gave councils the power to classify lands "for the purposes to which they are best suited" (New Zealand Government, Town and Country Planning Act. 1961: 688). Rural authorities used this regulatory power to protect productive
farm land from forestry and other forms of land use (Williams, 1985: 56). This was achieved by classifying what land use activities were permissible within an area. In essence, councils were able to bar forestry from certain areas and classes of land. Property owners were able to apply for a waiver to these regulations. It was rare however for councils to allow a major deviation from their planning scheme (Rayne, Interview, 1989). Councils also restricted new plantings by placing a ceiling on the acreage that could be used for forestry. This ceiling varied from four hectares in lowland counties, up to a maximum of forty hectares in areas such as the MacKenzie.

The opposition to commercial plantings began to waver in the late 1960s. This change in attitude was motivated by falling farm profitability and a growing appreciation among land owners of the need for better environmental practices. Lower returns encouraged farmers to look at agro-forestry\textsuperscript{11} as a means of stabilising returns. Integrating farming and timber production provided primary producers with an alternative income stream during periods of low crop and livestock returns (Le Heron & Roche, 1985: 212). Pole and log production were used to supplement returns in difficult seasons, while in profitable years the timber crop could continue to grow. Agro-forestry was also viewed as having a number of environmental advantages for properties (Carne, 1993: 85). Forestry blocks were seen as an important tool for stabilising soil erosion, draining swampy sections of a property, and for improving moisture levels (Heart, Interview, 1989, 1992). This recognition of the conservation role forestry blocks could play developed only gradually, through field days, advice from consultants / catchment board officials, and farm related literature (Trost, 1989). The government also sought to encourage private investment in forestry, in an attempt to stabilise the long term supply of logs to the New Zealand timber industry. Government forecasts had shown that log production would decline in the late 1980s unless there was a new round of planting. To promote investment the government provided a favourable taxation regime for forestry development (Britton, Le Heron & Pawson, 1993: 115). This combination of factors created an environment more conducive to forestry investment. This is reflected in Table

\textsuperscript{11} This term refers to a farming system which combines normal agricultural practices and forestry development.
11.6. which shows a marked increase in the forestry estate over the 1971 to 1991 period. The table also shows that these new plantings have been spread across the region as a whole, rather than in a hand-full of districts as was the case with the previous, government plantings.

Interest in forestry has also been kindled by developments in the wider timber industry. The 1970s and 80s saw a number of processing facilities open in Canterbury. These ranged from plywood and veneer operations through to specialised moulding and laminating facilities. The largest of these developments was the fibreboard factory at Sefton, which was completed in 1976 (Bishop and O'Neill, 1980). These facilities have enabled greater utilization of the timber resource and have provided growers with a stable market for their production. This stability has been important for building confidence in the forestry sector. Without this confidence the rapid growth in plantings during the 1980s and early 90s would not have eventuated.

The growth in forestry planting over recent years has also been assisted by a gradual relaxation of the planning restrictions on forestry. Councils have recognised the growing support for this sector and have amended their district schemes to give land users greater freedom in developing forestry blocks. Planting limits have been raised on most types of land and councils have shown a greater willingness to permit large-scale plantations (Wild, Interview, 1989, 1993).

The future prospects for forestry in Canterbury look promising. This point came out clearly in the farm survey responses. More than a third of the respondents have been looking at the possibility of mixing forestry with their present production. As a preliminary step they have been planting trial plots of 5 to 10 hectares, in order to see how suitable their properties are for forestry development. The high price for logs and sawn timber over the past few seasons has been behind this upswing in interest (Olsen, Correspondence, 1993). This positive outlook has also been caused by favourable taxation rules (i.e. high write down rates) and increased investment by the major processors in Canterbury (e.g. Carter Holt Harvey has spent 75
million on upgrading their fibreboard factory). These favourable conditions mean that forestry is likely to experience steady growth over the medium to longer term.

THE ATTEMPTS TO CONTROL RESIDENTIAL DEVELOPMENT ON AGRICULTURAL LAND

Residential encroachment upon agricultural land emerged as a major planning issue in the early 1920s (Cox, 1968: 119). This occurred as a result of growing public unease at the haphazard development of the major cities. There were fears that this development, if left unchecked, would engulf the limited areas of class I and II agricultural land in New Zealand\footnote{Local authorities in the early 1920s had limited powers to restrict residential development. Their major powers came from the 1908 Land Drainage Act and the 1908 River Boards Act. These Acts gave local authorities regulatory powers to restrict development in areas which were prone to flooding and serious erosion. Section 50 (d) of the Land Drainage Act (1908) allowed councils to regulate the construction of buildings within a specified distance of a bank or drain.}. This was a realistic concern as the major New Zealand cities were located near these high quality soils (Cox, 1968: 120). In the case of Christchurch the market gardening areas of Burwood and Harewood came under pressure in the 1920s and 30s from residential expansion (The New Zealand Countrywoman, June 1973: 11).

This concern at the loss of agricultural land to residential development gave rise to the 1926 Town Planning Act. Section 15 (7) of this Act gave local authorities the regulatory power to define areas for specific purposes. Localities could be defined as being "exclusively or principally for specified purposes or classes of purposes" (New Zealand Government, Town Planning Act, 1932: 505). This section also gave local authorities discretion over the character and density of buildings.

Rural authorities used these powers to tighten the regulations on subdivision and to confine new residential development to areas within existing communities. The intention was to prevent land fragmentation on the boundary of rural communities. Previous experience had shown that the fragmentation of land holdings into small blocks raised property prices and
threatened the viability of agricultural activity (Inch, Interview, 1992). Residential development outside of existing centres was strictly controlled. Councils normally refused consents for single dwellings unless they were for farming purposes (i.e. dwellings to accommodate family members and farm workers).

The regulations introduced in the inter-war period were not tested to any great extent by developers as there was limited interest in new subdivisions, especially in rural communities. This was due to the financial instability of the 1920s and the depressed state of the economy during the depression years.

This situation changed in the years following World War Two. Growing economic prosperity brought with it increased demand for new housing. It also encouraged families to move from rented accommodation to owner occupation. This increased demand created pressures for urban expansion (Penny, 1979: 71), both on the boundaries of existing settlements and in previously unsettled areas. To cope with this increased demand a more comprehensive planning framework was introduced in 1953 (the Town and Country Planning Act). The 1953 Act formalised the zoning of activities and it gave councils the authority to set out ordinance codes for construction, building density, and even design. These regulations were embodied in district schemes. A central theme in the Act was the conservation of natural resources and the control of development.

"The Act and Regulations laid down the principle that every planning scheme 'shall provide as far as is practicable for all land of high actual or potential value for production of food to be included in a rural zone, for the avoidance of encroachment of urban development on that land, and for the concentration of urban development within existing urban areas in preference to expansion of urban development into rural areas' " (Cox, 1968: 120)

Rural councils used the additional powers provided by the 1953 Act to tighten the guidelines on subdivision. They introduced bylaws to restrict the types of residential development that
were permissible in rural zones and they established minimum property levels (i.e. 20 to 50 acres). These regulations have meant that:

"new housing in rural areas has been tightly controlled and developers have had to prove their case for developing agricultural land ..." (Shucksmith & Watkins, 1991: 154)

The restrictions on residential development have been a double-edged sword for rural communities. They have prevented the fragmentation of farm land but at the cost of increased migration, particularly among the younger age groups. The restrictions on subdivision made it virtually impossible for younger households "to secure title to a suitable size of section" (Department of Agriculture, 1966: 215). Younger households did not have the resources to afford a property of 20 or more acres. This lack of affordable property made the retention of experienced workers a major problem in rural communities, as was observed in Cant (1967: 42) in his examination of farm workers in the Ashburton and Selwyn districts.

During the 1970s and early 80s a number of councils introduced additional guidelines on subdivision to ensure that properties remained viable. This policy was clearly enunciated in the Malvern County Scheme of 1979.

"Subdivision standards are based on the minimum area of land necessary for independent intensive farming units" (Malvern County Council, 1979: 13)

The goal of this policy was to ensure that subdivision did not lead to increased part-time farming operations. The council was concerned that the economic vitality of the district would be eroded by the replacement of full-time farmers by part-time or weekend operators.

A similar attitude was taken by the Eyre County Council. The Council viewed small property blocks as a threat to the viability of agricultural production.

"In recent years there has been considerable interest in small rural lots, primarily for residential purposes. As a general rule this form of development can have undesirable side effects if allowed to proceed in an uncontrolled fashion throughout farming areas. These include: unstable land values on adjoining farm land, [and] the loss of agricultural production" (Eyre County Council, 1983: 23 - 24)
The council would only allow housing permits where the developer could prove that there was a need for additional accommodation and that the proposal would benefit the local community (Eyre County Council, 1983: 23 - 24).

The trend in the past ten years has been for some relaxation of the guidelines on subdivision and residential development in rural communities. This relaxation reflects a growing recognition of the need to provide affordable accommodation for locals and the necessity of attracting new population. This trend can be seen particularly in the Waimakairi District (formerly Eyre County and Rangiora District) (Inch, Interview, 1992). The Council amended their district scheme to allow surplus farm houses to be sold for residential purposes and for new areas to be opened up for high class housing (i.e the Ohoka - Swannanoa area).

Councills remain very concerned about the downside of residential development in rural areas. For this reason, the relaxation of council regulations has tended to be in specific areas, rather than across entire districts (Rayne, Interview, 1989, 1992). Farming groups also continue to lobby councils when a relaxation of planning restrictions appears to threaten agricultural activity (Smith, Interview, 1992). Federated Farmers has recently taken court action to prevent re-zoning of areas with elite soils. The Federation recognises the need for increased residential development but it believes that proposals should be treated on a case by case basis, rather than allowing the unrestricted development of agricultural land (Smith, Interview, 1992).

This section has shown that there is strong public and political support for the control of residential development in rural areas. This support stems from concern over the loss of productive farm land. Uncontrolled development has been seen as a threat to the viability of farming, as it distorts land prices and it consumes some of the most productive agricultural land. To counter this threat, local authorities have gained powers to regulate the design, density, and location of buildings. These powers have confined new residential development but at the cost of increased out-migration.
SUMMARY

This chapter has been concerned principally with the changing nature of farm production in Canterbury. The research has highlighted the trend towards a more intensive style of production and the growing productivity of farming enterprises. Stocking rates for sheep and beef cattle have climbed by over 150 percent since the early 1920s, while productivity gains of 80 to 100 percent have been recorded in cereal production. This growth in production has been made possible by improvements in farm technology, the growing use of fertiliser and the development of large scale irrigation schemes. It is also important to recognise the central role played by the state in supporting the farming sector. The government intervened on a number of occasions to stabilise farm profitability (through the provision of support payments). These payments were made to keep up investment in farming and to maintain production.

The 1921 to 1991 period has also seen a number of changes in the type of farm production undertaken in Canterbury. Between 1921 and the mid 1960s there was a trend towards stock rearing (both sheep and beef). The growth in these activities was at the expense of the cropping sector. This trend was encouraged by the growing gap between wheat prices and those for meat and wool. This price differential encouraged crop growers to move into grazing. This trend came to an end in the early 1970s. Unstable meat and wool prices encouraged farmers to diversify into new areas of stock rearing (e.g. deer and goat production) and into horticulture and forestry. The removal of price supports after 1984 sped up this trend towards diversification. By the late 1980s, farmers were experimenting with a diverse range of activities. The trend towards diversification has been evident particularly in districts with access to irrigation. Farmers in these areas have greater flexibility in their production choices than hill or high country farmers.

The chapter has also studied the trends in forestry development over the past seventy years. The area in forestry has until recently been fairly small. This has been due to concerns from the farming lobby about the loss of productive land. The farming lobby took the view that
forestry was an inferior use for farm land. To prevent its expansion farmers pressured their local authorities to exclude forestry from areas with high class soils. These restrictions prevented private investors from developing large scale plantings. The only significant plantings up until the 1970s were those undertaken by the State. The government established a number of forests in order to build up the timber resource in Canterbury and to promote employment. The hostility towards private investment in forestry remained until the late 1960s when forestry came to be seen as a viable alternative to grazing, particularly on hill country properties. This change in attitude was fostered by three major factors;

i) A growing recognition that forestry is needed on farms to combat wind and soil erosion;

ii) The decline in farm profitability during the late 1960s and early 1970s; and

iii) The high level of government support for forestry development.

These factors encouraged farmers to set aside land for shelter belts and for forestry blocks. Councils were also encouraged to free up their regulations on forestry.

Finally, this chapter has investigated the trends in residential land use. The work found that there was a high level of public and political concern about the encroachment of residential development onto productive farm land. This concern led to a policy of containment, where new developments were confined to existing settlements. New housing outside of these areas was limited to farm dwellings for family members and workers. This policy of containment has existed in one form or another for more than fifty years. In recent years however, there has been a relaxation of the stringent guidelines on residential subdivision. This reflects growing concerns about the loss of local population and the need to attract new residents. This section highlighted the important role that public opinion can play in shaping political action.
CHAPTER TWELVE

THE EMPLOYMENT AND POPULATION TRENDS WITHIN CANTERBURY

INTRODUCTION

This chapter will investigate the employment trends within Canterbury. It will study how employment levels have altered over the 1921 to 1991 period and what have been the principal reasons for this change. Employment levels in the majority of districts have grown only slowly if at all since the 1920s. This has been due to a combination of agricultural restructuring and the centralisation of services and industry. The agricultural sector has shed a large proportion of its paid workforce over the 1921 to 1991 period, due to difficult financial conditions in the primary sector and to improvements in farm technology. The loss of agricultural labour has been compounded by declining employment levels in the smaller rural centres. Improvements in transportation and in personal mobility have removed the need for local servicing centres. The result has been a gradual closure of services and loss of employment.

The only places to achieve significant employment growth over the 1921 to 1991 period have been the larger service and transport centres. They benefited from the centralisation of business activity and they have drawn in the lion's share of new investment in manufacturing and processing. Investors have focused on these centres as they are centrally located and have well established infrastructural bases.

This chapter will also study the population trends within Canterbury. The population trends have tended to follow the changes in employment. The districts where employment has been lost through agricultural restructuring and the centralisation of services have experienced
minimal rates of growth. In a number of cases they have lost population. Conversely, the major service and transport centres have registered steady rates of growth over the 1921 to 1991 period. These areas have attracted population because of their continuing employment growth and their wider range of services (e.g. retail stores, educational facilities, and health services). High rates of population growth have also been recorded in the districts surrounding Christchurch. This reflects the spill-over of population from the city.

This section will also examine how the structure of the Canterbury population has been changing. The work will look at the growing percentage of elderly in the rural population and the declining rate of fertility over the past three decades. Both of these changes are having a major impact upon rural communities. The growing percentage of elderly is placing additional pressures upon health and social services, while the decline in the juvenile population is reducing the demand for educational facilities.

THE EMPLOYMENT PATTERNS OVER THE 1921 TO 1991 PERIOD

In 1921 Canterbury had a vibrant and growing rural economy. There was on-going employment growth and an air of economic prosperity (Philpott, Interview, 1991). This prosperity was based upon strong overseas demand for primary production, growing investment in processing, and supportive government policies. This set of conditions provided a favourable environment for farm development. It also encouraged a wide range of service industries to develop (from bottling plants through to saddlers). This diversity in business activity was described in chapter ten, which showed how even smaller centres, such as Mayfield and Waikari, were able to support a substantial range of services. This economic prosperity meant that new entrants to the job market could usually find employment locally, rather than having to look outside of their district.

The growth in employment was not confined simply to manual areas of activity, such as farm labouring and construction. The early 1920s saw employment growth in manufacturing, the
TABLE 12.1
The Employment Trends In Selected Rural Communities
(1921 - 1941)

<table>
<thead>
<tr>
<th></th>
<th>1921</th>
<th>1926</th>
<th>1931</th>
<th>1936</th>
<th>1941</th>
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<tbody>
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<td>2</td>
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<tr>
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<td>47</td>
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<td>Transport</td>
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<td>39</td>
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</tr>
</tbody>
</table>


Note 1: Wise's Post Office Directory only lists the employment of the nominated head of the household.

public service, and professional occupations (e.g. accountants and farm consultants) (Wise's Publications, Wise's New Zealand Post Office Directory, 1921 - 1926). The vibrancy of the rural economy in the early 1920s can be seen in Table 12.1. Significant employment growth occurred across a range of categories, in the 1921 to 1926 period. It also shows that the rise was spread fairly evenly, with smaller centres, such as Hororata, Southbridge, and Winchester, experiencing increases in employment.

The employment situation deteriorated in the late 1920s and early 30s, with the onset of the depression. The depression brought instability to the international commodity market and it caused a withdrawal of capital from New Zealand (Prichard, 1970: 374). Farmers,
processors, and exporters all experienced a sharp decline in income and profitability. The
decline in farm profitability forced primary producers to curtail new investment and to cutback
on key areas of expenditure (e.g. maintenance, fertilizer purchases, and new stock). The
reduction in farm expenditure had a major impact upon the revenue of retailers, local industry
(e.g. engineering firms), and professional groups, such as accountants. This loss of revenue
forced rural businesses to shed staff in order to survive. This point is illustrated in Table
12.1. The numbers employed in the transport, construction, and sales sectors fell
dramatically between 1926 and 1936.

The contraction in business activity was felt particularly in smaller and more remote
communities. The businesses in these areas were vulnerable as they had a limited customer
base and they faced growing competition from urban centres. Workers responded to the
contraction in the rural economy by searching for employment outside of their immediate area.
This movement was not a staged progression as is normally portrayed in the migration
literature (Lee, 1966 and Ravenstein, 1889). Job seekers tended to bypass the major rural
towns and boroughs for one of the urban centres (i.e. Ashburton, Christchurch or Timaru).
This pattern of movement reflected the fact that the rural economy as a whole was
experiencing a slow down, not only the smaller centres. This point came through in an
interview with a retired North Canterbury farmer (Thomas, Interview, 1992). He explained
that the unemployed who left the Loburn area in the 1929 to 33 period tended to go to
Christchurch, rather than trying to find employment in Rangiora or Kaiapoi. There was a
generally held view that employment conditions were difficult in all rural centres and that the
best chance a person had of finding employment was in Christchurch.

Employment levels increased during the later part of the 1930s but remained well below their
1926 levels, as is shown in Table 12.1. The recovery occurred more rapidly in the larger
centres than in the smaller townships. Smaller centres struggled to regain business activity
and employment.
TABLE 12.2
The Employment Trends In Selected Rural Communities
(1947 - 1961)

<table>
<thead>
<tr>
<th>Construction</th>
<th>1947</th>
<th>1951</th>
<th>1957</th>
<th>1961</th>
</tr>
</thead>
<tbody>
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<td>Amberley</td>
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<td>7</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>Hororata</td>
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<td>7</td>
<td>3</td>
<td>2</td>
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<tr>
<td>Akaroa</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>6</td>
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<tr>
<td>Fairlie</td>
<td>11</td>
<td>18</td>
<td>20</td>
<td>21</td>
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</table>

<table>
<thead>
<tr>
<th>Store Workers (General/Specialised)</th>
<th>1947</th>
<th>1951</th>
<th>1957</th>
<th>1961</th>
</tr>
</thead>
<tbody>
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<td>Waikari</td>
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<td>2</td>
</tr>
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<td>Darfield</td>
<td>8</td>
<td>8</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Leeston</td>
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<table>
<thead>
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<th>1951</th>
<th>1957</th>
<th>1961</th>
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<td>16</td>
<td>13</td>
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<td>Ohoka</td>
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<td>5</td>
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<tr>
<td>Lincoln</td>
<td>9</td>
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<td>6</td>
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</tbody>
</table>


Note 1: Wise’s Post Office Directory only lists the employment of the nominated head of the household.

The post World War Two period saw modest employment growth in the larger rural centres and a declining trend in smaller communities. This contrast can be seen in Table 12.2. The loss of employment in smaller centres was due to improving roading conditions and the increasing level of vehicle ownership. These two factors robbed smaller communities of their principal reason for existence, that is, to service the needs of their immediate community.

"The advent of the motor car and truck ... reduced the importance of the village as a centre of transport, and aided the centralisation of services" (Franklin, 1969 (b): 140)

With the improvement in personal mobility local stores and businesses were bypassed for the services in the major rural centres. Residents were attracted to these centres as they offered lower product prices and a wider range of choice. This change in spending patterns led to a gradual loss of business and employment activity in smaller centres, as was described in chapters six and ten. This process can be seen in centres such as St. Andrews and Winchester, where there has been a slow, but on-going loss of services and employment.
(Wises Business Directory, 1941 - 1991). This loss of economic activity in smaller centres meant that there were few opportunities for new entrants to the workforce. It was especially difficult for workers with specialised skills. They were forced to look further afield for employment, or accept less skilled and lower paying positions (Robinson, 1986).

The larger rural centres experienced steady growth in employment during the 1950s and 60s. A large proportion of this growth was due to the centralisation of retail services and industrial activity. This can be seen in the case of Darfield, which gained retail and transport services at the expense of surrounding communities, such as Hororata, Sheffield, and Coalgate. The major attraction of Darfield was that it lies at the centre of the transport system in Mid-Canterbury. The centre is on the West Coast Highway and is adjacent to the Inland Highway. This made it a natural focus for households. This point came out in the comments of a former Darfield store owner (Taylor, Interview, 1992). In the 1950s, the majority of his revenue came from residents in the Darfield area. This percentage declined steadily during the 1960s with increasing numbers of customers coming from the Hororata and Sheffield areas. The central location of Darfield was also the major reason why transport firms concentrated their activities there. Instead of having depots in a number of centres it was found to be more economic to have one central location. The larger centres in Canterbury have also tended to be the major recipients of new industrial investment. Investors were drawn to centres such as Rangiora as they had a well developed infrastructure and good transport links (Inch, Interview, 1992).

Employment levels in the 1970s and early 80s were underpinned by the government's financial assistance to the agricultural sector. This assistance helped to maintain farm incomes and it encouraged primary producers to undertake property development (e.g. Land Development Encouragement Loans). This investment in property generated employment in the construction industry, as is shown in Table 12.3. Both Waimate and Rangiora had marked increases in the number of construction workers between 1971 and 1976. Rangiora
<table>
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<tr>
<th></th>
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</thead>
<tbody>
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<tr>
<td>Construction</td>
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<td>191</td>
<td>123</td>
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<td>447</td>
<td>432</td>
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<td>Darfield</td>
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<td></td>
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<tr>
<td>Construction</td>
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<td>27</td>
<td>30</td>
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<td>42</td>
<td>42</td>
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</tr>
<tr>
<td>Construction</td>
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<td>28</td>
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</tr>
<tr>
<td>Wholesale/Retail</td>
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<td>34</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Transport</td>
<td>29</td>
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</tr>
<tr>
<td>Southbridge</td>
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<td>Construction</td>
<td>36</td>
<td>31</td>
<td>24</td>
<td>30</td>
</tr>
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<td>27</td>
<td>27</td>
<td>36</td>
<td>33</td>
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<tr>
<td>Transport</td>
<td>23</td>
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<td>Fairlie</td>
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<td>75</td>
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</table>


Note 1: The table is based upon the 'Employment by Industry Divisions' section of the Census.

Note 2: In 1971 and 1976 the employment category included all those over 15 years of age. In 1981 it covered the usually resident population who are in full time employment. In 1986 it included resident persons, over the age of 15 who are in full time employment.

Note 3: The 1991 figures can not be directly compared as the category covers both full time and part time employment of those over 15.

Also benefited from the population and economic spill-over from Christchurch. The 1970s and 80s saw a strong flow of population from Christchurch to the settlements surrounding the city. The inflow of population helped to sustain essential services and employment. Rangiora and Kaiapoi also gained a number of manufacturing facilities which shifted from Christchurch. These industries were usually related to agricultural processing (Inch, Interview, 1992).
In spite of the financial assistance provided by the government there was growing pressure upon rural businesses and consequently employment. This could be seen particularly in South Canterbury, in centres such as Fairlie and Waimate (excluding the construction sector). Both of these centres experienced a significant decline in retail employment and in transport related positions. Agricultural profitability was not sufficient to support these activities.

The pressure on rural employment increased sharply after 1984 with the removal of the financial subsidies to farmers and the opening up of the economy. The removal of the support payments caused farm revenues to fall sharply. This produced an extended period of recession in the rural sector. To counter the decline in farm expenditure businesses were forced to restructure, as was discussed in chapter ten. Large businesses, such as Pyne Gould Guinness, were forced to centralise their operations (Fancis, Interview, 1992). This involved closing rural branches and concentrating their manufacturing activities. Local servicing industries, such as engineering and joinery firms, had to downsize their operations to meet the reduced demand. Both of these actions caused substantial job losses within the rural economy. These losses could not be compensated for in other areas. The result was a movement of labour (particularly skilled workers) away from rural communities.

The only centres which continued to grow during the recession were resort areas, principally Akaroa, Hanmer Springs, and Methven. The employment growth in these centres has been concentrated in the retail and hospitality fields (e.g. accommodation, restaurants / cafeterias, and specialised equipment stores). It is important to note that a large proportion of the employment is seasonal. In the case of Akaroa, the peak employment period is from late spring to early autumn, while for Methven it is winter and early spring. The jobs have also tended to go to people from outside of the immediate district. This point was highlighted in an interview with a Methven store manager (King, Interview, 1992). At the height of the ski season the store normally employs five or six part time or full time workers. Of these, only one or two would be permanent residents.
The decline in retail and manufacturing employment has been compounded by a contraction in the agricultural labour force. The high point for agricultural employment was in the 1920s and early 30s, as was shown in Table 11.4. The majority of farmers needed permanent workers because of the labour intensive nature of agricultural production in this period. This need for farm labour meant that employment levels were maintained during the early 1930s. Instead of shedding labour, farmers reduced the wage rates of their employees (Department of Statistics, New Zealand Yearbook, 1920 - 1941). Farmers could not have shed workers without reducing production.

This situation changed in the mid 1930s, with the widespread adoption of tractors and harvesters. These mechanical implements removed much of the physical workload involved in agriculture and improved individual productivity. This enabled farmers themselves to undertake more of the work on their properties and to dispense with some, if not all of their paid workforce, as was shown in chapter eleven. This change can be seen particularly in the area of cereal production. The introduction of automated harvesting machines in the 1930s caused the demise of the traditional cutting gangs. Farmers no longer required a large workforce to bring in the harvest. The impact harvesting machines had on employment came across in an interview with a retired farm worker from the Ashburton district (Jacobs, Interview, 1993). Jacobs had worked as a member of a cutting gang in the 1930s. At its peak this gang employed more than 30 men. He recalls that the volume of work and the number employed fell away sharply in the late 30s with the introduction of harvesting machines. The cutting gang was eventually wound up in early 1939.

This replacement of labour by capital equipment has been a continuing process, as new advances have been coming on stream at regular intervals. One of the major advances in recent years has been the introduction of mechanised grape picking machines. These machines dramatically reduced the labour component in grape production (Farm Survey, 1992).
The decline in farm employment can also be attributed to the rising cost of labour after the Second World War. The post war prosperity brought with it calls for better pay rates for farm labourers. As a result of these calls, farm wages rose faster than the national average during the 1945 to 1960 period (Department of Statistics, New Zealand Yearbook, 1940 - 1960). To curtail the rising cost of labour, farmers moved away from permanent labour to contractors. Contractors also had the advantage that they supplied their own equipment, which tended to be specialised and beyond the means of individual farmers.

Since the late 1960s farmers have been shedding labour in an effort to remain competitive in the face of falling returns. Table 11.5 demonstrated how this trend has been affecting Canterbury. The figure showed that there was a major fall in paid agricultural labour over the 1976 to 86 period. This decline affected every county, with the exception of Heathcote and Mt Herbert. The financial pressure on the farming community increased further with the dismantling of the farm support schemes in the post 1984 period.

"In meeting [the] financial pressures of the last five years, many farmers have reduced expenditure on outside labour" (Benediktsson et al, 1990: 37)

The reduction in government subsidies forced farmers to make additional cuts to their labour force and to reduce their expenditure upon contract services. This has meant that farmers are having to rely ever more heavily upon household labour (Benediktsson et al, 1990: 38, Fairweather, 1989). Some of the labourers displaced from traditional farming operations have been absorbed into horticultural activities, which have shown a steady rise in recent years. This employment is concentrated however in the districts around Christchurch.

This picture of employment decline in smaller communities and in rural areas should not be seen as a uniform process. Attempts have been made in most areas to promote alternative forms of employment. These new activities have taken two major forms.

i) A range of small scale farming activities have been developed to cater for niche markets (bulb production, herb growing, and bee keeping); and
A variety of cottage industries have evolved to supply goods to the tourist trade and to make use of skills within the local community (carving, glassmaking, and pottery). (Gillies, 1980 (a): 9 - 14)

These new activities tend to be small scale and they are limited in the amount of employment they can generate. They do however provide a valuable source of part-time employment for these communities.

"The opportunity of work for spouses and school leavers, even on a part-time basis, can mean the difference between a farm worker or rural service worker deciding to move to an urban area, and deciding to remain where he or she is" (Gillies, 1980 (a): 14).

These new activities have not stemmed the downward trend in rural employment, but they have helped to revitalise a number of small communities, such as Le Bons Bay on Banks Peninsula. Le Bons Bay has seen a number of specialised goat breeding ventures established in recent years. The fine wool from these animals is used locally to create high value garments. These garments are sold through the tourist stores in Akaroa and Christchurch (Farm Survey, 1992). The Bay has also attracted several craft activities, for example a wood turning venture. These activities have provided a number of full time and part time jobs for existing residents and they have brought additional income to the Bay.

The decline in the service sector and in agricultural employment has made it increasingly difficult for rural workers to find permanent employment. The uncertain nature of employment has been one of the key factors in encouraging workers to look further afield for job opportunities (Cant, 1967, Glendining, 1978). Workers need a sense of job security (permanence) if they are to make a long term commitment to an area (e.g. invest in a house or start a family). This situation has been compounded by lack of part time employment in rural communities. Part time employment is a critical issue as most households need a supplementary source of income. This point came through clearly in the household survey. The survey responses showed that the majority households require an additional source of income to maintain an adequate standard of living (i.e. both partners working, or one partner
FIGURE 12.1
Employment Difficulties Within Rural Canterbury

(a) Have Households Found it Difficult to Gain Local Employment (Within 20 Kms)

(b) Do any Household Members Work Outside of the Local District (Over 20 Kms)

(c) Have Household Members Found it Necessary to Leave the District to Obtain Employment

undertaking secondary employment). The need for a secondary source of income was highlighted particularly by farm labourers (Rural Household Survey, 1992-93). This sector require secondary employment as their wage rates have consistently been below the New Zealand average (Department of Statistics, New Zealand Yearbook, 1930 - 1960; Department of Statistics, Prices, Wages, And Labour Statistics, 1940 - 1976; Department of Statistics, Wages and Earnings Statistics, 1983 - 1992).

The lack of job security and the need for secondary employment has forced workers to look outside of their immediate area for employment. This trend can be seen in the results from the Household Survey (Figure 12.1). 59 households out of the 158 surveyed said that they had experienced difficulties in gaining employment in the local district. There was also concern about the lack of part time employment in rural areas, particularly from younger households. Overall, there was a feeling that job opportunities were becoming scarcer and that workers could not depend upon having the same job for more than a few years. This feeling was expressed particularly in remoter centres, as these areas have suffered the most from the loss of employment in the servicing and the manufacturing sectors. These areas also tended to have fewer opportunities for part time or seasonal employment. This is reflected in the fact that a number of respondents in these areas said that household members had been unemployed for periods of up to six months.

The response to this decline in employment has taken two major forms. A growing number of workers are commuting to the major centres for employment. This can be seen in Figure 12.1 (b). 43 percent of the households surveyed have members who travel out of their district, on a daily basis, for employment. This is due to a lack of local opportunities or because of the need to gain a higher income. Most respondents said they would not have made the decision to work out of the district if acceptable local opportunities were available. This option of working out of the district is not available to a large section of the rural population. Their distance from Christchurch, Timaru, or Ashburton makes the prospect of commuting an uneconomic prospect. In these remoter areas the only real option is move to an
urban centre. The drift towards the urban sector can be seen in Figure 12.1 (c). 31 percent of respondents said that household members had found it necessary to move out of the local district in search of employment. In the majority of cases workers only made the decision to move after spending an extended period looking for local employment.

It is important when looking at the rural-urban drift to examine what groups are making the decision to move. The decline in rural employment has tended to affect the more highly skilled workers within a community (Glendining, 1978). With the decline in local servicing and manufacturing there are fewer opportunities for skilled workers. This means that these workers have to make the decision whether to stay and accept lower wages in a different field, or migrate to an urban centre, where there is more scope for their talents. The tendency has been for these workers to move away, rather than accept lower wages. This trend can be seen particularly in the younger age groups (15 to 34), as they have fewer ties to the rural community. This trend means that the rural sector is losing its younger and more highly skilled workers to the urban sector. This point will be examined in greater detail later in the chapter.

THE POPULATION TRENDS WITHIN CANTERBURY

The population figures for Canterbury reveal three major trends occurring over the 1921 to 1991 period. These trends are summarised in the points below:

i) The districts where employment has been lost through agricultural reform and the centralisation of services have experienced either a loss of population or a marginal rate of increase;

ii) The districts surrounding Christchurch have recorded sustained rates of population growth; and

iii) There has been a movement of population to the larger centres in each county and to the six boroughs.
The first, and most important trend is the slow rate of growth across much of Canterbury. Table 12.4 shows that nine counties and boroughs experienced rates of growth of less than one percent per annum (1/3 of the national average) and another six districts actually lost population. The six districts to lose population were concentrated in South Canterbury and Banks Peninsula. This pattern of low to negative growth is due mainly to the changes in employment and business activity. These districts have been severely affected by the agricultural reforms and the process of service centralisation. These processes have removed the economic base from many areas and have forced individuals and households to move elsewhere for employment.

The impact of these developments can be seen in the case of Wairewa County, on Banks Peninsula. The population of the county has declined from a high of 1,038 in 1926 to only 656 in 1986 (Department of Statistics - New Zealand Census, 1921 - 1986). The area's major settlement, Little River, has declined to an even greater extent. From a population of 399 in 1936 it fell to 151 in 1986. The major factor behind this fall in population has been the loss of business activity to larger centres. With the improvement in the district's transport system in

Table 12.4
The Population Trends by Borough and County (1921 - 1986)

<table>
<thead>
<tr>
<th>Locality</th>
<th>Percentage Change</th>
<th>Locality</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waimairi County</td>
<td>441.87</td>
<td>Ellesmere County</td>
<td>59.46</td>
</tr>
<tr>
<td>Paparua County</td>
<td>388.96</td>
<td>Waimate Borough</td>
<td>54.76</td>
</tr>
<tr>
<td>Rangiora Borough</td>
<td>233.20</td>
<td>Amuri County</td>
<td>54.56</td>
</tr>
<tr>
<td>Kaiapoi Borough</td>
<td>209.26</td>
<td>Hurunui County</td>
<td>28.44</td>
</tr>
<tr>
<td>New Zealand Average</td>
<td>167.72</td>
<td>Malvern County</td>
<td>22.79</td>
</tr>
<tr>
<td>Mt Herbert County</td>
<td>162.01</td>
<td>Cheviot County</td>
<td>12.61</td>
</tr>
<tr>
<td>Ashburton Borough</td>
<td>155.37</td>
<td>Oxford County</td>
<td>8.59</td>
</tr>
<tr>
<td>Temuka Borough</td>
<td>123.84</td>
<td>Ashburton County</td>
<td>-7.78</td>
</tr>
<tr>
<td>Geraldine Borough</td>
<td>122.38</td>
<td>Wanaaki County</td>
<td>-14.56</td>
</tr>
<tr>
<td>Heathcote County</td>
<td>119.29</td>
<td>Akaroa County</td>
<td>-15.79</td>
</tr>
<tr>
<td>Rangiora District</td>
<td>113.84</td>
<td>Strathallan County</td>
<td>-16.01</td>
</tr>
<tr>
<td>Eyre County</td>
<td>67.78</td>
<td>Waimate County</td>
<td>-32.08</td>
</tr>
<tr>
<td>MacKenzie County</td>
<td>61.18</td>
<td>Wairewa County</td>
<td>-35.11</td>
</tr>
</tbody>
</table>

Note 1: Accurate county and borough figures are not available for the 1991 Census period, due to the reorganisation of local government boundaries in 1989.
the 1950s and 60s there was no longer a need for local processing facilities. As a result of this the local dairy factory and seed processing plant were closed. The improvement in roading conditions also removed Little River's role as a servicing centre. The town lost a wide range of services, including: banks, grocery stores, stock and station agencies, and transport firms (Wise's Publications - Universal Business Directory, 1941 - 1991). The population of the wider county was affected by developments in the agricultural sector. Improvements in farm technology steadily reduced the need for paid agricultural labour. Low profitability in the grazing sector compounded this situation. Since the late 1960s farmers have been forced to shed labour in order to remain economic. The effect of these two factors has been to greatly reduce the number of paid farm workers. The number of full time farm labourers was down to only 14 in the 1991 census period.

A number of counties have experienced modest rates of increase despite the restructuring in agriculture and services. A good example of this is Amuri county, which has increased its population by 54% over the 1921 to 1986\(^1\) period. This reflected not only the development of Hanmer as a tourist centre but also the growth in new forms of primary production. The introduction of large scale irrigation to the Culverden area enabled grazing properties to be converted to intensive dairying. This increased the number of farms, as well as the demand for labour. The growth in forestry plantings also created additional employment. This was mainly in the areas of maintenance and harvesting. It has been these new areas of employment that have kept up the population growth in Amuri and in a number of other districts.

The second point which comes through in the population statistics is the strong rate of growth in the counties and boroughs surrounding Christchurch. Table 12.4 shows that Kaiapoi, Papanui, Rangiora, and Waimairi have all exceeded the national rate of growth over the 1921 to 1986 period. In the case of Papanui and Waimairi, they have grown by more than twice the

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1 Accurate county and borough figures are not available for the 1991 Census period, due to the reorganisation of local government boundaries in 1989.
national average (388.96% and 441.87% respectively) (Department of Statistics, NZ Census, 1921 - 86). These four areas have exceeded the national average mainly as a result of their proximity to the Christchurch metropolitan area. They have benefited from the rapid growth in the city and the spill-over of population into neighbouring areas (New Zealand Planning Council, 1982). In the case of Paparua and Waimairi, large parts of these counties have been absorbed into the city. This point was recognised in the 1989 re-organisation of local government. The Local Government Commission re-drew the city boundaries to include the majority of these two counties (Local Government Commission, 1989).

This movement of population has helped to promote employment and services in the centres surrounding Christchurch but there is the danger that these communities are simply becoming outlying suburbs for the city. This process can be seen clearly in centres such as Halswell and Lincoln. Both townships are losing their rural character and they are becoming dislocated from their surrounding area. The movement of population from the inner city to the rural fringe\(^2\) should therefore be seen as a double edged sword. It is helping to support the infrastructure in these areas but it is placing additional strains on the existing population (Dahms, 1989, Bolton & Chalkley, 1990).

Another important point which comes through in the statistics is the movement of population to the larger centres within each district (New Zealand Planning Council, 1982: 47). This movement of population has re-inforced the economic and social base within the larger centres, but it has cut away at the smaller communities in each area. The smaller and more remote communities have lost a significant proportion of their population, particularly in the younger and more active age groups. There are a number causes for this movement. The major reason for moving is to secure employment and an adequate standard of living (Rural Household Survey, 1992 - 93). Smaller communities do not offer a wide range of employment options and there are few opportunities for advancement. In addition to employment pressures, residents are also attracted to the larger centres by the greater

\(^2\) This process is commonly referred to as sub-urbanisation.
Figure 12.2
The Changes Occurring in the Towns and Boroughs of Rural Canterbury

Figure 12.2 (A): The Population Trends in the Rural Boroughs

Figure 12.2 (B): The Population Trend in the Smaller Towns


Note 1: The county and borough figures only cover the 1921 to 1986 period. Population figures do not exist for 1991, due to the re-organisation of local government boundaries in 1989.
availability of educational facilities, social services, and sporting amenities. These facilities are seen by most households as being necessary for a good quality of life. In particular, households with younger families see good education and social services as a necessity (Rural Household Survey, 1992 - 93).

The move towards a more concentrated rural population can be seen in the growth rates achieved by the six rural boroughs. Five of the six boroughs have grown by more than 120 percent since 1921 (see Table 12.4). This contrasts sharply with the overall pattern of low to moderate growth. These growth rates have been achieved by drawing in the surplus younger population from the rural community and those in the retired age groups. This movement of population to the boroughs can be seen in Figure 12.2 (A). The figure shows there has been strong and sustained growth in the population of the rural boroughs since the 1940s. The only exception to this trend has been Waimate, which has grown by only 54%. Waimate's population growth needs to be seen in the wider context of South Canterbury. The borough continued to grow while the overall pattern in South Canterbury/North Otago was for a slow loss of population and employment (Strathallan -16.01% and Waitaki -14.56%). Table 12.2 (A) also shows that Rangiora's population has grown sharply since the beginning of the 1970s. This reflects the spill-over of population from Christchurch, which was discussed previously.

The smaller centres have been less consistent in their pattern of growth than the larger boroughs. This can be seen in Figure 12.2 (B). Townships that have a large catchment area, such as Darfield, have grown steadily over the post war period. Individuals and households have been attracted to Darfield as it services a large part of inland Canterbury. It provides a wide range of services and local businesses have few competitors within 40 to 50 kilometres. This contrasts with St Andrews and Winchester, who have lost most of their customer base to the nearby centres of Timaru and Temuka. The manufacturing and service industries in St
Andrews and Winchester were unable to compete economically with products from Timaru and Temuka. The lack of a distinct catchment area has made these two townships unattractive to new investment and to job seekers.

Growth rates in a number of centres have been supported by tourism revenue. These townships have developed because of favourable climatic conditions or as a result of their proximity to a major attraction (e.g. scenic walks, ski fields and hot pools) (Neville, 1980). The major centres which rely on tourism revenue are Akaroa, Hanmer Springs, Methven and Tekapo. These centres service the travelling public rather than their immediate hinterland. The recent acceleration in tourism has made these centres an attractive place for investment and settlement.

THE DEMOGRAPHIC PATTERNS WITHIN THE CANTERBURY POPULATION

In the 1920s and 30s Canterbury had what is known as a 'settler population'. There were major imbalances between the sexes and there was a concentration of population in the younger age groups. These two points are highlighted in Figure 12.3. The 1926 profiles for Amuri County and for Rangiora Borough show that there was a major imbalance between men and women in the over 45 age group. This imbalance reflected the demands of a new country. The difficulties in cutting a property from the bush encouraged single men, rather than families to migrate. The two profiles also show that Canterbury had a relatively young population. This reflected the recent influx of settlers and the human cost of breaking in farm land.

In the period since 1921 there have been a number of important demographic changes within the Canterbury population. One of the principal changes has been the growth in the elderly population. The proportion of the rural population in the over sixty age group has more than
Figure 12.3
The Age-Sex Profiles of Selected Counties

Amuri County

1926

1956

1986

Males
Females

Proportion of Population

Males
Females

Proportion of Population

Males
Females

Proportion of Population

0 - 15

60 +
doubled between 1926 and 1986. This trend is highlighted in Table 12.5. The table illustrates how both counties and boroughs have experienced an almost continuous increase in their elderly population since 1926 (the elderly population was over-stated in 1945 due to the large numbers serving in the military). An important point to recognise about this trend is the variation between boroughs and counties. The proportion of elderly residing in boroughs is

significantly higher than for counties. For example, the proportion of elderly in the Ashburton borough in 1986 was 22.33%, while the figure for Waimate county was only 13.48%. The variation between these two areas can be explained mainly in terms of accessibility to services (Rural Household Survey, 1992-93, Dahms, 1987). Retirees are moving to the larger centres in order to be closer to vital services, such as health care.

This expansion in the elderly population has been placing additional demands upon the traditional service networks within the rural community. These networks are having to cope with an ever increasing number of elderly residents, without an equivalent increase in financial and labour resources (Craft, Interview, 1993). Without adequate resources, the quality of life experienced by the elderly population will decline overtime. This situation is likely to worsen.

Table 12.5

<table>
<thead>
<tr>
<th>The Changing Dependency Ratio Over the 1926 to 86 Period</th>
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<tbody>
<tr>
<td>-------</td>
</tr>
<tr>
<td>Ashburton Borough</td>
</tr>
<tr>
<td>0 - 14 Years</td>
</tr>
<tr>
<td>Over 60 Years</td>
</tr>
<tr>
<td>Dependency Ratio</td>
</tr>
<tr>
<td>Waimate County</td>
</tr>
<tr>
<td>0 - 14 Years</td>
</tr>
<tr>
<td>Over 60 Years</td>
</tr>
<tr>
<td>Dependency Ratio</td>
</tr>
</tbody>
</table>


Note 1: The Dependency Ratio is calculated by dividing the dependent population (0 - 15 and over 60) by the working age population.

Note 2: Accurate figures could not be calculated for 1991, as the local government reorganisation in 1989 abolished the historical county boundaries in Canterbury.

Note 3: The elderly population was overstated in 1945 by the large numbers serving in the military forces.
rather than improve, as the elderly population is expected to increase by more than 130 percent between 1991 and 2031 (Department of Statistics, New Zealand Yearbook, 1993).

Another important demographic change has been the decline in fertility over the past thirty years. The number of live births per woman has fallen from 4.3 in 1961 down to 1.92 in 1983 (Department of Statistics, New Zealand Yearbook, 1993: 70). This means that the current birth rate is below the long term replacement level. This dramatic fall in fertility has altered the structure of the rural population. In particular, it has impacted upon the size of the juvenile population (0 to 14 years). Table 12.5 shows that the juvenile population has fallen away sharply since the mid 1960s. From 35 percent of the Waimate population in the 1950s and 60s it has fallen to 23 percent in the 1986 census period. The current levels are even below those reached during the depression. The causes of this fall in fertility are complex. "Increased used of contraceptives, increased participation of women in the labour force, rising divorce rates and general economic conditions have probably all, directly or indirectly contributed to it" (Department of Statistics, New Zealand yearbook, 1993: 71). These factors have raised the average age at which women have their first child and they have lowered the number of children couples expect to have.

The decline in the juvenile population has put at risk a number of key social services. At the pre-school level, there have been a series of creche and play centre closures as a result of falling rolls (Lincoln, Interview, 1993). Even in the areas where they have survived it has been necessary to alter their level of service. This has included reducing operating hours or becoming a mobile service, so that a larger area can be serviced. Falling primary and secondary school rolls have had a serious impact upon the quality of education within Canterbury. A number of primary schools have been forced to close and high schools have found it necessary to cut back on classes and on the range of course options they provide. The decline in the juvenile population has also affected the sporting and social life of most districts. There simply are not enough new players coming on stream to sustain the sporting and social activities within rural communities. As a result of this, a number of long
established rugby and cricket clubs have been forced to close or amalgamate over the past five to ten years (Rural Household Survey, 1992 - 93).

The demographic figures also reveal a persistent loss of population from the critical 15 to 24 year age group category. This loss of population can be seen in the 1956 and 1986 figures for Amuri County3 and Rangiora Borough (Figure 12.3). This movement of population to urban centres began in the late 1920s and early 30s (Robinson, 1986). The unstable farming conditions in this period made it difficult for younger workers to find adequate employment. The slowdown in economic activity was felt particularly in the smaller centres. Towns such as Ohoka, Parnassus, and Waikari all lost employment after 1926, as was illustrated in Table 12.1 (Wise's Publications, Post Office Directory, 1916 - 1961). The depressed state of the rural economy also forced down wages (Department of Statistics, New Zealand Yearbook, 1920 - 1940). This created a wage differential between the rural and urban sectors. This wage differential encouraged rural workers to move to equivalent jobs in the urban sector.

The level of out-migration increased during the 1950s and 60s. Younger workers were attracted to the major urban centres by the wider variety of employment and by the prospect of higher wages (Forster, 1969). Opportunities for employment in the rural economy were limited (Linge, 1976: 15), and younger workers found it difficult to gain secure, long term positions. This lack of job security encouraged workers to look further afield (Cant, 1967, Glendining, 1978). Younger workers were also frustrated by the narrow range of employment opportunities available in the rural economy. Most new entrants to the labour market found it difficult to gain employment in the areas they were trained in. It was common for workers to take on jobs that were outside of their field of expertise. To gain more appropriate employment younger workers found it necessary to migrate to urban centres (Heenan, 1986: 52).

3 The 1926 and 1956 profiles for the Amuri County show a significant loss of population in the 10 to 14 year age group. This loss of population was due mainly to the fact that students had to board outside of the district for secondary education. A local high school (Culverden High) was not established until the 1960s.
This trend became more pronounced in the late 1960s and 1970s with the declining profitability of farming and its flow on effects to the wider rural economy. The downturn in the rural economy made it increasingly difficult for skilled workers to find appropriate employment.

"The labour market has shrunk markedly over the past twenty years. This decline has impacted most upon skilled workers as they can not readily find alternative forms of employment" (Rural Business Survey, 1992 - 93).

The Household Survey (1992 - 93) found that the decision to move was motivated not only by economic factors but also by a number of social considerations. The younger population has been attracted to urban centres by the wider range of amenities that are available (both sporting and cultural). The major attractions mentioned in the survey responses were nightclubs, restaurants, and theatres. These amenities were seen as important points of social contact. Another reason for moving has been the greater availability of services in urban areas (e.g. retail stores, educational facilities, and health services). The desire for better services was mentioned particularly in smaller communities, such as Waikari and Hororata. These social factors tend to have an indirect effect on rural behaviour. They help to shape rural attitudes on migration and on the advantages of moving to the urban sector. This is in contrast to the economic factors discussed earlier. Economic factors tend to have a more direct influence upon a person's decision to stay or to migrate.

"Three of my four children have moved to Christchurch in search of better employment and social conditions " (Rural Household Survey, 1992 - 93)

THE RECENT TRENDS IN RURAL - URBAN MIGRATION

Since the mid 1970s there has been a movement of population from the larger urban centres to their surrounding districts. This trend has been fostered by events within the urban economy, rather than by a recovery in the rural sector. The rural sector is still shedding labour.

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4 This process is known as counter-urbanisation and has been evident in most western countries for the past twenty to twenty five years.
particularly in the farm and servicing areas. The groups making the move to the rural sector can be categorised under four general headings. They are:

i) Retired households;

ii) Urban professionals;

iii) Lifestyle seekers; and

iv) Beneficiaries (particularly single parent families). (Household Survey, 1992 - 93)

The major motivation behind these groups moving away from Christchurch or Timaru was the perception that the rural sector offers a better quality of life. Younger couples felt that the rural community offers them a safe and friendly environment in which to bring up their families. A similar view was expressed by retired couples. They felt that rural living provides a setting in which they can "relax and get away from the hassles of modern living" (Rural Household Survey, 1992 - 93). The ability to choose between rural and urban living has increased over the past couple of decades with the improvement in transportation and the more flexible working practices that have been introduced into the economy. These changes have made it possible for a growing number of households to work in urban areas, but live in the rural community (Bolton & Chalkley, 1990, Cross, 1987)

The movement of retired couples to the rural sector has been concentrated in a few specific areas. Retired couples look for communities that provide a pleasant year round environment and that are still reasonably close to services (i.e hospital care) (Dahms, 1987). In Canterbury, areas such as Akaroa, Hanmer Springs, Lincoln, and Woodend Beach have all received significant inflows of elderly population. These areas provide residents with a relaxed and healthy environment. Retired couples also like the idea of becoming part of a close knit community. Another motivating factor has been the lower cost of housing in rural areas (Dahms, 1987: 5). When couples move out of their family home they often find it less expensive to purchase and maintain a rural property, than buying a town house or an inner city apartment. The influx of retired couples to rural communities has benefited these areas by enlarging the population base and stimulating the local economy. It is important however to recognise that elderly migration is concentrated in a few selected areas (Joseph & Cloutier,
Retired couples are unlikely to move to isolated communities as they need to have services close at hand (Little, 1980).

The trend towards rural living has not been confined to the retired population. There has also been a growing movement among middle and higher income professionals to live in the rural sector. These groups live in the rural community and they commute to the major centres for employment (Dahms, 1989; Bolton & Chalkley, 1990). The motivation for this movement is the healthier and more relaxed environment in the rural sector. An increasing number of professionals are feeling that they need to break away from the tensions that come with urban living (Rural Household Survey, 1992-93). This drift to the rural sector has been made possible by improvements in the roading network and in personal mobility. These two factors have reduced the time it takes to travel from a rural township into a major centre. The movement to the rural sector has also been encouraged by the growing flexibility in work practices. This flexibility has made it possible for an increasing number of professionals to work from offices at home. This trend has been assisted by the improvement in telecommunications.

The movement of professionals to the countryside has helped to revive the rural economy, but it is important to recognise that the migration is area specific and that the economic benefits may not be as great as they first appear. The areas settled by professionals are concentrated around the major centres and along easily accessible transport routes (Rural Household Survey, 1992-93). This means that remoter and less accessible areas have not shared in the outward movement of urban population. In a number of respects this movement of population should not be seen as migration, but rather as sub-urbanisation (Dahms, 1989). This point can be seen by looking at the settlements around Christchurch. The smaller settlements have simply become outlying suburbs of Christchurch. The households in these areas spent the majority of their time in Christchurch (working, shopping, or visiting friends). This means that these centres have become little more than dormitory settlements (Dahms, 1989). The economic benefits from this movement in population are also rather illusionary.
The new residents tend to shop in the major centres. Local businesses and services do not receive a large proportion of their disposable income. This means that their economic contribution to the rural community is more limited than might be expected (Rural Business Survey, 1992). The movement of professionals to rural communities has helped to increase the rating base of these areas. This has enabled local councils to improve essential services and to develop additional social amenities.

The third group of households that have moved to the rural sector can be classified as lifestyle seekers. They have moved to the rural sector in search of a better quality of life for their families. They see the rural sector as providing a healthy and safe environment in which to rear their children. The desire for a safe family environment was stressed particularly by migrants from the North Island (Rural Household Survey, 1992 - 93). In a number of cases, the respondents had moved to escape racial violence and discrimination. This group of respondents varied in their social and economic conditions. They ranged from farm and service labourers through to skilled professionals.

The final group of migrants identified in the survey were beneficiaries, particularly single parent families. Their major reasons for moving were the low cost of rural housing (both in terms of ownership and rent) and the desire to bring up their children in a close community. This trend was seen particularly in the Waipara - Waikari district. Respondents were attracted to this area by the availability of part time employment in the craft and viticulture industries. The growing number of beneficiaries in this area has put a strain on community services but overall, residents feel they are making a positive contribution to the area. In particular, they have helped to ensure the survival of the primary schools in the Waipara - Waikari area.

**THE FUTURE TRENDS IN RURAL MIGRATION**

Finally, it is important to look at the future trends in rural migration. The survey results show that most residents want to stay within the rural sector. This attachment is based upon a
combination of family and community ties. These ties provide residents with a support network they can fall back on in times of difficulty. This network will be lost if individuals move away from the local area. Another important factor that has to be considered is the quality of rural life. Most residents appreciate that the urban environment has a more stressful lifestyle than the rural sector. Against these positive factors, residents have to weigh up the difficulties in gaining employment, education, and promotion. Rural Canterbury has a limited employment base and there are few opportunities for skilled workers. This means that workers have to move out of the district if they are to follow specialised career paths. The lack of promotion opportunities is another important factor that workers have to consider when deciding whether to stay in the rural community. If workers are to advance in a particular field it is necessary to take the opportunities when and where they occur. The continuing decline in the rural service base will also play an important part in the decision whether to stay or move. The decline in services is placing additional pressures upon rural households (i.e. longer travelling distances). These pressures are likely to force an increasing number of households to move to areas with better facilities. These employment and service considerations will have a major influence on the level of migration over the next five to ten years. This is reflected in the survey results. Nearly 40 percent of respondents said that one or more household members was likely to move away from the district over the next few years. In some cases the movement was likely to be short term (i.e. for further education) but in the majority of cases the move was expected to be permanent.

**SUMMARY**

This investigation of the employment and population trends in Canterbury has revealed four major points:

i) The majority of centres have experienced little or no growth in employment and population over the 1921 to 1991 period;

ii) Employment and population growth is being concentrated in the larger centres and in the districts around Christchurch;
iii) The difficulties in gaining employment are forcing younger workers and those with advanced skills to migrate; and

iv) The growth in the retired population is placing additional strains on the resources of local communities.

The majority of areas have experienced little or no growth in employment and population, as they have been adversely affected by agricultural restructuring and the centralisation of services. Agricultural restructuring has reduced the number of paid farm workers, while the centralisation of services has eaten away at employment in the retail, manufacturing, and processing sectors. These two factors have reduced the opportunities for local employment and they have compelled individuals and households to search elsewhere for positions. In extreme cases, the decline in agriculture and servicing has lead to falls in employment and population, as was seen in the case of Wairewa County.

Employment and population growth has occurred in the larger rural centres and in the districts surrounding Christchurch. The larger rural centres have grown by absorbing the functions of their smaller neighbours. They have also gained the bulk of new investment in processing and manufacturing. The districts surrounding Christchurch have grown due to the spill-over of population from Christchurch and the establishment of commuter suburbs. These developments have raised population levels, but their effect on employment has been more limited. This is due to the fact that these new residents continue to use urban services, rather than transferring their loyalty to local businesses.

Another point which came through in the research was the on-going loss of younger workers and those with specialised skills to urban centres. This trend reflects the limited range of job opportunities in rural areas. Workers find it difficult to gain positions suited to their qualifications. This is especially true in the case of highly skilled personal. Rather than accept a lower paying job in another field workers tend to search for opportunities in other
areas, specifically one of the major centres. This loss of workers is very damaging to rural communities as they are losing their youngest and brightest.

Finally, the research showed that a rapidly growing proportion of the rural population is in the retired age group category. This was noticeable especially in the borough figures. The data for Rangiora showed that 22% of the borough's population was in the retired age group (1986). This high percentage is placing severe strains on both health care facilities and on social services.
CHAPTER THIRTEEN

THE COMMUNITY RESPONSE TO THE CLOSURE OF LOCAL SERVICES

BACKGROUND

The general store, the Post Office, and the local school have historically played an important role in holding rural communities together. They have acted as contact points between households and they have helped to build up community spirit (Dahms, 1989). They are seen by residents as being important for promoting discussion and the exchange of ideas (Rural Household Survey, 1992 - 93).

When communities lose their major services there is a tendency for residents to feel a sense of social isolation (Gillies, 1980 (b): 47-49). This isolation can be seen at two levels. The decline in everyday services increases the barriers between rural households. Without the Post Office or the general store there is no need for residents to make regular contact with their neighbours. Without this day to day contact the level of co-operation and support between neighbours declines. The closure of major services, such as the local school or the sporting club, has an impact upon the entire community. The loss of these services removes the focal point within a district. There is no longer a venue where households can come together as a group. The long term effect of this has been to break down the social framework within these areas.

"the importance of the place of schools in country communities cannot be underestimated" (Little, 1980: 60)
THE IMPACT OF DECLINING SERVICES ON COMMUNITIES IN CANTERBURY

The decline in community and social services has been a major issue since the 1960s. Residents have been concerned particularly about the closure of public facilities, such as hospitals, schools, and Post Offices. Successive governments have been centralising these facilities in an attempt to reduce the financial cost of service provision. The reduction in service provision is also linked to the declining population in smaller communities. The loss of population has meant that it is "impossible to sustain essential services" (Gillies, 1980 (b): 46). When communities reach a certain population threshold it becomes uneconomic for the government to maintain hospital and schooling facilities. In a number of areas this cycle of population loss and service decline has become self perpetuating. The loss of services causes "further closures and further losses of personnel" (Gillies, 1980 (b): 46).

"Once set in motion, the forces at work progressively reduce the economic and social facilities of the small centres ..." (Harris & Werder, 1980: 25)

The widespread nature of the decline in rural services can be seen in Figure 13.1. Sixty eight percent of respondents to the household survey said that they have experienced a decline in

FIGURE 13.1
The Changing Availability of Services Over Recent Years

![Bar chart showing the changing availability of services over recent years. The chart indicates 108 respondents declined services.](source: Rural Household Survey, 1992-93)
access to services over the past five to ten years. This high percentage shows that service decline is a general trend, rather than being an isolated event.

The attitude of respondents to the loss of services was fairly consistent. There was a concern that the loss of services was reducing the level of contact between friends and neighbours. A number of respondents went further by saying that the closure of stores and businesses was undermining their local communities.

"how can you have a sense of community when you never have contact with your neighbours" (Rural Household Survey, 1992-93)

Respondents were concerned particularly about the loss of Post Offices in rural communities. The number of rural Post Offices declined gradually during the 1960s and 70s as a result of falling levels of population in smaller centres and improvements in collection and handling procedures. This trend increased during the 1980s with the corporatisation of the Post Office and the division of the service into three business units. The cross subsidisation between urban and rural Post Offices was ended and each unit had to be self supporting. This process of restructuring was accelerated when the banking and telecommunication arms of the service were privatised. The new owners of Postbank and Telecom separated their operations from the postal side of the business. The major effect of the separation has been to reduce the level of access rural households have to banking facilities. Postbank withdrew its banking facilities from all but the largest rural centres. This has left a large section of the rural community without direct access to banking operations. Households in these areas are required to travel to a major centre for their banking needs. New Zealand Post responded to the separation of the service by moving to an agency system. The majority of their 'stand alone' operations were closed and local stores were granted agency rights. The agency system has preserved postal services in rural communities, and in a number of cases enhanced them. The respondents to the Household Survey (1992-93) highlighted the closure of Postbank facilities as a major concern. The loss of this service has meant that households

---

1 The Post Office has traditionally been the major provider of banking facilities to rural communities.
have to carry out their banking needs in a major centre rather than in their local community. This has weakened social ties and left households in smaller centres feeling increasingly isolated.

The sense of loss felt by residents when postal services are closed can be seen in the comments of Mrs Bradley (Interview, 1993), a retired nurse living in Mayfield. The closure of the Mayfield Post Office cut away a crucial link in Mrs Bradley's social life. The Post Office had been her major point of contact with other residents. She met friends there and learnt the local news. When the office closed this link with the wider community was cut away. The closure also meant that she had to travel to Ashburton to do her banking.

The concern over Post Office closures, in particular their banking operations, has been mirrored in the areas of health care and education. There has been a strong public outcry over the closure and downsizing of rural hospitals and schools. Residents have opposed the closure of these services as they "provide a focal point for their community" (Crichton, 1991: 14). They are important in the social life of a community and they help to bring a district together (Rural Household Survey, 1992-93). The move to rationalise these services has been prompted by the high cost of providing rural communities with health and education services, and their low utilisation rates (The Christchurch Mail, 1994: 7, Canterbury Area Health Board, 1991).

The rationalisation of these public facilities has had a major bearing on the level and quality of services. This can be seen particularly in the area of education, both at a primary and secondary level. The findings from the household survey showed that there have been a number of disturbing trends within the rural education system.

i) Class sizes have been increasing in primary and secondary schools;

ii) Staff numbers have been reduced in most areas;

iii) Rural High schools have lost funding for specialised courses and activities (e.g. agricultural and engineering courses);
iv) Schools have experienced a reduction in funding for maintenance; and
v) There has been a move to concentrate primary and manual training facilities. The increasing class sizes and the reduction in specialised courses means that rural students are experiencing a deterioration in the quality of their education. This deterioration has encouraged a number of the respondents to send their children to boarding school, as they want to give their children access to a wider range of courses and opportunities. The reduction in maintenance funding has been reducing the long term quality of the schooling facilities in rural areas. This reduction has been alleviated in some areas by increased parental support (both in terms of funding and labour).

Respondents were also concerned about the policy of concentrating educational services (particularly in the case of primary and manual training facilities). The concentration of services has increased the travelling time for rural students. This is a major concern, as rural students already spend a disproportionate amount of their time travelling. This point can be seen in Table 13.1. Approximately twenty percent of primary and thirty percent of secondary students spend more than half an hour a day in travelling to and from school. Increasing this travelling time further will place additional strains upon students and their parents. This situation can be illustrated by looking at the case of Mayfield. In recent years the Mayfield primary school has had to absorb students from Anama and Montalto, when the schools in these two communities were closed. These closures have added another 10 to 20 minutes

<table>
<thead>
<tr>
<th>TABLE 13.1</th>
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<tbody>
<tr>
<td>A Breakdown of Daily Travelling Times</td>
</tr>
<tr>
<td>Hours Travelled Per Day</td>
</tr>
<tr>
<td>0 - 0.25</td>
</tr>
<tr>
<td>Pre-School (14)</td>
</tr>
<tr>
<td>Primary (70)</td>
</tr>
<tr>
<td>Secondary (54)</td>
</tr>
<tr>
<td>University/ Polytechnic (32)</td>
</tr>
</tbody>
</table>

Source: Rural Household Survey, 1992 - 93
travelling time each day for students. At a teaching level, Mayfield primary has had to cope with this influx of students without receiving a corresponding increase in funding (Rural Household Survey, 1992 - 93). This means that teacher and school resources are being spread more thinly among the students. The overall effect of these closures has been to add extra pressure to teachers, students, and their parents.

An area that is often overlooked in the discussion on rural services, is the voluntary sector. A large proportion of the services provided to the rural community are operated by voluntary organisations (Packman, 1985). Voluntary organisations provide meals on wheels, creche facilities, transport for the elderly, and home help. The volunteers in these organisations usually give both their time and money to these services (Rural Household Survey, 1992-93). The strength of these services depends to a large extent upon the vitality of the local community. Areas with a strong community network usually have a well developed range of voluntary services, as they are able to call on people with a wide range of skills.

The voluntary agencies in Canterbury have been experiencing a gradual decline in support over the past ten to twenty years (Rural Household Survey, 1992 - 93). This decline has been due mainly to economic conditions and the breakdown in the traditional social networks. The difficult economic conditions over the past twenty years have limited the amount of time and money individuals and households can put into voluntary organisations (Rural Household Survey, 1992-93). The breakdown in the traditional social networks have also made it more difficult to encourage support for voluntary services. This is particularly true in the case of elderly care. A number of respondents mentioned that they were finding it increasingly difficult to find people who were willing to assist the elderly members within their community. This decline in support for voluntary services is having a major impact upon rural communities. The vulnerable groups within the rural sector (i.e the elderly and the disadvantaged) are not receiving the services they need. As a result of this, they are being increasingly alienated from the rest of the community.
SUMMARY

The decline in commercial and public services has had a major social impact upon rural communities, as they are more than places of exchange and education but are points of interaction for a district. They help to tie a community together and to give it a distinctive character. When services close they leave a major gap within a community, as contact declines between neighbours. This can create a sense of isolation for individuals and households. This is especially true when major public services are closed, such as hospitals and schools. These services tend to be the focal point for a community. Their closure can therefore produce a major dislocation within a district.

Declining involvement in voluntary services is having a similar effect to business closures. The loss of volunteers is reducing the contact the elderly and disadvantaged groups have with outside organisations. This is creating a sense of isolation among the elderly as they feel increasingly cut off from society.
INTRODUCTION

The period since the late 1950s has seen rural women taking on a greater and more conspicuous role in the paid labour force and in their communities. The proportion of rural women in formal employment has risen sharply while there has been a steady growth in the number of women participating in local government and broader community affairs. In conjunction with these developments there has been a shift in the division of farm and household responsibility. Rural women are playing an increasing role in farm and household decision making, particularly among younger families.

The intention in this chapter is to explore these trends and to examine how they are impacting upon communities and households in Canterbury. The work will look particularly at the changing division of responsibility on agricultural properties. The past twenty years have seen a large proportion of farms move from individual ownership to joint partnerships. The discussion will examine whether this trend reflects a growing appreciation of the role women play on farms, or whether it is simply a response to changes in matrimonial legislation.

i) The Increasing Proportion of Rural Women in Paid Employment

The proportion of rural women in paid employment has risen sharply since the Second World War. In the late 1940s and early 50s women made up only 10 to 15% of the paid work force in rural communities (Philpott, Interview, 1991). This figure has climbed to approximately
40% in the 1991 census period. The increase has taken place across all districts, rather than being concentrated in particular areas. This point is shown in Table 14.1. Both boroughs and counties have experienced sharp increases in the proportion of women in paid employment. One of the most dramatic increases has been in the Hurunui County. In 1966, women made up only 12.82% of the county's workforce. By 1991, this had grown to 38.09%, nearly a three fold increase.

<table>
<thead>
<tr>
<th>Area</th>
<th>1966</th>
<th>1986</th>
<th>1991 (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canterbury (Including Waitaki)</td>
<td>26.92%</td>
<td>32.65%</td>
<td>42.84%</td>
</tr>
<tr>
<td>Amuri County</td>
<td>19.25%</td>
<td>24.93%</td>
<td>41.11%</td>
</tr>
<tr>
<td>Cheviot County</td>
<td>14.45%</td>
<td>22.11%</td>
<td>36.32%</td>
</tr>
<tr>
<td>Hurunui County</td>
<td>12.82%</td>
<td>26.12%</td>
<td>38.09%</td>
</tr>
<tr>
<td>Rangiora District</td>
<td>23.51%</td>
<td>29.12%</td>
<td>----------</td>
</tr>
<tr>
<td>Rangiora Borough</td>
<td>22.49%</td>
<td>29.72%</td>
<td>41.99%</td>
</tr>
<tr>
<td>Kaiapoi Borough</td>
<td>25.16%</td>
<td>30.64%</td>
<td>41.34%</td>
</tr>
<tr>
<td>Eyre County</td>
<td>16.89%</td>
<td>29.23%</td>
<td>----------</td>
</tr>
<tr>
<td>Oxford County</td>
<td>18.71%</td>
<td>23.67%</td>
<td>38.00%</td>
</tr>
<tr>
<td>Malvern County</td>
<td>12.78%</td>
<td>21.72%</td>
<td>----------</td>
</tr>
<tr>
<td>Paparua County</td>
<td>24.00%</td>
<td>32.08%</td>
<td>----------</td>
</tr>
<tr>
<td>Waimauia County</td>
<td>25.50%</td>
<td>33.15%</td>
<td>----------</td>
</tr>
<tr>
<td>Mt Herbert County</td>
<td>21.22%</td>
<td>32.64%</td>
<td>----------</td>
</tr>
<tr>
<td>Akaroa County</td>
<td>17.15%</td>
<td>27.80%</td>
<td>41.84%</td>
</tr>
<tr>
<td>Wairewa County</td>
<td>14.07%</td>
<td>27.90%</td>
<td>33.24%</td>
</tr>
<tr>
<td>Ellesmere County</td>
<td>18.43%</td>
<td>29.33%</td>
<td>40.33%</td>
</tr>
<tr>
<td>Ashburton County</td>
<td>14.29%</td>
<td>26.00%</td>
<td>36.79%</td>
</tr>
<tr>
<td>Ashburnon Borough</td>
<td>26.28%</td>
<td>39.40%</td>
<td>39.19%</td>
</tr>
<tr>
<td>Strathallan County</td>
<td>15.83%</td>
<td>27.63%</td>
<td>----------</td>
</tr>
<tr>
<td>Geraldine Borough</td>
<td>21.44%</td>
<td>25.12%</td>
<td>38.66%</td>
</tr>
<tr>
<td>Temuka Borough</td>
<td>23.00%</td>
<td>29.06%</td>
<td>37.74%</td>
</tr>
<tr>
<td>MacKenzie County</td>
<td>19.59%</td>
<td>26.96%</td>
<td>39.24%</td>
</tr>
<tr>
<td>Waimate County</td>
<td>14.35%</td>
<td>26.45%</td>
<td>36.73%</td>
</tr>
<tr>
<td>Waimate Borough</td>
<td>30.13%</td>
<td>30.60%</td>
<td>41.17%</td>
</tr>
<tr>
<td>Waitaki County</td>
<td>14.93%</td>
<td>27.78%</td>
<td>35.31%</td>
</tr>
</tbody>
</table>


Note 1: Borough and County employment figures were not published in a standard form prior to 1966. The earlier figures can not be re-constructed from Department of Statistics records as they have not been kept.

Note 2: The 1991 Census figures on rural employment are based upon new local government boundaries. These new boundaries do not correspond evenly with the historical ones. A number of the old counties and boroughs can not be reconstructed from the census figures.

Note 3: The employment categories have been altered over the 1966 to 1991 period. The 1966 employment category recorded all workers who were actively engaged in employment, for more than 20 hours per week. The 1986 figures recorded all persons who were gainfully employed on a full time basis. The 1991 figures included all persons who were gainfully employed in full or part time employment.

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1 The census figures on female employment need to be treated carefully, as the latest figures include part time employment. The earlier figures only cover persons who were engaged on a full time basis. The exclusion of part time employment in the 1966 and 1986 figures has under-represented the number of rural women in paid employment. This is due to the fact that rural women have tended to favour part time employment over full time labour.
A number of inter-related factors have contributed to this increase. The initial stimulus was the demands of the Second World War. The war created opportunities for rural women to move beyond their traditional areas of employment (e.g. retailing, clerical services, teaching, and nursing). Rural women took up positions in manufacturing, processing, and agriculture. Taking over these roles gave rural women greater confidence in their own abilities and encouraged them to stay longer in the paid workforce. This point came through in an interview with a retired Ashburton teacher (Ford, Interview, 1993). Mrs Ford said that the war enabled younger women to expand their skills and to occupy positions that would not normally have been available.

The war raised the aspirations of rural women (particularly younger women) and encouraged them to become more involved in formal employment. Another factor which contributed to this trend was the rising standard of education during the 1950s and 60s. The number of women staying on at school increased steadily over this period (National Council of Women, 1985). The attainment of higher standards of education gave rural women the confidence to challenge the existing employment structures (Horsfield & Evans, 1988). Rural women were also encouraged by positive role models from Western Europe and North America. Women in Britain and America were entering the paid labour force in increasing numbers and they were progressing to positions of responsibility. This challenging of traditional employment structures was highlighted in an interview with one of the early woman architects (Howard, Interview, 1993). Mrs Howard had combated considerable opposition from family and friends in the 1950s to attain her qualifications. It had then taken her a number of years to overcome public scepticism as to the quality of her work. Mrs Howard persisted as she had confidence in her abilities.

During the 1970s and 80s many of the traditional barriers between male and female employment were broken down. This can be seen particularly in the area of agricultural employment. In 1956, only 5.2% of paid agricultural workers in Canterbury were female. By 1986, this figure had risen to 29.8% (Department of Statistics, New Zealand Census.
The increase in female participation was noticeable especially in the area of horticultural activity. The breakdown in the barriers between male and female employment has occurred as a result of strong lobbying and the introduction of anti-discrimination legislation (i.e. 1977 Human Rights Commission Act).

The sharp rise in female employment in recent years is due in large part to the changing economic conditions in rural communities. Households are finding that one income is now insufficient to support a family. It is therefore becoming a matter of necessity for both partners in a household to have some form of employment (Rural Household Survey, 1992-93).

**TABLE 14.2**

**Average Earnings of Women in New Zealand as a % of Male Earnings**

<table>
<thead>
<tr>
<th></th>
<th>Ordinary Hourly Rate</th>
<th>Weekly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1973</td>
<td>72.1%</td>
<td>69.2%</td>
</tr>
<tr>
<td>October 1975</td>
<td>76.4%</td>
<td>73.8%</td>
</tr>
<tr>
<td>May 1980</td>
<td>78.2%</td>
<td>75.0%</td>
</tr>
<tr>
<td>May 1985</td>
<td>78.0%</td>
<td>75.1%</td>
</tr>
<tr>
<td>May 1990</td>
<td>81.0%</td>
<td>77.6%</td>
</tr>
<tr>
<td>May 1993</td>
<td>81.4%</td>
<td>77.1%</td>
</tr>
</tbody>
</table>


The rise in the proportion of rural women working has been substantial but it is important to recognise that the quality of the employment and the level of remuneration tends to be less than for their male counterparts. Female employment is concentrated in lower income occupations and there continue to be obstacles to the advancement of women up the corporate ladder (Horsfield & Evans, 1988: 18; Hyman, 1994: 151). This division between male and female employment is reflected in Table 14.2. The table shows that the gap between male and female wages has narrowed only gradually in the past two decades, despite the enactment of equal pay legislation in 1972.
ii) Growing Female Participation in Local Government

"the system of gender relations is changing, from one which was based on women being largely confined to the domestic sphere, to one in which women are present in the public sphere, but still frequently segregated into unequal positions" (Walby, 1997: 1)

Up until the Second World War there was virtually no female representation on town councils or on ad hoc bodies in Canterbury (e.g. hospital and roading authorities) (Gillespie, 1953, Hawkins, 1957). Political power in rural communities was concentrated in the hands of the major land owners and businessmen. These two groups were able to dominate the political scene as they had both the time and the resources to devote to community affairs. They also tended to be better educated and more politically aware than the majority of the rural population. The control these two groups had over the political system can be seen in the fact that local authority positions were often passed down from generation to generation. This can be seen particularly in the case of the Amuri County, where two of the oldest families (the MacFarlanes and the Rutherfords) have been represented on the council for most of this century (Gardner, 1983) (Wild, Interview, 1989).

Participation in local politics broadened in the 1950s and 60s with candidates being drawn from a wider cross-section of society (Hibbert, Interview, 1990). An important aspect of this trend was the growing interest women were showing in political matters. The rise in female participation reflected a growing concern among rural women that their views and aspirations were not being met by the present political system. Rural women felt that they needed to participate more fully in the political arena, if their opinions on social and economic issues were to be heard (Rural Household Survey, 1992 - 93). This point came through in an interview with Mrs Davies (interview, 1993), a retired Temuka teacher. In the mid 1950s she became concerned at the lack of council action over drainage issues and she lobbied councillors for action. Mrs Davies also campaigned for an independent councillor who shared
her views. This growing interest in politics led to increasing numbers of women standing for election.

"The proportion of women among both candidates and elected members has been increasing steadily since information began to be collected in 1959" (Department of Internal Affairs, 1992: 54)

The growth in female representation can be seen particularly in the last twenty years. From having a token presence on most councils and ad hoc authorities in the 1950s and 60s, rural women now play a significant role in the political life of their districts. The proportion of women on territorial authorities climbed from 4% during the 1960s to 28% at the 1992 local body elections (Department of Internal Affairs, 1994: 54-59). An even greater increase was seen in the case of area health boards. At the 1989 elections, women accounted for 47% of the candidates and 53% of elected members (Local Government Business Group, 1993: 10-19).

This increase in political activity reflects a growing self-confidence among rural women. This self-confidence has been fostered through improved education and employment opportunities (National Council of Women of New Zealand, 1985). Greater access to education has shown rural women that they do not need to be confined to a specific career path and that they can play an important role in the affairs of their district (McLeod, 1968). Higher standards of education have also helped rural women to articulate their views.

"Access to education and training stands out as a necessary condition for a career in politics and for gender-balanced political representation" (United Nations, 1992:93)

The growing economic role played by rural women has been another factor behind the increase in political activity. Rural women have been taking on higher positions within the business community and they have been playing an increasing role in the economic life of their districts. This increase in economic responsibility has produced a change in attitude towards the role of women within rural society. There is now a growing acceptance that
women should play a greater part in local and central government affairs (National Council of Women of New Zealand, 1985).

"The confidence I gained from working influenced my decision to stand for the local school board" (Rural Household Survey, 1992 - 93)

The recent gains in female representation have been significant but there is still a long way to go before there is equal representation at the territorial authority level. This is especially true in rural communities, where female candidates have to overcome strong prejudices against the involvement of women in political life. This point came through in interviews with Jenny Rayne, a MacKenzie District councillor (Interview, 1989, 1992). She has found that women councillors have to continually prove themselves. They have to show competence in a wide range of fields and they tend to be judged on current issues rather than on past performances.

Rural women have also been under-represented in the major political lobby groups, such as Federated Farmers. The number of women standing for the local branch executives of Federated Farmers has been minimal until recent years (Heart, Interview, 1989, 1992). There is a growing recognition however that rural women need to participate more fully in these organisations if their views are to be put forward to government (Rural Farm Survey, 1992).

"We now need to see country women becoming interested in the organisation of Federated Farmers, not just to support it, but to play a part in the policy making decisions" (Turnball, 1977: 18)

iii) The Changing Structure of Rural Households

Rural households in the 1920s and 30s were male dominated institutions. The major financial and planning decisions were usually decided by the male partner within the household\(^2\). This structure reflected the employment and social conditions of this period. Men dominated most areas of employment in Canterbury while there were few opportunities for women to have a

\(^2\) Rural women did play a role in day to day household affairs. They usually had responsibility for the weekly budget and for the purchase of basic household items (e.g. food and clothing).
career (the exceptions to this were nursing and teaching). Women were also discouraged from continuing to work after they were married. There were strong social pressures on married women to stay at home, rather than start (or continue) a career. This meant that rural women did not have the opportunity to gain experience in positions of responsibility or to become financially independent. These two factors made it possible for the husband to control household affairs. This situation was compounded by the limited access rural women had to education, up until the mid 1930s.

The trend since World War Two has been for rural women to participate more fully in household planning and in the management of financial affairs. This development has been a gradual process and there continues to be a significant proportion of rural households where decision making is dominated by the male partner (Ponter, 1996: 129). These tend to be older households.

The change in household relations is a reflection of the growing educational status of rural women and the increasing economic contribution they are making to the household unit (Horsfield & Evans, 1988). Higher standards of education have encouraged rural women to be more assertive and to challenge the way household affairs are managed (National Council of Women of New Zealand, 1985: 77). Rural women are no longer prepared to stand back from the major decisions within a household. The majority of rural women want to share in the responsibility for financial and social matters (Rural Household Survey, 1992-93).

This trend is also a reflection of the growing involvement of rural women in paid employment. Entering the labour market has changed the economic position of women. Rural women have gained a degree of financial independence and become contributors to the household budget. In a growing number of cases women are the major contributors to household finances (Rural Household Survey, 1992-93). This increased financial role has had a major bearing on household decision making. Rural women have used their increased financial position to demand a greater say in the way financial matters are organised. This
increased financial power has also made it possible for rural women to act independently of their partners.

The change in household decision making can be seen particularly among younger couples. There tends to be a greater appreciation among the younger population that women should be given the same rights and opportunities as their male counterparts (Rural Household Survey, 1992 - 93). In these households, responsibility for decisions is now shared jointly.

iv) The Division of Responsibility on Agricultural Properties

Farm management issues have historically been decided by the male partner. There tended to be little consultation between husbands and wives over issues of production or capital expenditure. The male partner would instead consult with his accountant or lawyer. This point was highlighted in an interview with Mrs Edwards of Timaru (Interview, 1992). In the thirty years she and her husband were involved in farming, there were only a handful of occasions when she was consulted on management issues. This was despite the fact that she participated fully in the physical workload of the property. It was only in 1982 when her husband died that she found out the financial state of the farm.

The 1960s and 70s saw a gradual move towards greater female participation in farm management. This trend was evident particularly among younger farm households. The new generation of farm wives were less willing to accept an inferior role in property management (Hayward, Interview, 1991). This increase in involvement was illustrated in the 1975 National Survey of Rural Women (Gill & Gill, 1975). The area of highest shared responsibility was in farm finances and investment. Just over a third of those surveyed said that investment decisions were made jointly. The level was significantly lower for day to day and seasonal decision making (Gill & Gill, 1975: 54 - 55).
The period since 1975 has seen continued growth in the proportion of women participating in farm management decisions. The trend however tends to be overstated as researchers frequently use the statistics on family partnerships as a proxy for shared decision making. The findings from the 1989 National Survey of Rural Women (Ponter, 1996) revealed that the move to family partnerships was related more to changes in matrimonial legislation than to a shift in the division of farm responsibility. The 1976 Matrimonial Property Act gave both partners in a relationship equal property rights. It was therefore no longer appropriate to classify properties as being individually owned, when legally they were partnerships. This trend was also encouraged by the 1983 Income Tax Act, which allowed partnerships to be used to spread liabilities and to re-apportion assets.

"While the 1976 and 1983 legislation has brought about a change in the legal status of women as property owners, and has recognised their contribution to the business ... control over land use and business decisions are still largely determined by the male partner" (Ponter, 1996: 73)

SUMMARY

This chapter has highlighted the changing position of rural women within Canterbury society. In the 1920s and 30s rural women played only a minor role in employment and they were largely excluded from most areas of community and household decision making. This situation has changed in the decades since World War Two. Rural women have made significant advances in employment and in community affairs. In most districts women now make up nearly 40 percent of the workforce, and they are spread across the full range of employment activities. The number of women entering the political arena (as candidates and as campaigners) has been rising steadily in recent decades. Major changes have also been seen in household decision making. The traditional male domination of household affairs has been declining and there is now a situation of increasing female participation in the management of household affairs. These developments have given rural women a greater say
in how household and community affairs are organised. There is however still a long way to go before rural women gain true equality in employment and equal representation.
CHAPTER FIFTEEN

THE CONTRIBUTION OF THIS THESIS TO RURAL GEOGRAPHY

INTRODUCTION

This thesis has debated the need for a broader structural approach within rural geography. It has examined the reasons why a broader perspective should be incorporated into rural analysis and how it can contribute to our understanding of societal change. A broader approach is important for identifying the pressures upon businesses and households, and for interpreting the developments in rural society. Its major advantage over traditional, applied research is that it provides a window into the national and international forces at work within society, and how they are impacting upon rural communities. This wider context is critical as the changes in farm, business, and household activity are being driven increasingly by events at the national and international level. This point came through clearly in the practical research. The case study revealed the central role national and international conditions are playing in rural development. In the case of agricultural activity the work found that farmers have been influenced in their actions by: international commodity prices; the availability of capital; government policies; and advances in farm technology. These broader factors have played an important part in shaping the direction of agricultural production and the style of property management in Canterbury.

A broader structural approach also provides geographers with an opportunity to study the underlying political and social relations within society. It enables geographers to examine issues related to resource allocation, the division of political power, gender relations, and employment structures. These areas have been neglected in traditional analysis, yet they are central to an understanding of the changes in rural society.
Accepting the need for a broader structural approach should not be seen as denigrating the role of local conditions in rural analysis. The thesis has maintained that geographers need an appreciation of both the broader influences on decision making as well as the local pressures. The retention of a local perspective is important for understanding the variations in social and economic activity that occur between communities and districts. The practical analysis has shown that it is possible to combine these two levels of analysis. For example, the centralisation of services was studied at a general level and then local cases were examined to identify why the process had gone further in some areas compared to others.

THE IMPORTANCE OF A NATIONAL/INTERNATIONAL PERSPECTIVE IN RURAL GEOGRAPHY

The thesis has argued that the changes in rural society need to seen within a broader national and international setting, as is shown in Figure 15.1. This broader context is important if researchers are to understand the environment in which rural businesses and households operate. The need for a wider setting has become more apparent with the growing economic and political interaction between regions and states. The work has stressed that the advances over the past seventy years in telecommunications and technology have created "a world market, in which" consumers and producers face a similar set of conditions (Friedmann, 1978: 546). This means that the pattern of change within the rural community is being shaped increasingly by conditions in the wider economy. For this reason, it is important to treat rural change as part of a broader process, rather than as an isolated event.

This wider setting is of particular importance in the case of New Zealand, which is tied closely to the international market.

"New Zealand is an externally driven economy. Probably the single most important influence on it is the world economy" (Easton, 1982: 14)

Easton has shown that New Zealand's economic growth is influenced to a large degree by external forces, such as the commodity market. Fluctuations in the commodity market have a
FIGURE 15.1
THE PROCESS OF RURAL CHANGE
(A GENERALISED FRAMEWORK)
direct bearing on the level of profitability and investment within New Zealand. This is especially true in the case of the primary sector, where production is geared predominantly towards exporting. This focus on the export trade makes primary producers subject to international market forces (i.e. they are essentially price takers). They have to accept the international price for commodities and they are unable to recoup higher input costs or make adjustments for inflation (Adams & Behrman, 1976). This reliance on the international market has meant that farm investment and production decisions are governed in large measure by external factors, rather than by local conditions.

"Just as the world-economy has expanded over time, its political expression - the interstate system - has expanded" (Wallerstein, 1984: 4)

The linkages between New Zealand and the international community are not limited to the economic arena. Over the past century there has been a significant growth in the level of political and social interaction between New Zealand and the global community. New Zealand has become more closely linked to the countries of the Asia-Pacific area and it has been involved in an increasing number of international fora. The New Zealand government has yielded authority over a range of issues to international regulatory agencies, such as the International Telecommunications Union and the GATT Secretariat. The growing integration between states means that the political climate in New Zealand is being shaped increasingly by international events. It is also important to appreciate that there have been growing social linkages between New Zealand and the wider international community. The advances in telecommunications and in travel over the past century have made it possible for new ideas and fashions to be rapidly transmitted around the globe. The speed of transmission has increased particularly in the last thirty years with the spread of television and the creation of international media conglomerates. These changes have meant that events in any part of the globe can be seen almost instantaneously by households in New Zealand.

The thesis has also emphasised the need to set rural change within a national context. In a modern economy, such as New Zealand, it is impossible to divorce the changes within the
rural sector from those in the wider economy. A national context is essential for identifying the broader economic and social conditions that are shaping rural development. This point was highlighted in chapters six and nine. The chapters demonstrated how Canterbury has become more closely linked to the national economy over the past seventy years. This growing integration has meant that the impetus for economic and social change is coming increasingly from outside of the region. This control over local events by outside forces can be seen clearly in the political arena. The New Zealand government has played a central role in managing the economy and in regulating land and resource use. It has also been an important provider of services to rural and urban communities. This control over the economy and essential services gives the government a pivotal role in determining the pattern of economic and social development within rural areas. The economic changes within Canterbury are also being driven increasingly by external forces. This has been due mainly to the growth in national companies and the subsequent loss of local decision making authority. When companies are absorbed into a larger operation, the priorities of the head office tend to overrule the demands of the local manager. National operators will look to centralise services and create an integrated system. This has meant the closure of smaller and less efficient retailing and processing units. These units have closed as they do not fit neatly into a national structure. The priorities of national businesses therefore need to be understood if researchers are to explain the contradictory economic patterns that occur within rural communities.

THE NEED FOR A POLITICAL AND SOCIAL PERSPECTIVE WITHIN RURAL GEOGRAPHY

The second point this thesis has emphasised is the need to look beyond the economic arena for the causes of rural change. Economic conditions are only one of the factors shaping business and household activity. The work has shown that researchers need to pay greater attention to the role political and social conditions play in rural decision making. They need to understand how changes in public policy can affect the delivery of services and the allocation of resources. This point came through clearly in the discussion on health funding. The reviews
of health funding over recent decades have seen the proportion of funds going to rural services decline. The reduction in funding has caused a gradual withering of services in rural communities. Researchers also need to look at the way social conditions influence rural decision making. This is an area which has been neglected in existing research but which is important for understanding the structure of rural communities. The thesis has looked particularly at the changing social attitude towards women and how this has affected gender and employment relations.

An understanding of the political environment within a country is essential when determining the causes of rural change. Researchers need to understand the legislative framework in which decisions are made and the level of political intervention in the delivery of services. A knowledge of the legislative framework is critical for understanding the limits on businesses, land users, and households. In particular, researchers need to be aware of the statutory powers government agencies and territorial authorities have to regulate the allocation of resources and to manage their use. In the case of Canterbury, territorial and special purpose authorities have played a key role in the management of water allocation and in the zoning of land use activities (Williams, 1985). Councils have attempted to preserve the integrity of the agricultural sector by limiting subdivision, preventing urban sprawl and restricting alternative land uses (notably forestry). Council intervention has distorted the pattern of development that would have occurred in an unregulated market. Political intervention has also taken more discrete forms, such as the provision of essential services to rural communities. Up until the mid 1980s, the New Zealand government provided financial support to ensure that rural communities were not excluded from basic services (e.g banking and health services). This support meant that rural communities were able to maintain a range of services in spite of a declining population base.

International political trends also need to be considered when evaluating the causes of rural change. The growing integration between states has meant that countries are standardising their regulations and they are reducing their traditional tariff and quota barriers (Taylor, 1989).
These changes are opening up new opportunities for New Zealand producers but at the same time they are removing the barriers that have traditionally protected the economy. The breaking down of these barriers has made it necessary for local producers to become more responsive to international political trends.

"economic restructuring ... does not occur in a social vacuum" (Cloke, 1990: 125)

The thesis has also attempted to show the importance of social conditions in shaping rural behaviour. The work has shown how changing social attitudes towards employment and education have had a major bearing on the structure of the rural community. The key change has been in the position of rural women. Rural women have been playing an increasing role within the household and in the formal workforce. The old idea of a male hierarchy within the household and in the workplace has been losing ground over the past seventy years, particularly since the mid 1960s. Within rural households there has been a move towards a greater sharing of responsibility. This change in the social structure of rural households has stemmed from the increasing economic contribution women are making to the family budget and to the improvement in female education over the past century. Rural women are now in a stronger position (both financially and in terms of education) to exert their demand for a greater share of responsibility within the household and where appropriate, the business structure. The change in the household structure has had a significant impact on the way decisions are made and on the priorities that are followed. This change in the social status of women can also be seen in the workplace. An increasing percentage of rural women are staying on in employment after they are married to follow a full time career. There has also been a breakdown in the traditional barriers between male and female employment. This can be seen particularly in the case of agriculture (Table 6.6), where the percentage of women has been increasing since the early 1960s. The increase in the number of women within the workforce has changed the structure of rural employment and it has given women greater freedom in their decision making.
The thesis has also looked at the rising standard of educational achievement among the rural population and how this has affected attitudes towards employment and social well being. The state of rural education has changed markedly over the study period. In 1921 the percentage of students reaching high school was little more than 10%, and it was rare for rural students to go onto tertiary education. This bleak picture of rural education began to change in the mid 1940s, due to a mixture of coercion (e.g. the introduction of a higher school leaving age) and a growing realisation that education is necessary to gain productive employment. The numbers staying on in secondary education rose steadily from 1940 through to 1970 (as was shown in Table 6.4). In the tertiary area (polytechnics and universities) there has been an upward trend in numbers since the mid 1960s. The impetus for this change has been the economic uncertainty of the past twenty five years and the growing complexity of modern technology. Students are feeling that they have to be more highly trained than their parents if they are to succeed in a post full employment economy. Higher standards of education have contributed to the changing social aspirations of rural students. Most students see their future as being within the urban sector, as it provides a wider range of employment opportunities and there is more potential for better rates of pay. The findings from the field surveys and the results from Robinson's 1986 study on student attitudes showed that most students are not satisfied with the opportunities that are available within their local community. They feel that the rural sector does not offer the level of income or the range of employment opportunities that are available elsewhere. The survey findings also showed that students who have trained in Christchurch or Timaru are reluctant to go back to a small community as they have become used to a wider range of cultural amenities, such as night clubs, restaurants, and sporting facilities. The point behind this example is that a rising standard of education has produced a social change within rural society. Fewer students are prepared to stay on in the rural workforce and there is a drain of talent to the urban sector.

These two examples illustrate the importance of a social context within rural geography. The work has shown how the growing position of women within rural society has altered the traditional power structure within the home and within the community. Rural women are
having a greater say in the way decisions are made and in setting business and household priorities. The improvement in rural education has provided the younger population with a better understanding of the world and new technology. This has been a double edged sword for the rural sector. It has brought new ideas to farming and rural industry but it has shown students that there are opportunities for them outside the rural sector. The result has been a loss of population to urban areas, with their wider range of employment and cultural opportunities.

THE CONTINUING NEED FOR A LOCAL PERSPECTIVE IN RURAL GEOGRAPHY

The thesis has also argued that the move to a broader research framework should not be seen as discounting the role of local conditions. A local perspective continues to be important, as is shown in figure 15.1. An understanding of the local environment is essential for understanding the variations in economic and social activity that occur from one district or area to another. Researchers need to be aware of the political priorities within a community, as well as the economic and social goals that businesses and households are trying to achieve. In addition to this, it is important to consider the physical constraints of the area (e.g. difficult terrain conditions and variable rainfall patterns). With this knowledge of the local community researchers are in a better position to explain the variations in social and economic behaviour.

Rural geographers need to pay close attention to the physical conditions within a district and how these conditions affect land usage and transportation. In the case of Canterbury, it is important to understand how climatic factors have limited agricultural production and how the braided nature of the region’s rivers has restricted the development of the transportation network.

"The Canterbury plains farmer is always conscious of drought and he tends to stock accordingly. In good seasons he is grossly understocked ... [and] ... in the particularly dry seasons he is somewhat overstocked" (Coop. in Curry, 1958: 62)
Farmers within Canterbury always need to be aware that they are working with a marginal climate. The region is prone to lengthy periods of drought and most areas suffer from low soil moisture in summer and early autumn. The variability in rainfall was shown in Figure 7.1. The figure showed how Timaru’s rainfall varied from a low of 360 mm to just over a 1,000 mm. The low level of rainfall and its uncertain nature has meant that most farmers in Canterbury have practised extensive forms of agriculture. The dry climate has limited the range of opportunities that are open to farmers and it has made it difficult for producers to respond to changing market conditions. The pattern of economic activity within Canterbury has also been affected by terrain conditions, in particular, the braided nature of Canterbury’s rivers. Braided rivers are expensive to traverse, as they meander across a wide flood plain, rather than being in a defined channel. The high cost of construction has meant that most rivers have only two or three major crossings. This has hindered the development of an integrated transport network and it means that large areas are disadvantaged in terms of their access to processing facilities and to their major markets.

Researchers also need to be aware of the role local institutions play in regulating resource use (i.e. territorial and ad hoc authorities). The thesis has shown that local authorities in New Zealand have a long history of intervention in land and resource use. Councils and ad hoc authorities have used their regulatory powers to stipulate what activities are permissible within their boundaries. The guidelines set down by the councils have tended to reflect the views of the council members and their constituents. This means that there can be significant variations in the planning framework of neighbouring districts. This point can be seen by looking at the way territorial authorities in Canterbury have treated forestry planting. Councils with a strong agricultural lobby (e.g. the former Akaroa County Council) were able to place stringent restrictions on the level of forestry planting (i.e. no more than 4 hectares without a consent). This contrasts with the former Amuri County which was more liberal in the way it treated forestry plantings (i.e. certain types of forestry could be re-classified as horticulture, so
permitting them to go beyond the normal planting levels) (Wild, Interview, 1989, 1992). These variations demonstrate the need for a local political perspective.

Finally, it is important to have an understanding of the socio-economic aspirations of the local population. Personal goals play an important role in determining how individuals behave over time. This was seen especially in the case of rural stores (chapter ten). A large percentage of store owners said that they bought their stores for the social benefits that come with rural living, rather than for the economic returns. This insight helps to explain why a number of remoter stores have been able to survive despite a drop in turnover in recent years. If researchers do not have this local understanding it would be difficult, if not impossible, to account for these patterns of change. It is therefore important that rural geographers incorporate a local perspective in their research.

THE FUTURE OF RURAL GEOGRAPHY

This thesis has argued that the continued relevance of rural geography rests with researchers accepting the need for a broader structural approach in their work. A broader research perspective enables geographers to explore the intricate social and economic relationships which tie communities together and which link them to the wider economy. Such exploration is crucial if geographers are to understand the processes which are shaping business and household decision making. In particular, it provides a way of studying the broader national and international influences on rural communities. This must be done if geographers are to regain their position at the forefront of rural analysis.

The thesis has shown that there are four major areas where a broader structural approach can aid geographers in their analysis of rural communities. A broader perspective provides an insight into:

i) The role of the state;

ii) The movement of capital resources;
iii) The changing social and power relations within society; and
iv) The restructuring of agriculture and business activity.

Geographers must explore these issues if they are to understand how rural communities are structured and what processes are shaping their ongoing development.
APPENDIX A

RURAL BUSINESS SURVEY

BACKGROUND INFORMATION

1. What is the nature of your business

2. How long has the business been in existence years

3. Are you the original proprietor of this firm

   If so, please outline the factors which influenced your decision to establish the business in this location

4. If you purchased the business after its establishment please state the number of years you have owned it and the reasons which motivated you to purchase it years

BUSINESS TRENDS

5. How many staff do you currently employ

   i) Full Time
   ii) Part Time

   (Please include family members who work in the business)

   Has there been any significant change in the number of employees since you have been operating the business. If so, please elaborate on the changes and the reasons for them.

6. i) What is the distance to your nearest competitor kilometres

   ii) How many firms within a five kilometre radius of your business offer similar services to yourself
Has there been any variation in this number since you became the proprietor. If so, please comment on the change and on the reasons why you believe it has occurred.

7. Please comment on the long term profitability of your firm (e.g how does your current return compare with earlier periods)

8. What factors do you consider have affected business profitability within your district (feel free to be as specific or as general as you like in your comments)

9. Have local businesses been undertaking new capital investment, or has investment been held off (e.g have firms been upgrading their premises and production facilities)

10. How do you see the future for your own firm and others within the local community

CONSUMER TRENDS

11. Has there been any significant change in the volume of customers using your services. If so, please elaborate on the reasons for the change (e.g reduced farm incomes)

12. Since you became the proprietor, have you seen any major change in the composition of your customer base (e.g has there been a decline in the proportion of locals and farm households using your services)
13. In your business have you seen any trend for customers to favour shopping in the larger centres. If so, please outline the reasons which you consider are behind this trend and the impact it has had on your business.

Any general comments you would like to make on the current or future state of rural business would be most appreciated.
APPENDIX B

RURAL FARM SURVEY

BACKGROUND INFORMATION

1. What district is your farm located in ___________________

2. Please describe the type of farming you undertake and the approximate size of your property __________________________________________

   Acres ___________ or Hectares ___________

3. How long have you or your family managed this property ___________________________

4. If this is not your first farm how long have you been farming and why did you move to this property __________________________

FARM LABOUR AND CONTRACTING SERVICES

5. Do you currently employ any permanent or seasonal labour

   i) Family Labour (Please State Number)

      Full Time _______ Part Time _______ Seasonal _______ None _______

   ii) Non-Family Labour

      Full Time _______ Part Time _______ Seasonal _______ None _______

6. Has this level of farm employment varied since you took over management of the farm. If so, could you elaborate upon the changes and the reasons for them (e.g. increased mechanisation, higher labour costs) __________________________

7. To what extent do you rely on contractors instead of hiring seasonal or permanent labour __________________________
8. Please outline any other services which you use in the normal course of running the farm (e.g. accountancy services, farm consultants) __________________________

CURRENT AND FUTURE FARM PLANNING

9. When you are making decisions on future stocking levels and the need for new equipment what are the factors which guide you in your decision making __________________________

10. When you are making farm management decisions have you sought financial or technical assistance from individuals or firms (e.g. other farmers, Ministry of Agriculture, Stock Firms, accountants). If so, could you comment upon the role they play in your decisions __________________________

11. Have you had to alter your land use or stocking plans because of changing commodity prices. If so, could you explain the impact price changes have had on your actions __________________________

12. Has the introduction of user charges by the Ministry of Agriculture and other Government agencies caused you to reduce your use of farm advisory services __________________________

13. Over the next five to ten years what do you consider will be the major factors which determine your farm planning decisions __________________________
LAND USE AND LIVESTOCK CHANGES

14. While you have managed the property has there been any significant change in the type of farming undertaken. If there has been could you explain the reasons for this change (e.g. the development of an irrigation scheme has allowed the move from extensive to intensive grazing)

15. Has there been any major change in the type of livestock you carry, or in their stocking level since you took over the farm. If there has been please comment upon the reasons for this

16. Are you planning any significant livestock or land use changes over the next five to ten years

FARM INVESTMENT AND RETURNS

17. For the following categories of farm investment please indicate whether you have been investing more or less in these areas over the past five years. Could you also explain why you have followed this course of action for farm investment.

   Farm Machinery
   Land Development
   Building/Construction
   Stock Breeding

18. If you have had to reduce your farm investment over recent years do you consider that it will have some longer term impact upon the productivity of your land
19. Have you had to reduce other forms of expenditure (e.g. spraying, fertiliser use, and pest control) to maintain farm profitability during the past five years. If this has been the case what do you consider will be the long term implications of this reduction in expenditure?

_________________________________________________________________________________

_________________________________________________________________________________

20. In your opinion are there any significant problems in the downstream processing or marketing of your commodities, and do these problems result in lower returns to the producer (e.g. over capacity in the meat industry causing high killing costs)?

_________________________________________________________________________________

_________________________________________________________________________________

21. What do you consider are the future financial prospects for the commodities that you produce?

_________________________________________________________________________________

_________________________________________________________________________________

If there are any other comments you would like to make about current or future trends in agriculture they would be most appreciated.

_________________________________________________________________________________

_________________________________________________________________________________
APPENDIX C

RURAL HOUSEHOLD SURVEY

BACKGROUND INFORMATION

1. What locality/township do you live in ____________________________________________

2. How many years has your family lived in this locality ____________________________ years

3. How many members are there in your family _______________________________________

4. If your family has moved into the district recently could you outline the reasons for moving _____________________________________________________________

________________________________________

________________________________________

ACCESS TO EDUCATION

5. Are there any members of your household who are currently attending an educational institution ____________________________

If so, please tick or number (if there is more than one) the appropriate categories below.

(a) Pre-School [ ] (b) Primary [ ] (c) Secondary [ ] (d) Tertiary [ ]

6. Please estimate the average travelling time to the educational facilities which your household uses ____________________________________________________________

Has the travelling time to these facilities been a major problem for anyone in your household ____________________________________________________________

________________________________________

________________________________________

7. Has there been any change over the last five years in the availability of educational facilities within your local area (e.g. have any educational facilities been scaled down or closed) _____________________________________________________________

________________________________________

________________________________________
THE AVAILABILITY OF SERVICES

8. What are the major services used by your household (e.g. Banking Services, Health Care Facilities, Post Office, Supermarket)

What is the approximate travelling time from your residence to these services

9. Has there been any change over recent years in the availability of these services, or in their quality. If so, please outline what you believe has caused this change to occur; and what impact it has had on your household

10. Does your household have any problems in getting to these services, due to limited private or public transport. If so, could you explain what difficulties you face

11. Has there been any trend within your household to use the services in the larger centres, rather than those locally available

If so, please state which centre/s your household members travel to, and what has motivated them to make this change in their shopping patterns

EMPLOYMENT OPPORTUNITIES

12. Please tick the occupational categories that best describe the types of employment undertaken by household members (If more than one member of the household has the same type of employment put a number instead of a tick)

(a) Agriculture, Forestry, Fishing
(b) Administration, Management
(c) Clerical
(d) Sales Workers (Retail/Wholesale)
(e) Professional, Technical (Accountants, Teachers)
(f) Service Workers (Caterers, Hotel Staff)
(g) Transport
(h) Production Workers (Carpenters, Labourers)
(i) Not Adequately Defined (Please Specify)
13. Have any of the household members had difficulties in gaining employment (full or part time) within the local district (e.g. the surrounding 20 kilometres) ________________________________

14. Are there any household members who work outside of the local district ________________________________

   If so, please indicate why ________________________________

15. Has it been necessary for any member of the household to leave the district to find employment. If it has been necessary, please outline the reasons why they moved and where they moved to ________________________________

16. What do you consider are the likely employment trends for your district over the next five to ten years (e.g. which sectors do you consider will have employment growth and which are likely to decline) ________________________________

COMMUNITY PARTICIPATION

17. Are there any household members involved in community activities (e.g. social and sporting clubs). If so, please elaborate on their involvement ________________________________

18. Does the local community have a good network of clubs and social organisations. If not, could you give some indication as to why this is ________________________________
19. Has there been any change in the range of community organisations or in the level of support for them over the past decade. If there has been, please comment on the reasons for this change (e.g. out migration of the younger population or the loss of facilities, such as school halls). 

20. How important do you believe the local clubs and organisations have been in keeping the community together and increasing social contact between households.

HOUSEHOLD TRENDS

21. Are the members of your household likely to remain within the district over the next five to ten years. If so, could you outline what factors will keep them in the area (e.g. social contacts, employment opportunities).

22. If any household member is likely to move please state the reasons for their moving and where they are likely to migrate to.

23. Do you consider that rural households have been affected more by the economic restructuring than urban or semi-urban households. If so, please explain in what ways rural households have been affected.

Any other comments about the current condition of rural households and the problems they are facing would be greatly appreciated.
APPENDIX D

THE DIFFICULTIES IN COLLECTING AND USING HISTORICAL AND SURVEY DATA

INTRODUCTION

This appendix will review the historical and survey material used in this thesis. The work will examine the difficulties there have been in bringing this material together and in creating a workable base of information. The major difficulty confronting this research has been the issue of data compatibility. This has been a problem as the study has drawn on material from a variety of sources.

The discussion will also look at the statistical techniques which have been employed to analyse the data. These techniques have been used to identify the major trends in the data and to remove distorting factors, such as inflation, which can affect the consistency of the findings.

THE SOURCES OF HISTORICAL DATA AND THEIR LIMITATIONS

Historical data (both descriptive and statistical) has been used extensively to illustrate the changing political and socio-economic patterns within Canterbury. The work has relied upon historical data to map the changing patterns of land use, business activity, and social formation. The major sources of historical data are shown in Table D.1 (Table D.1 is a reproduction of Table 8.2). The table demonstrates that no single department or research organisation can provide an overall picture of the trends within rural society. To gain a comprehensive picture of the rural economy it is necessary to draw on material from a range of organisations. This can be seen particularly when it comes to agricultural land use patterns. Table D.1 shows that the records from six public and private organisations were used to compile the agricultural statistics in this thesis. A variety of sources is important for reducing bias in the records and for gaining alternative viewpoints upon an issue.
In addition to statistical material, the thesis has also drawn upon social histories\(^1\) and contemporary records\(^2\) to build up an understanding of the changing conditions within rural society. These sources of material provide an insight into the way individuals and groups have coped with the changes around them. They provide researchers with an understanding of the way events impact at the local level. This personal perspective cannot be gained from studying statistical results. The social histories and the letters to government Departments allow researchers to gain a more accurate feeling for the issues that were confronting rural communities and how they responded to them.

**Table D.1**

**The Availability of Historical Records**

<table>
<thead>
<tr>
<th>Type of Data</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural/land use patterns</td>
<td>Department of Statistics, Meat &amp; Wool Board, Agro-Economics Research Unit (Lincoln), Ministry of Agriculture &amp; Fisheries, Valuation New Zealand, Local Authority Records</td>
</tr>
<tr>
<td>Business Activity</td>
<td>Universal Business Directory, Department of Statistics, Ministry of Commerce</td>
</tr>
<tr>
<td>Community/Social Trends</td>
<td>County/Social Histories, Council/Department Reports, Biographies, Newspaper Clippings</td>
</tr>
<tr>
<td>Commodity Prices</td>
<td>Department of Statistics, Pyne Gould Guiness, Dairy Board, Meat &amp; Wool Board, FAO</td>
</tr>
<tr>
<td>Educational Patterns</td>
<td>Ministry of Education, The Canterbury Education Board</td>
</tr>
<tr>
<td>Health/Social Services</td>
<td>Department of Health, Department of Social Welfare</td>
</tr>
<tr>
<td>Labour Force Patterns</td>
<td>Department of Labour, Department of Statistics, Stones Directory</td>
</tr>
<tr>
<td>Political Boundaries</td>
<td>Local Government Commission, Local Government Association</td>
</tr>
<tr>
<td>Population/Migration</td>
<td>Department of Statistics, NZ Planning Council</td>
</tr>
<tr>
<td>Roading/Transport Patterns</td>
<td>Local Authority Association, Urban Transport Council, Transit New Zealand, New Zealand Rail</td>
</tr>
</tbody>
</table>

Source: Author

\(^1\) These include bibliographies, county histories, and anniversary publications.

\(^2\) These include local authority reports, letters to Government Departments, and Press clippings.
The major difficulty researchers need to confront when using historical material is the consistency of the data. It is rare to find a run of data that has been collected in a uniform manner for a fifty or sixty year period. The reasons for this inconsistency vary depending upon the type of data. Demographic material can be affected by changes in census boundaries, while climatic readings can be affected by the growth of surrounding vegetation. The four major factors affecting data consistency are summarised below:

i) Data inconsistency can arise through changes in the way questions are designed and presented;

ii) Difficulties can arise when the boundaries for a survey are altered;

iii) The introduction of new classification methods can affect the compatibility of the survey data; and

iv) The addition or exclusion of groups from a survey can affect the reliability of the findings.

Inconsistencies in the data will not always be obvious from initial viewing. It is necessary to examine the basis on which the material was collected and how it has been classified. This will show if there have been changes in the method of collection or in the recording procedures.

The revision of survey questions from one period to another puts in question the reliability of the data. Even minor changes will affect the level of response by survey participants.3 Research agencies review their questions to improve their relevance and to meet the demands of their customers (Archer, Interview, 1990). The difficulties posed by this revision process can be seen by looking at the census question on 'employment status'. This question has been altered regularly in response to changing employment conditions (a summary of the changes to this question are included in Table D.2). The alterations to this question have made it impossible to compare the findings over an extended period. The re-wording of the question and the inclusion of new employment categories has meant that there is no creditable basis for long term comparisons (Morrison, Interview, 1991). The findings from this question have

3 The level of response will also be influenced by a change in the way questions are presented.
TABLE D.2
Changes to the 'Employment Status' Question

1956  * The question was expanded to include the retired section of the population

1971  * The question was widened to include home makers
     * The question was altered to cover only those over fifteen years of age

1981  * The question was altered to cover only those persons who worked more than 20 hours per week

1986  * The 20 hour per week criteria was removed
     * New categories for voluntary and unpaid work were added
     * The structure of the question was altered. It became more conditional

1991  * The 1991 question did not have a category for retired workers
     * The question was expanded to cover activities, as well as employment


to be studied individually, rather than as a run of data. The employment status question is an extreme case but it highlights one of the major difficulties that has been encountered when handling historical material.

Inconsistencies can also arise through changes in survey boundaries. In particular, it is important to consider the changes in political boundaries (i.e. borough and county boundaries). Most research agencies use political boundaries as the basis for their data collection. This means that if there is a change in the political structure of an area it can distort the research findings. If the change involves an amalgamation between two or more districts the impact on the data base will not be great. The results from the earlier collection periods will have to be

TABLE D.3
Full Amalgamations Between Local Authorities in Canterbury
(1926 - 1986)

* Amberley Town District merged with Kowai County
* Leeston and Southbridge Town Districts merged with Ellesmere County
* Tinwald Town District merged with Ashburton Borough
* Pleasant Point Town District merged with Levels County
* Akaroa Borough merged with Akaroa County
* Halswell County merged with Paparoa County
* Kowai County merged with Ashley County
* Tawera County merged with Malvern County
* Geraldine County merged with Levels County
* Waipara County merged with Ashley County
* Rangiora Borough merged with Rangiora District

Source: Author
combined, but the overall reliability of the findings should not be affected. Table D.3 shows the instances in Canterbury where full amalgamations have occurred.

Difficulties start to arise when boundaries are re-drawn or when sections of a district are swapped between local authorities. The major cases of this in Canterbury concern Ellesmere, Heathcote and Malvern Counties. In the case of Heathcote, a third of the county was merged with Christchurch in the early 1950s. This partial merger makes it difficult to compare the pre-war figures for Heathcote with their post-war counterparts. The results can not be adjusted for the partial merger as most of the data was collected on a county basis. Census figures were collected at a mesh block level but these records no longer exist. The difficulties with the Ellesmere and Malvern figures relate to a county reorganisation in the 1960s. This reorganisation saw Ellesmere merge with Springs County and Malvern merge with Selwyn County. As part of this process there was a significant re-drawing of the boundary between the counties. This re-drawing process has made it difficult to compare the current land use patterns with those that existed prior to 1960. Other variables, such as population and roading were not affected to the same extent, as the land swap involved mainly riverbed and shingle fan areas.

The wholesale re-organization of local government in 1989 has posed a major obstacle to the on-going collection of data. In the case of roading figures, it has not been possible to continue data collection past 1989, as the new recording units can not be re-worked to create figures that correspond with the old borough and county boundaries (Hey, Interview, 1991). In the case of the census figures, it has been possible to re-construct a number of the old counties and boroughs. Within the new district totals there are breakdowns for the constituent parts. For example, the new Hurunui District has breakdowns for the old Amuri, Cheviot and Hurunui areas. A number of borough and township totals can also be reconstructed.

\footnote{The mesh block figures prior to 1971 are unavailable. The Department of Statistics (Statistics New Zealand) has not retained these records.}
Another factor that can influence data consistency is the introduction of new or amended classification standards. The effect of this on the accuracy of the data can vary depending upon how closely the new definitions match the old. This can be seen by looking at the way grading classifications have changed for export lamb. Over the study period there have been two major changes in the classification of export lamb. The first change relates to the quality grading. In 1968, the traditional 'Prime Canterbury' Grade (37 - 42 pounds) was abolished. In its place a new classification called 'NZ Prime Grade' (37 - 42 pounds) was introduced. This change did not affect the consistency of the data as it was a straight replacement of one classification for another. The second change relates to the weight of the export grades. Lamb export weights went from pounds to kilograms in the early 1970s. The new kilogram categories vary up to 1/2 a pound from the old categories. This variation affects the comparability of the data. As a consequence of this, the lamb returns have been studied as two separate runs of data. Re-classification problems have occurred regularly in the historical data and they have been dealt with on a case by case basis.

The accuracy of historical data can also be affected by the inclusion or exclusion of particular groups from a survey. This problem was highlighted in the discussion on agricultural land use (Chapter Eleven). The land use figures supplied by the Department of Statistics were inconsistent (especially for horticulture) as the Department varied their definition as to what was a farm. From the 1920-21 season through to the 1958-59 season all properties of more than 1 acre (0.4 of a hectare), outside of a town borough, were surveyed. From 1959-60 through to 1969-70, only farms over 10 acres (4 hectares) were covered by the survey. And from 1970-71, all farms, irrespective of their size were included. This tampering with the basis of the survey has distorted the results for small scale activities such as market gardening and orchards.
"Researchers need to be careful when they are using historical data as the recording procedures can vary from one period to another" (Morrison, Interview, 1991)

It is also important when looking at historical material to bear in mind the accuracy of the collection methods used in the earlier part of the century. This applies particularly to private agencies, as their collection methods tend to be less thorough than those of public institutions. This issue needs to be confronted particularly in the case of business and street directories. They provide a valuable source of information, but they have to be treated with some caution.

In the case of Wise's Post Office Directories, the entries provide information only on the "nominated heads of a household and they did not necessarily include all households" (Hall, 1990: 109).

Finally in this section, it is important to mention the difficulties in using descriptive material (especially social histories and biographies). Social histories are a valuable source of material for re-constructing the life of a community, but they must be seen in context. They were written to celebrate the achievements of a district or a person, rather than presenting an unbiased view of a community. Their intention is not to uncover the problems within a district, but to highlight local achievements and to stress certain points of view. It is therefore important not to treat social histories at face value but to examine them critically. This point can also be made about council reports, public submissions, and newspaper clippings. These sources of information were written to influence public opinion and to put across the views of a particular group within a community (usually the more economically advantaged and politically aware). These points need to be borne in mind when handling this type of material. An alternative perspective can be gained by studying the files and reports of relevant government departments (e.g. health department files on the provision of new health care facilities).
THE STATISTICAL TECHNIQUES EMPLOYED TO ANALYSE THE HISTORICAL DATA

The majority of the data used in this thesis has been drawn from primary sources. This means that it is still in a raw state and that it can not be used without some re-working. This section will examine four of the techniques which have been employed to remove the distortions in the data and to create a workable base of material.

i) Inflation adjustment techniques have been used to remove the impact of rising prices on commodities and wages;

ii) Indexing methods have been employed to improve data compatibility;

iii) Averaging (smoothing) techniques have been adopted to remove the anomalies in time series data; and

iv) Ratio techniques have been used to analyse demographic and employment data.

The distortions caused by inflation can be removed from long run data by a process known as 'inflation adjusting'. This involves re-working the data to take into account changes in the consumer price index. The figures are adjusted to reflect the price level in a certain base period. This process has made it possible to study how the 'real' rate of return for commodities has varied overtime. An example of this process was shown in Figure 5.2. The returns for three major commodities were adjusted to reflect 1990 price levels. By adjusting the commodity prices, it was possible to show that there has been a decline in returns since the mid 1950s. This decline was not perceptible in the raw data, which showed only current prices. This process of inflation adjustment has also proved a valuable tool in studying wage rates, production costs, and capital investment.

Another useful technique in analysing price data is indexing. By converting price data into an index form it is possible to compare commodities which have varying weights and measures. This point can be seen in Figure 9.2. The figure compares wool, wheat, milkfat and apples. These commodities could not normally be compared, as they are priced in different weights.
Wheat is priced by the tonne, while wool is valued by the bale and milkfat by the kilogram. These differences in weight make it difficult to compare how commodities are faring relative to each other. This difficulty is overcome by indexing the commodities. With a standard base, it is possible to make direct comparisons between the four different commodities.

The third statistical tool that has been used widely in this research is averaging (otherwise known as smoothing). Five yearly averaging has been used to compensate for seasonal and short term variations in the data. Averaging provides a valuable tool for identifying the underlying trends within a set of data. This can be seen in Figure D.1. By using five yearly averages instead of the raw statistics it has been possible to concentrate on the underlying trends, rather than on the season by season patterns. In particular, it helps to overcome the difficulties caused by 'outliers'. Outliers are results which vary from the overall pattern.

**FIGURE D.1**

*Increasing Agricultural Productivity (Five Yearly Averages)*

Sources: Department of Statistics, Agricultural Statistics.
Department of Statistics, Agricultural & Pastoral Statistics.
Department of Statistics, Farm Production Statistics.

Note 1: A bushel of wheat is 60 pounds, compared to 50 pounds for barley, and 40 pounds for oats.

Note 2: Production figures for barley were not available until the 1922-23 season.
the case of agricultural production, outliers are usually caused by extreme weather conditions. Averaging smooths out these abnormally high and low results, and it provides a better indication of the trends which are occurring (Moore & McCabe, 1989: 131 - 134).

The major difficulty with studying data from different time periods is that the base population can vary. This affects not only demographic data but also employment, income and roading statistics. To overcome this problem it has been necessary to convert the data into a comparative form (i.e. a ratio).

Ratio techniques have been used extensively in this research. Dependency ratios have been used to examine the changing composition of the rural population, and to forecast the future pattern of change, especially among the elderly. In the case of employment, a ratio showing the proportion of female to male employment has been developed to gauge the changing structure of the employment market. And in the area of roading, a ratio showing the proportion of sealed roading to total roading has been developed. This has been used to compare the roading conditions in different areas (i.e. the proportion of paved roading in urban areas compared to rural districts). In all three cases, the conversion of the raw data into a ratio format has helped to identify the underlying trends at work.

THE SAMPLING PROCEDURES USED IN THE FIELD SURVEYS

The thesis has used field surveys to build up a picture of the rural economy in the 1990s and to gain a better understanding of the longer term trends that are shown in the historical data. Field surveys provide an opportunity to look behind the findings in the government reports. They provide an insight into the personal views of the men and women who are making the day to day decisions within the rural community. In particular, they help to show how decision makers weigh up their personal objectives against the needs of their family or business.
The surveys have targeted three groups within the rural sector. These are farmers, business managers, and households. The surveys sought information on the trends in business activity, the patterns of farm investment, and the changing structure of rural households. The questions were designed to compliment the statistical material and to elicit the personal attitudes of the decision makers. This was achieved by combining statistical and opinion based questions. Statistical questions were used to introduce each section of the questionnaire and to act as a non-threatening lead into the more detailed descriptive questions. The descriptive questions required a more detailed explanation as they asked respondents to discuss the social and economic trends in their area and to outline their attitudes on specific issues. The descriptive questions tended to be open-ended as they were aimed at eliciting the personal views of the respondents on key issues (Buckley, Buckley & Chiang, 1976: 23).

The questions were pre-tested through pilot surveys. The pilot surveys tested the tone and appropriateness of the questions (i.e. were the questions threatening and did the respondents feel that their anonymity would be protected). Pre-testing identified situations where questions needed to be simplified (in order to avoid ambiguity) and where questions were seen as irrelevant. Pre-testing was important for improving the quality of the field research and for reducing the non-response rate. The issue of non-response was of particular concern in the case of the 'Household Survey', where responses were needed from all sections of the community, particularly low income earners.

"Failure to collect the survey data from some sampled elements, or non-response, is a major survey problem that seems to have grown in recent years as the public has become less willing to participate in surveys" (Kalton, 1983: 63)

The pilot surveys were tested on a minimum of 20 respondents (Business Survey [21], Farm Survey [20], and Household Survey [23]), and they were distributed in areas that would not be covered by the full survey.
The communities selected for the full survey were chosen after considering their demographic, economic, and topographic conditions. The intention was to select a group of centres that were representative of the Canterbury region (Kalton, 1983: 8). The four factors that were considered when making this selection are summarised below.

i) It was important to select areas with different population densities;

ii) The centres had to reflect the various business and farming patterns within Canterbury;

iii) The areas surveyed had to highlight the varying climatic and terrain conditions within the region; and finally

iv) It was important to consider the distance of the community from a major town or transport route.

In total, twenty four communities were selected for the survey. These communities are listed in Table D.4.

The second part of this selection process involved identifying the individuals and companies who were to be surveyed. In the case of the Business Survey, the target population was selected using Wise's Universal Business Directory (1991 Edition). The Directory provides a comprehensive list of the businesses in each community. Due to the small numbers involved, it was possible to sample every second business except in the case of Geraldine, Rangiora, Lincoln, and Waimate. In these larger centres, the selection was restricted to fifteen businesses also had more than one entry in the Directory. In these cases, the first entry was the only one counted.
businesses. Of the 253 businesses selected, 103 (40.7%), were willing to participate in the survey. The surveys involved a combination of face to face interviews and postal surveys.

The selection process for the Farm Survey and for the Household Survey were based upon the 1990 - 92 electoral rolls. The electoral rolls provided the address and the occupation of each resident over the age of eighteen. This made it possible to identify those who were involved in agriculture and to see if they lived within one of the twenty three survey areas. Lists were compiled of the farmers, horticulturalists, and market gardeners in each area. Every fifth person on these alphabetical lists was selected for the survey (upto a maximum of fifteen in each area). In total, 310 agriculturalists were chosen. 102 (32.9%) consented to formal interview or to completing a postal survey. A similar process was undertaken for the Household Survey. An alphabetical listing of residents in each area was compiled and every fifth person was selected for the survey (again up to a maximum of fifteen). To avoid double sampling, the respondents to the Farming Survey were removed from the general list. 339 households were chosen using this method, and 158 households (46.6%) agreed to participate in the survey (either formally or via a postal survey).

This 'multi-stage' approach to sampling provides an effective means of surveying a large target population (Kalton, 1983: 30). The use of representative areas enables the views from the different communities within Canterbury to be heard, while the systematic sampling procedure reduces the possibility of hidden bias (Moore & McCabe, 1989: 269). The sampling method was designed "to eliminate any favouritism, or bias" (Moore & McCabe, 1989: 288), so that the findings could be summarised for Canterbury as a whole.

THE DIFFICULTIES IN USING SURVEY MATERIAL

This final section will look briefly at some of the difficulties that have been encountered when using survey material. The major difficulty has been the limited coverage of certain subgroups. In the case of the farming survey, there were only twelve responses from market
gardeners or horticulturalists. This made it difficult to generalise about the trends in these two areas of production. A similar situation occurred with the business survey. There were only a small number of responses from specialised stores such as sporting and craft shops (between two and three responses per category). This meant that specialised stores had to be grouped together as a single category.

Another important issue when analysing the survey data was the different level of response from face to face interviews and postal surveys. In face to face interviews, the respondents were willing to explain their attitudes about an issue. This made the responses more detailed and it allowed associated points to be explored. In the case of postal surveys, which made up twenty eight percent of the responses, the comments tended to be more restricted. Fewer questions were answered and the comments tended to be of a briefer nature. This meant that the quality of information varied. Face to face interviews yielded a more detailed picture of business and household activity.

Finally, it is important to discuss the difficulties that have been encountered in summarising the opinions and social attitudes of the respondents. All three surveys included a number of open ended questions which allowed respondents to express their own attitudes and opinions on issues. In the case of the household survey, respondents were asked about the importance of clubs and associations in keeping community spirit alive. The responses to this question covered a wide gambit. Some respondents felt that clubs and associations were the life blood of a community, while others felt they were of little importance. This range of views could not be summarised neatly. In the majority of cases it was necessary to highlight two or three points of view, and to discuss the characteristics of the respondents who backed these attitudes.
SUMMARY

The function of this appendix has been to discuss the different sources of data used in this thesis and to outline their limitations. In the case of historical data, the discussion has shown that it is necessary to treat the material with some caution, especially when it is brought together from a number of sources. It is important to examine how the data was collected, as collection techniques have not always been consistent. Researchers also need to examine if the data is directly comparable. This is important particularly in the case of price data, which can be distorted by the affects of inflation.

This appendix has also examined the basis of the survey data and the difficulties that can be encountered when using this type of material. The discussion has shown the importance of pre-testing the questionnaires and developing a reliable sampling framework. Without pre-testing, the response rate and the quality of the material would be adversely affected. Finally, the work has shown that in a sample of this size, it is difficult to gain accurate findings for all the business and farming activities undertaken in Canterbury.
APPENDIX E
A SUMMARY OF THE CENTRES IN THE SURVEY

<table>
<thead>
<tr>
<th>Akaroa</th>
<th>Amberley</th>
<th>Culverden</th>
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</thead>
<tbody>
<tr>
<td>Darfield</td>
<td>Fairlie</td>
<td>Geraldine</td>
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<tr>
<td>Hanmer Springs</td>
<td>Hororata</td>
<td>Leeston</td>
</tr>
<tr>
<td>Lincoln</td>
<td>Little River</td>
<td>Mayfield</td>
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<tr>
<td>Methven</td>
<td>Mt. Somers</td>
<td>Ohoka</td>
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<tr>
<td>Oxford</td>
<td>Parnassus</td>
<td>Pleasant Point</td>
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<tr>
<td>Rangiora</td>
<td>Southbridge</td>
<td>St. Andrews</td>
</tr>
<tr>
<td>Waikari</td>
<td>Waimate</td>
<td>Winchester</td>
</tr>
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