

2. The same principle applies to urban lands: the site-rents paid in the cities are dependent on the selling-price of the goods sold; these rents do not determine the selling-price.

3. But the increase in the value of agricultural land may have made it more difficult to procure suitable sites in the cities for some industries, and so may have tended to restrict production and raise prices.

4. The wealth obtained by some people from the increase of land-values is often devoted to the pursuit of pleasure and luxury. Capital thus spent is invested in unproductive and antisocial industries. This evil is more marked in classes other than landowners and farmers. Land-bargaining has brought in "speculators."

CHAPTER VII.—INFLUENCE OF THE FOREIGN DEMAND FOR NEW ZEALAND PRODUCTS.

Question 8: What effect has the demand for New Zealand products beyond the Dominion had on prices of such commodities?

1. The world demand for New Zealand products has steadily increased, and our export quantities and values have increased in response.

2. Tables are given showing the extent to which New Zealand contributes to the food-supply of the United Kingdom. Her percentage of the mutton and lamb supply appears to be falling.

3. But generally the demand for our foodstuffs is increasing in the United Kingdom, and there is a probability that further markets may ultimately be available to our producers. The increasing population of Europe and America must lead to higher prices of food. The world's wheat production during the last ten years has remained almost stationary, whilst the number of consumers of wheat has increased very considerably.

4. The possibilities of New Zealand as a food-producer are shown by a comparison of her present position with that of Great Britain.

5. The general trend over the last fifteen years of the prices obtained for New Zealand products in the London markets is upward.

6. The development of the export trade has increased local prices, but has brought about greater general prosperity.

7. As a general rule New Zealand produce is not sold in the London markets at a lower price than in the local markets.

8. The opening of British and other markets to New Zealand produce has disturbed the relative importance of certain commodities to the producer in New Zealand—e.g., some wheat lands have been abandoned to pastoral purposes. Variations in New Zealand's wheat crop for the last twenty years are described.

9. If there were no outside market for New Zealand produce the supply would greatly exceed the demand, prices would fall to an unprofitable level, and the reduction would have a disastrous effect on both town and country population alike.

CHAPTER VIII.—POPULATION MOVEMENTS.

Question 11: What effect have the movements of the urban and rural populations had on the cost of living?

1. Similar inquiries abroad have supported the opinion that the drift of population into the towns has had a marked effect on the cost of living.

2. In 1881, 59 persons out of every 100 in the population of New Zealand were living in counties, and 40 in boroughs. In 1911 the corresponding numbers were 49 and 50. In 1901, out of every 100 breadwinners in the population 25 were actively engaged in producing foodstuffs in the country; in 1911 this number had fallen to 23. This different distribution of the breadwinners may indicate only an increasing production of goods of a high order and the improvement of agricultural methods. Within the rural occupations since 1901 those engaged in agriculture have decreased by more than 25 per cent., those in the pastoral industry have more than doubled, whilst those in dairying have nearly trebled.

3. The causes that have brought about the relative growth of the town population are—(1) The unsuitable nature of the education in country districts; (2) the increasing demand for labour in the towns for (a) handling the primary products, and (b) official work; (3) the higher rate of real wages (including hours of labour