

We have pointed out in another section of this report that over the past decade there has been a very steady advance in the development of new industries. Evidence which was placed before us suggests that this is merely the beginning of some major industrial developments. It therefore becomes of very great importance to consider the location of this industry, since the location of industry is basic to the distribution of the population. We do not consider it our function to comment at length on the economic factors which determine, other things being equal, the location of industry, but we are convinced that, leaving out of account the heavier industries where freight charges, both inwards and outwards, are a major factor in the costs, there is a great deal to be said for the planned redistribution of the lighter type of industry, so that not only may the secondary towns benefit from the establishment of industry within their borders, but that from the point of view of New Zealand as a whole some active steps may be taken to prevent the emergence of very large metropolitan areas with all the problems which such development entails to society as a whole. As far as the lighter industries are concerned, under normal circumstances transport charges do not loom very large in the ultimate cost of the commodity. Normally such industries are established where there is an available working population. This really boils down to the question of housing. The experience of the industries mentioned above which have gone in search of working population, particularly of female workers, suggests perhaps that if an adequate population were available in some of the smaller centres then such industries would be set up in those districts. We think it is questionable whether industry would be happy to go to some of these smaller towns unless they were guaranteed sufficient working population; and, conversely, working population would not be prepared to take the chance of getting employment in the smaller towns if housing accommodation for themselves and their families were not at least in prospect. This really leads to the conclusion that the policy of the Housing Construction Branch should definitely be very closely related to the problem of industrial distribution.

We are completely convinced of the tragic housing shortages, particularly in Auckland and Wellington, housing shortages which are not related directly to the development of new industries, but to conditions which operated during the depression and during the war. The very fact of this aggregation of population in the larger centres is in itself an attraction to industry to go to these areas. If, when the immediate shortages are caught up with, the policy of further construction of houses in the smaller centres were made a matter of urgent Government policy, then the problem of the distribution of industry would be relatively simple. The development of such a policy, however, is one which would take time, but we think that it is one which should have the urgent attention of the Government with a view to the long term planning which is required.

The development of housing is merely one phase of the social problem. In several areas in New Zealand the development of large housing estates has created problems of water-supply, drainage, and generally the provision of social amenities. The provision of these amenities should be planned at the same time as the planning of housing, and if, as we consider desirable, it is proposed that industry should be redistributed throughout the country, then steps should be taken at an early date to provide all the facilities as well as the houses, so that population could be attracted to these areas.

IX. THE FINANCIAL IMPLICATIONS OF CHANGES IN POPULATION

Certain types of public expenditure are definitely related to the size of the population. The expenditure on social security, for instance, is in this category. On the other hand, certain types of capital expenditure bear little relation, at least in the short run, to the size of the population. Expenditure on Government railways, for instance, while in the long run related to the size of the population and to its economic activity, yet in the short run does not bear any direct relation thereto. As far as the State and main highways