

conditions of trade called for as much assistance and guidance as the Department could be equipped to give. It is the purpose of the creation of the Industries Division to give every encouragement and assistance that industry requires. Likewise, it is the objective of the Commerce Division to keep abreast of changing conditions of trade and to give every encouragement to New Zealand trade and commerce, including the development of as many export outlets as possible for the products of industry. These objectives are, after all, merely those which were laid down in 1894 when a Department of Industries and Commerce was first formed, but they are given added point and emphasis by the events of the past few years and by the prospects of the future.

The dominating influences upon the activities of the two Divisions are not merely such administrative duties as are defined in the regulative sections of the Board of Trade and Commercial Trusts Acts; nor is it intended that they should act only in response to the requests made to the Department by existing industrial units and commercial interests. The Divisions are designed to serve the need for the development and the diversification of New Zealand industry, to develop overseas trade, and to assist in meeting the urgent necessity for greater production to help bridge the gap between available funds and available commodities. New Zealand industry rendered outstanding service in the war effort, and there is every justification for encouraging in the coming years that degree of industrialization which inevitably accompanies economic development.

BASIS OF AND SCOPE FOR INDUSTRIAL EXPANSION

The expanded agricultural and pastoral production of recent years has been accomplished without an equivalent relative increase in the working population engaged in that field. In 1945 the rural population aggregated 37 per cent. of total population, as compared with 63 per cent. urban population. The contrast of the 1945 figures with those for 1881 and 1921, as shown in the following table, is striking:—

Distribution of Total Population (excluding Maoris)

						Rural. Per Cent.	Urban. Per Cent.
1881	..	..	..	..	..	60	40
1921	..	..	..	..	..	44	56
1945	..	..	..	..	..	37	63

These changes from period to period suggest that there have been strong influences to bring them about. Some of the major factors which are relevant to these figures are:—

- (1) While New Zealand is very favourably placed by virtue of land fertility, streams and climate for the production of agricultural and pastoral products, there are no longer substantial areas of first-class land waiting to be brought into use. Future land-development must therefore, generally speaking, be confined to marginal or second- and third-class land.
- (2) In the abnormal conditions of the present time there are extraordinary demands for our food products throughout the world, and these demands will presumably be sustained for some time. Nevertheless, New Zealand is aware of the possibility that present markets may not continue to be available for all exportable surpluses of her primary products. For one thing, the development of competing substitutes is continuing.
- (3) Improvements in pastures, in herds and flocks, in mechanical aids to farm production, and in farming competence generally have for a long period led to an increase in the output of farm products per unit of labour, with the consequence that in the long-run our food requirements for home use and for export are produced by a decreasing percentage of the population.
- (4) New Zealand's population is increasing, and because of this and the other factors just mentioned relatively more labour is normally available for pursuits other than farming.