

The trade-union figures for geographical distribution are based not on towns, but on industrial districts, and are again expressed in percentages.

Percentages of Trade-unionists Unemployed in Industrial Districts.

District.	May, 1926.	November, 1926.	May, 1927.
Northern	9.7	10.7	13.0
Wellington	5.1	5.6	9.3
Canterbury	2.8	2.8	4.6
Otago-Southland ..	6.8	5.6	9.8
Marlborough-Nelson ..	2.2	1.6	9.8*
Westland	3.9	5.1	5.8
Total for New Zealand ..	6.6	6.7	9.7

* Taranaki is included with Marlborough and Nelson for May, 1927.

These figures indicate that amongst the trade-unionists covered by the estimate unemployment has increased in every district since last winter. It appears to be heaviest in the northern district, fairly heavy in Otago and Southland and the grouped smaller districts, and lightest in Canterbury.

2. THE IMMEDIATE CAUSES OF UNEMPLOYMENT.

From the foregoing survey of the available statistics of unemployment certain general conclusions may fairly be drawn:—

- (1) Unemployment in New Zealand is subject to decided seasonal variations, and is usually most common in winter.
- (2) The years 1926 and 1927 indicate a marked increase of unemployment over what may be regarded as normal.
- (3) Unemployment is at present most severe in the timber and building (*i.e.*, the constructional) industries, amongst seamen and unskilled labourers, and lightest in industries producing for daily consumption.
- (4) Unemployment is heaviest in the Northern Industrial District, fairly heavy in Wellington, Otago and Southland, and lightest in Canterbury.

The statement of these conclusions suggests certain causes of the present unemployment. The seasonal variation noted is common in greater or less degree to all countries. It varies with the extent of dependence on seasonal industries, and with the range of climatic variation between seasons. In New Zealand it is undoubtedly due to the fact that all industry and employment is directly or indirectly dependent on farming in its various forms, where activity is least in the winter months.

The increased unemployment of the last two years is undoubtedly due to the prevailing depression. This began with, and was mainly due to, the fall in export prices in the 1925–26 export season. On account of the fall in export prices, together with increased imports, the balance of overseas payments became very unfavourable, and this reduced the spending-power of the community. Part of that reduction is temporary and will be remedied as the balance of payments becomes favourable. But a considerable part is likely to be permanent. For the fall in prices meant a reduction in the farmers' incomes from exported produce of approximately 20 per cent. below the 1924–25 level, and, though some prices have improved a little and production has been increased in some cases, the average farm incomes have not recovered. Further, though farmers have suffered serious reductions in the prices of the goods they sell, there has been no similar reduction in the prices of the goods and services they buy. Pressed between low prices and high costs, their incomes have been contracted, their purchasing-power reduced, and the local markets in which they buy both goods and services have suffered in turn. The results are seen in contraction of output amongst industries producing to meet the farmers' needs, in a consequent decrease in the numbers employed to produce that output, and in the lessened employment available on the farms.

The fact that the total persons employed on farms in 1926 numbered nearly nine thousand less than in 1923 is sufficient to indicate a marked drift to town. This drift, which may account largely for the numbers of unskilled workers unemployed, is due in the main to the superior attractiveness of town employment. Many workers in the towns enjoy the advantage of tariff protection or natural shelter from competition for the products of their labour, of the wage standards and regulated conditions set by Arbitration Court awards, and of the increased employment that has been created by the expenditure of money borrowed by local bodies in recent years. The farmers have no such advantages, for their expenditure is limited by their receipts from produce sold against world competition. Hence the more favourable conditions create a drift of labour to the towns, but the town industries depend in large degree on the farmers for their market. The recent fall in the farmers' spending-power has decreased the capacity of that market to absorb the output of town industries and led to the contraction of those industries. The prevailing unemployment is due partly to the contraction of industry, partly to the drift to town, but the farmers' unfavourable position is mainly responsible for both these factors.

In addition, some districts have suffered more than others from the reduction in their produce-prices. Unemployment appears to be heaviest in Auckland; fairly heavy in Taranaki, Wellington, Otago, and Southland. All these districts depend to a considerable extent on dairying, and the prices of dairy-produce during the past season have been lower than any others in the export group. In Canterbury, where wheat, wool, and meat are of greater importance, produce-prices, though low in comparison with the internal price-level, have been better, and unemployment appears to be less severe. Such fluctuations in the fortunes of particular industries appear to be mainly responsible for the district variations in the severity of unemployment.

The timber and building industries, which are suffering from exceptional unemployment, appear to be in a special position. War legislation restricting rents, and the conditions of war generally, restricted building for several years, during which there developed a considerable scarcity of buildings. The scarcity increased demand, caused prices and profits to rise, attracted both labour and capital to timber-production and building, and so brought a considerable expansion to those industries. The monthly average value of building permits was £440,000 in 1921–22, rose to £847,000 in 1925–26, and has fallen since to £719,000 in the first five months of 1927. It appears, therefore, that the peak of the building boom has been passed, that the accumulated arrears in building have been overtaken, and that the industry, which expanded to meet an exceptional situation, must now be adjusted to more normal needs. This adjustment means contraction, and while contraction is taking place some depression and unemployment are inevitable.

These appear to be the chief immediate causes of unemployment. Little evidence can be found to support the commonly held view that unemployment is mainly due to excessive immigration. During the years 1901–13 the average annual net immigration (excess of arrivals over departures) was 8.9 per thousand of the population; during the period 1924–26 it was only 8.1 per thousand, so that over these three years immigration has been relatively less than was normal before the war. But the unemployment of the last two years, due primarily to other causes, may have been aggravated by recent increases in immigration, and it is in the interests of both immigrants and unemployed to check immigration until the situation improves.