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Transfers of Capital and Shifts in New Zealand's Regional Population Distribution, 1840-1996

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When researchers attempt to study population and development, and particularly the role of migrations, the focus is normally on national level trends, frequently involving time-series analyses of more generic indicators of population change and economic growth. The migration field does, of course, deal with questions of the integration of migrants, at a macro-level evaluating their impact on social diversity and cohesion by turning to ecological-level indices covering clustering.

This paper takes a different approach in part inspired by the model developed by Le Heron, Britton and Parson (1992; see also Le Heron and Parson 1996) to analyse a related question: restructuring. This they saw as likely to be induced and thus frequently exogenous to a particular socio-demographic system. For example, policies effecting restructuring at a regional level will often come from some central agency external to the region, or even outside the geographic territory or country. There are also other changes that can be spontaneous in nature, arising from a mix of factors and situations endogenous to a given area.[1] In both cases, so these authors argue (1992:5), we must deal with "processes operating at various geographic scales...".

To this end this paper thus employs as demographic variables indices plotting sub-national changes, thereby recognising that population dynamics at the national-level are likely to be a composite of complex societal forces varying from region to region. For much of this essay, which is more an exercise in setting research agendas than a full-scale empirical analysis, the regional breakdown is very broad, attempting to distinguish between the more dominant and less dominant poles at any time.

This paper also does not use conventional indicators of economic growth, in part because they are too gross for our purposes. The use of such economic aggregates (and equally blunt demographic measures, such as simple growth) has essentially limited our capacity to provide "empirical evidence on the old question of how demographic change affects economic development" (Lindh and Malmberg 1999:432-33), and vice-versa. In this present study I turn instead to the notion of capital, in the broad sense of the term as used in economics. In this I emphasise physical (in particular land-based resources) and human capital rather than financial, although clearly financial capital flows are also important for the story I am outlining here.

I then look at the ways in which historically transfers of different forms of capital have produced shifts between regions in terms of the foci for economic development,

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1 I would prefer to use the term eco-system in a very broad sense as used by human ecology to include all factors, population, society, technology and environment (the old POET paradigm of the 1960s), but this phrase has become too closely associated with the natural sciences, and thus is too limiting for my purposes.

and in turn appear to be correlated to some significant demographic changes, including both domestic and international migration flows. It will be noted that I use the term correlated rather than causally-linked. I do so consciously because, as I have noted, this paper is more an exploration of issues than a definitive analysis.

I divide New Zealand's post-Waitangi history into four general periods:

1. The era of the Transfer of political capital, or the transfer from tino rangitiratanga to kawanatanga, 1840-70. Here we go beyond classical economics terminology to recognise that for transfers of other forms of capital to have an impact there had first to be a setting of the rules of engagement for kawanatanga. Demography and its half-sibling economics may seem to be technical in orientation yet, in reality, they both deal with the political economy: demography has been 'political arithmetick' since its 17th century inception.
2. The era of the Transfer of physical capital, 1870-1926
3. The era of Relative equilibrium, 1926-1970
4. The era of Transfer of human capital, 1970-1996

THE TRANSFER OF POLITICAL CAPITAL, 1840-70[2]

This period saw the virtual transfer of political-economic authority and capital from Maori to Pakeha, or to use Belich's phrases a transfer from "false" to "loose" to "tight" empire. This was achieved between the 1840s, when on the ground the reality was that empire was merely a "façade", and the 1870s when the empire was "tightening" (Belich 1996:231, 249). To the extent that any "policy" is construed as a compromise between demands coming, on the one hand, from pressure groups, the settlers in this case, and, on the other hand, with what is viewed as critical by government, the distant Colonial Office, officials in New Zealand, and colonial or provincial legislatures (the latter enduring from 1853 to 1876), then "policy" can be seen as having been the driver of this transfer.

The single most important instrument for the transfer of political capital was the Treaty of Waitangi, a not unimportant aspect of which was, of course, the intended or unintended disjunctions[3] in translation between the Maori and English versions. Regardless of the intentions of the signatories, and leaving aside its reprise in recent decades as our founding constitutional document, its role initially, as I have

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2 For a provocative overview of the economy in general from 1840 to the present, see Easton (1997:Chapt.2). For Maori I draw mainly on Pool (1991), and on a paper of Bedford and Pool (under editorial review) that deals in detail with the interactions between Maori mobility and development.

3 Belich argues that "it was a deliberate or semi-deliberate act of deceit by those who translated the treaty into Maori,... (1996:194). It will be noted that this paper draws heavily on Belich's work mainly for the analysis of the early periods. I do so because his work in authoritative, comprehensive, balanced and assiduously referenced.

documented elsewhere (Pool 1991:esp. Chapt. 5), was to open the country to what Belich (1996) calls "swamping". He sees this as something more than merely a passive wave, but one that was a major development strategy for the creation of an Anglo-Saxon New Zealand, what Belich (2001:passim) has called a "Better Britain". Indeed "Julius Vogel, architect of a great public works drive in the 1870s [see next section of this paper], claimed repeatedly that his policy was aimed at speeding up the swamping of the Maori hinterland - an implicit acknowledgement of the limits of military victory" (Belich 1996:242). This swamping was dependent, then, on the rapid purchase of large amounts of Maori controlled land. Armed conflict between the British, regular troops, settler militias and "friendly Maori" on one side, and some iwi on the other, in the 1840s and again in the 1860s, had allowed the confiscation of land from those tribes which had fought the Crown, plus on occasions from some "friendlies",[4] but this was far from sufficient if swamping was to be achieved. This was realised in the next period to be discussed in this paper through the massive purchase of Maori land in the North Island using as an instrument the Native Land Courts introduced in 1862 specifically for the purpose of speeding up land alienation. This instrument was the vehicle for a particular and very successful mechanism: individualisation of communally-owned Maori land, a change that allowed Crown agents to inveigle or force individuals to sell. The tactic implemented from 1865 to 1873 was to grant "tenure" to small numbers of "owners", and then all others with rights to this same land had to go to court (even babies) to register this (Belich 1996:258).

While some North Island land was alienated in the period 1840-70, "The two-thirds of Maori land nominally alienated by 1861 was in the South Island [where Maori numbers were small]. Less than a quarter of the North Island had been sold by 1861" (Belich 1996:228). Swamping *per se* in the South Island came from the hordes joining gold rushes, whereas land alienation was more linked to the development of extensive pastoralism, sheep farming for wool. To a lesser degree the same pattern emerged in the Wairarapa and neighbouring Hawkes Bay, where Maori were relatively few and dispersed. The low density of Maori in the Sough Island and adjacent areas of the North did not mean that the processes of alienation were more benign, although in some areas co-terminous pastoralism and hunting by Maori continued for numbers of years (Belich 1996:passim). Equally, however, pastoralists, whether "proprietors" or "lessees" were adept, like their counterparts in "white" ranching populations overseas, in pushing on to native land even if their claims were invalid.

The Pakeha New Zealand of this period was essentially a pre-industrial society, something like the Falklands today, the last pre-industrial white society. The industries were extractive, even wool farming, with little value added. Wool and gold dominated, plus kauri gum digging, and timber and flax milling (Belich 1996:Chapt. 14). Ironically, it was some Maori who first industrialised to any degree, particularly

4 Eg. The more desirable Bay of Plenty coastal land confiscated from some Arawa who had fought with Gilbert Mair against neighbouring iwi.

through the milling and exporting of flour. They played a dominant role in commerce in the north, particularly from the Waikato to Auckland (Belich 1996:214-17). This ended with the Land Wars of the 1860s.

This had major effects on the demography of New Zealand and its regions. The Maori population, mainly North Island in location went from something below 80,000 at Waitangi, to 57,000-58,000 in Fenton's enumeration of 1857/1858, and 47,000 by the 1874 census (Pool 1991:Chapts. 4 & 5). In contrast the Pakeha population mushroomed from perhaps a 1,000 or so in each island in 1840, to 34000 (NI, North Island) and 25,000 (SI) in 1858, to 112,000 (NI) and 188,000 (SI) in 1874. International migration would have played a very significant role in the redistribution of the Pakeha population.

Table 1 shows that these global changes were accompanied by massive redistributions, geographically and ethnically. Essentially, the transfer of political capital had two impacts.

Firstly, it laid the way for the brief dominance demographically of the South Island, although it must be recalled that much of this dominance came not from permanent settlement but from transitory populations associated with extractive industries. Moreover, once Maori are included in the count the South Island never reached a majority figure. Nevertheless, it also saw the development in the major southern urban centres of a functional base built around some processing, manufacturing and service industries whose economic significance was to persist long after the South Island lost its demographic dominance.

Table 1: Factors of population distribution, New Zealand, 1840-1881

	Year			
	1840	**1857/58**	**1874**	**1881**
% of Pakeha in the South Island	??	43	63	61
% of Total in the South Island	<5	23	43	43
% of Total Maori	98	50	14	9

Sources: Papps 1985: Pool 1991

Secondly, it set in train the strategies that were to be pursued over the rest of the 19th century to shift the population distribution back towards the North. To do this, it was first necessary to effect a major shift in the balance of control of what was then the most important form of physical capital: land. As noted above, this resource had already been transferred in the South Island and in areas of the North with lower

concentrations of Maori,[5] while confiscation in the 1860s had seen this transfer extended to the more desirable parts of the North Island Maori hinterland, the Waikato north of Kihikihi, lowland Taranaki, and the Bay of Plenty littoral.

THE TRANSFER OF PHYSICAL CAPITAL, 1870-1926

It is again Belich who provides the most dramatic description of the wresting of much of the remaining physical capital from Maori: "Between 1870 and 1916, Pakeha launched a climactic assault on Maori independence, identity and importance" (1996:248). It was only through this process, and most specifically through land alienation in the North Island Maori hinterlands, that three major demographic shifts could occur.

1 Pakeha could assume overwhelming demographic dominance.
2 Related to this last point, the Pakeha population could grow very rapidly
3 The Pakeha populations' geographical balance could shift again to the North Island.

Land alienation was achieved, as described above, through the Native Land Courts. This conjures up the picture of some benign process of commercial law, as has been implied by some recent commentators.[6] Nothing could be further from the truth as Belich (1996:passim) and Williams (1999) have demonstrated, in studies that support Sorrenson's seminal work (1956). The Court was known as "the land-taking court" (te kooti tango whenua), a remarkably apposite term first used not by Maori but in 1867 by Capt. Biggs, a Crown Agent (Williams 1999). Beyond this function the court processes, along with alienation under Public Works Acts and other pretexts, had severely negative effects, both in the short-term and over the longer-term, as I have documented empirically elsewhere (Pool 1991:Chapt.5). Moreover, unlike

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5 In Northland, with its large Maori population prior to the 1880s, this balance had been, and continued to be, rather more complex. Maori concentrations had long been in the northern two-thirds, especially the northwest, while Pakeha settlements were scattered around ports (eg. The Bay of Islands), and small coastal and riverine flats such as Ruakaka and the Northern Wairoa. Timber milling and Kauri gum digging followed the distribution of these resources wherever topography permitted. When intensive pastoralism developed it was typically in the more southern, more fertile or flatter areas in which there were already Pakeha concentrations.

6 See Chapple (2000) who argues that land sales gave Maori very significant capital assets that they could invest and use for economic development. I have a detailed critique of his paper (Pool: under editorial review), but suffice to say it flies in the face of all serious historical analysis, including of course Belich's encyclopaedic, exhaustively documented and authoritative book (1996:passim), that is nowhere quoted in the Chapple paper – we may agree or disagree with Belich, but no subsequent historian can ignore him. Indeed, the Chapple paper is also notable for its lack of documentation of evidence supporting the numerous surmises around which is built its central argument, essentially that the British rescued Maori, especially women, from underdevelopment. In his words, "mass British Colonisation of New Zealand was associated with remarkable improvements in the relative life chances of Maori women" (Chapple 2000:45).

confiscation that was brutal but immediate, the land purchase processes dragged on for decades, still occurring in various forms after World War II. Finally whereas confiscation had been limited in geographical extend, land purchase spread across every region of New Zealand.

Launching and enabling this was massive resort to financial capital through borrowing, especially during Vogel's premiership in the 1870s. "New Zealand's ability to attract this tide of cash is as remarkable as its success in getting peopled, and has interlocked explanations. Migrants brought money, and money brought migrants" (Belich 1996:358).

The role of finance was not so much to fund the transfer to physical capital, through land purchases *per se*, but in the rapid development of infrastructure, notably of railways, peaking in the 1870s, and through local government outlays, peaking in the 1880s. Of significance among the estimates of private capital formation are those dealing with the residential, and agricultural and pastoral sectors. The former of these was related in the 1870s and 1880s to the huge migration inflows of that period, numerically among the largest ever, particularly of families, of the early part of that period. The latter was clearly linked to the attendant land settlement programmes (Hawke 1985:Fig. 4.3, 69-73; for migration inflows see Farmer 1985:Fig. 14:[7] Pool and Bedford 1997).

The importance of all this, and particularly the government sponsorship of the flows, for New Zealand's subsequent demography including its regional dynamics, cannot be over-emphasised. The inflows were numerically equal to anything since, and were greater even than the enormous gold rush wave of 1863; proportional to base population sizes they were, of course, many times greater. Farmer, in a major analysis of migration policy, has identified its significance for us: "The 1870s stand out in New Zealand migration history for the magnitude of assisted migration under the [very aptly names] Immigration and Public Works Act of 1870. Never has the influx of assisted immigrants to New Zealand been so great; the centrally operated plan to populate the whole country brought 115,000 people to New Zealand" (1985:70).[8]

The net migration numbers of the 1860s and 1870s were not reached again in that period. Nevertheless, in the early 1900s and just after World War I there were significant inflows.

I have argued in a number of fora that this era left yet another legacy. Ever since, New Zealand has seen migration as a simple way of priming the economic pump, as it

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7 The migration trends for the 1870s and 1880s in Farmer's figure are mirrored to a degree for residential capital formation in Hawke's graph (Fig. 4.3).

8 Richard Bedford (personal communication) notes that net inflows over the most recent 12 month period (to March 2002) may well, for the first time ever, exceed the Vogel era figure.

were, and we have viewed migrants not for the way that they enrich New Zealand in socio-cultural terms, but simply as a reserve army of workers, or as carriers of financial capital. This I would argue has produced a policy imbalance favouring recruitment and selection over settlement and integration.

As I noted above, this inflow of people had other demographic ramifications. This is shown in Table 2. Firstly, the South Island lost its dominance even for Pakeha. Secondly, this was also a period when Maori reached their lowest ebb as a proportion of the total, although, as Sir James Carroll had signalled in the 1890s, they were starting on a period of growth that was to accelerate in the 20th century. What cannot be shown here is another aspect of population geography produced by the land grab, perhaps reinforced by the land reform (the slicing up of large estates) of the Liberal Government of the 1890s-early 1900s which had the effect of permitting "closer settlement" (Easton 1997:45).

Table 2: Factors of population distribution, New Zealand, 1881-1926

	Year		
	1881	**1901**	**1926**
% of Pakeha in the South Island	61	49	41
% of Total in the South Island	43	47	39
% of Total Maori	9	6	5

Sources: Papps 1985: Pool 1991

RELATIVE EQUILIBRIUM, 1916-1970

It may seem strange that the decades that saw depression, war, the baby-boom, massive post-war immigration and even the Korean War wool bonanza could be rated here as ones in which some form of regional demographic equilibrium was established. Yet, as I will show that did hold true in this period.

I could have started this era around the 1880s from which years dates the phenomenon that Belich has called "recolonisation". This involved "a renewal and reshaping of links between colony and metropolis... In New Zealand's case, it reshuffled and tightened links with Britain between the 1880s and 1900s... The system had reached full fruition by the 1920s." (2001:29). By the early 1900s "the Liberals... [had also] introduced the new institutions which bedded in and met the needs of the increasingly dominant pastoral economy... Selling meat and dairy products transformed the political economy... It was a political economy which was to dominate New Zealand, subject to minor modification, until the 1960s" (Easton, 1997:45).

But instead I have chosen to separate the formative years of recolonisation and of the establishment of this "political economy" (section on 1880 above) from its "fruition" between World War I and the 1960s, because, as I have just shown, the forging of colony- metropole linkages had a domestic analogue played out in terms of ethnic and regional redistribution, and the linkages these entailed. These were being worked out up until World War I.

As a result, by World War I there was redistribution within New Zealand allowing it to become "a town supply district of London. London became the cultural capital of New Zealand" (Belich 2001:30). Using conventional New Zealand statistical definitions, the country was highly urbanised throughout the 20th century, despite its reliance on primary production and the export of commodities. Nevertheless, as I will show, the population was less concentrated than would subsequently be the case – in this sense, then, New Zealand was less imbalanced than it became at the turn of the 21st century.

I finish this section of my paper at a turning point, around 1970, about which there is remarkable consensus. In terms of economic aggregates and patterns of employment Hawke (1985) provides compelling evidence for being rather precise. Indeed he devotes an entire chapter of his book to "Before and After 1967-68". The importance of these years is underlined in another way, as they were followed by a brief but sharp net migration outflow, the first since the depressions of the 1880s and 1930s,[9] but one that was to be exceeded in the late 1970s/early 1980s (Farmer 1985:Fig.14). Easton sees this change as part of a longer-term erosion of New Zealand's relative standing economically. "The decline [of the economy] in the decades after 1966 was sharper than before or after." But a decrease relative to the OECD occurred over several decades, speeding up in the 1960s and 1970s (Easton 1997:15 and 25).

Work at the Population Studies Centre sees the 1970s as a critical period, not just because it produced radical shifts in the timing and spacing of births, and, for both Maori and Pakeha, in family sizes, but also in patterns of contraception and union formation (cohabitation as against marriage). Co-varying in time were major shifts in income and labour force participation, and, in terms of religious beliefs, also a marked acceleration of secularisation (Pool *et al* 2000; Martin 1999). The early 1970s also saw net migration inflows that rivalled, but did not exceed, those 100 years earlier, and those that were to come in the 1990s (Farmer 1985:Fig 14.). The significance of this migration wave lies also in the fact that it represents a transformation. Until then migrants had come from Europe, mainly the British Isles and from Australia, and to a lesser degree North America, although at various times small but significant inflows occurred from other European countries and even from Asian sources. But in the 1970s these "whites" were joined by large numbers of Pacific Islanders, typically recruited as workers in manufacturing. The mix of origins – "European" (including

9 A very slight net outflow occurred in the mid-1920s, and the war years saw almost no movement (Farmer 1985: Fig.14).

Australia and South Africa) Pacific Island and Asian – was to become more common from then on.

Belich identifies 1984 as a pivotal year of change. Nevertheless, he also makes the analytically critical point that such a shift does not occur in isolation, but in this case followed "the period 1972-84, when the context for restructuring was created." (2001:394).

Through all the trials and tribulations of the decades 1920-70, New Zealand seems, in aggregate, to have remained a society in which there was a sort of a balance to its population geography appropriate for its political economy. "As late as 1965, some ninety per cent of all exports were pastoral products, and half of all exports went to Britain" (Easton 1997:47). Demographic equilibrium underpinned these economic functions. Rural production was carried out by a farming population, who were serviced by small towns in which the major processing plants were located, and in which the main service industries – health and education, and local government – were found. The big cities performed the entrepot functions essential for importing and exporting, plus manufacturing and central government or corporate commercial functions. From 1938 to 1968 this tidy arrangement was reinforced by what was a "controlled economy" (Hawke 1985:Chapt. 9).

The net effect seems to have been twofold: there was a balance in terms of different forms of capital, including social. This thus minimised the necessity for the sorts of transfers I have pointed to when discussing earlier years. And there was a population balance.

The population equilibrium geographically is highlighted in Table 3. Here I take a different tack from my earlier ones to look at the balance between the "Big 3" metropoli (Auckland, Wellington and Christchurch, taking this as a measure of urban concentration), and the rest of New Zealand.

Table 3: Factors of population distribution, New Zealand, 1926-1966

	Year	
	1926	**1966**
% of Total Population in "Big 3", Auck., Wgton, Ch'ch urban areas	31	34
% of Total Working age-group (20-59) in "Big 3"	34	38
% of Foreign-born in "Big 3"	39	41
% of "Big 3's" Total population at Working ages	56	51
% of Rest of New Zealand's Total population at Working ages	51	46

Sources: Censuses, 1926 and 1966

The upper panel shows a remarkable consistency both over time and for the different population categories. There was a relatively even distribution of both the population as a whole, and its factors of human capital that would be linked directly to development: the working age-group and the migrant population. A working age British immigrant was just as likely, then, to take up a job in Invercargill or Gisborne, as in Auckland. The same was also true for the per cent of the total in each regional grouping ("Big 3" and Rest of New Zealand) at working ages. Although there is a minor difference in per cents, this shifts almost in tandem in the two regions, in this case in relation to the factor of reproduction of human capital. The baby-boom effects become obvious in the age structures of both regional groupings, so that we can say that the boom was played out as much almost in metropolitan suburbia as in the country and smaller urban areas.

The very broad regional breakdown used here also reflects what was happening at a lower level of aggregation: interprovincial migration and redistribution. Thus, as Brosnan (1986) has shown, prior to World War I population redistribution trends from 1886 had been very significant, peaking in the quinquennium 1891-96 at 28 per cent of the 1896 population and continuing in this way until just before and after World War I. From then until 1966, in contrast, levels of redistribution were far lower.[10] We then applied Brosnan's methodology to regions closely approximating the old provinces, and found high levels of redistribution occurred later after 1970 in the period 1986-96 (to be discussed below). In fact, the level for 1991-96 (34%) is even higher than that exactly 100 years earlier.

At an even lower level of aggregation than provinces, however, the situation may well have been more dynamic. Certainly, for example, very rapid growth, far in excess of what could be expected through natural increase occurred for the non-Maori population of the Volcanic Plateau, a pioneer region both in the inter-war and post-World War II years, with major construction projects and general development attracting both single workers and families (MoW 1960:106-108).

But even the New Zealand of that era was not as homogeneous as this pastoral elegy might suggest. The problem was that the more diverse elements were largely hidden in the earlier parts of this period. "Better Britain" may have been the standardised mode across much of the country, but at least until after World War II in its northern and eastern peripheries and in the less hospitable parts of the central North Island there was another New Zealand. Recuperating from the loss of much of their North Island physical capital between 1875 and 1916, Maori were mainly located in more isolated areas. There they pursued a largely semi-subsistence economy, faced widespread poverty and attendant problems such as poor health and malnutrition, and had demographic regimes, high fertility and lower levels of life expectation, that were

10 Because of the timing of censuses and/or availability of detailed data (1906) Brosnan has to shift from quinquennia to decennia. Thus care has to be taken in interpreting his data – they are intercensal not annual rates.

different from those of the Pakeha majority. Let us be very clear about this: it was in our very recent past, and as I have documented elsewhere (Pool 1991:passim) was directly linked to the loss of land-based resources just a few years earlier. Thus the "elderly Maori of 1990 had been born in rural, semi-subsistence, isolated Maori communities and are the fortunate among a generation which, in childhood, had been subject to extremely high levels of mortality [by comparison with Pakeha children]" (Pool 1991:Chapt. 6 and 236). Viewed from a macro-perspective there were two separate populations, although Maori at that time still constituted less than six per cent of the Total. From a micro-perspective, however, the picture was far more complex as there were very high levels of intermarriage (overt and legal as well as consensual) and a degree of interaction through sport and other community activities (Bedford and Pool under editorial review).

All this was to change dramatically, however, through the rural exodus of the latter part of this period (1945-70). The Maori urbanward movement of this time was perhaps the most rapid on record for a national population (Pool 1991:154, quoting a Univ of Calif., Berkeley study). It was Maori themselves who took what was often a drastic step yet necessary if they were to achieve economic development. That said, the policy environment of the day was not merely benign, but proactive. In what could now be seen as an early form of "Closing the Gaps", government agencies facilitated this movement and attempted actively, albeit sometimes in what by today's standards seems a paternalistic way, to assist Maori development (Pool 1991). There is no doubt at all that the efforts of Maori themselves were critical, and this assistance paid off because Maori living standards improved most significantly, especially among urban dwellers. Nevertheless, there were downsides, notably the way in which whanau and hapu were often torn apart by the migration process (Bedford and Pool, under editorial review). A longer-term downside was to emerge in the next period: the downsizing and devaluing of Maori human capital resources.

TRANSFER OF HUMAN CAPITAL, 1970-1996

The most recent period has seen once again a radical transfer of capital, in this case of human capital. The roots of this go back to before 1984, and in part rest more with a general global trend, for "it is a mistake to ignore the extent to which New Zealand is linked into the dynamics of other places elsewhere in the world" (Le Heron and Pawson 1996:6).

Transfers of human capital in this period have been accompanied by flows of physical and financial capital, and these have often been massive. Many of the physical capital assets (eg. plants) have been abandoned rather than moved, less frequently replaced, and if movable perhaps cashed in by asset stripping corporations. Liberalisation both of financial markets and of regulations governing capital flows has not resulted in a boom in investment in productive sectors, infrastructure or plant. Moreover, where there has been investment this has frequently been in commercial office and residential property rather than in productive enterprises. What formerly were

domestically controlled financial institutions have frequently been co-opted and moved off-shore into foreign ownership. The negative effects of all this have been exacerbated by badly managed monetary policies, above all, so Easton argues, by the floating of the exchange rate (Easton 1997:50).

Over and above this, so it has been argued, there was a mega-transfer towards the finance sector that has driven and superseded changes in the structures and dynamics of human and physical capital. In Jesson's words: "a generation ago the economy was controlled by producers; these days the economy is run by financiers. A new elite has evolved globally, and [New Zealand] is now run for the benefit of rentiers, not producers" (1999:39).

I will concentrate here, however, on the human capital transfers as these are more immediately demographic in nature. Moreover, any further changes in population distribution and development, that is any economic growth, must be driven above all by human capital, and certainly this must be the case if New Zealand is seriously to position itself as a "knowledge-society".

Table 4 has the same format as Table 3, but a major difference is immediately obvious. Over the last few decades of the 20th century there was an increasing concentration of population in the "Big 3" metropolitan zones. This was not just true at a global level, but for the working age population and for the foreign born. Essentially this means that over a very brief period there was a large-scale transfer of human capital (the working age population) into the most important urban areas, and this was reinforced by the tendency for the foreign born to cluster in metropoli. One must note that this is not at all an unusual pattern – it would almost certainly hold equally true for Canada and Australia – but it is contrary to the ethos of globalisation that sees decentralisation as a concomitant.

The gap between the "Big 3" and the Rest in terms of the per cent of their own population at working ages remained intact (five percentage points) returning to the level it had been at in 1926. But the shift upwards was part of a general age-structural change.

Table 4: Factors of population distribution, New Zealand, 1966-1996

	Year	
	1966	**1996**
% of Total in "Big 3", Auck., Wgton, Ch'ch urban areas	34	46
% of Total Working age-group (20-59) in "Big 3"	38	48
% of Foreign-born in "Big 3"	41	62
% of "Big 3's" Total population at Working ages	51	57
% of Rest of New Zealand's Total population at Working ages	46	52

For Maori and Pacific Islanders human capital effects were even more marked, and in both cases were more extreme in some regions than in others.[11] For example, the forestry industries of the central North Island, into which Maori had been drawn in the 1950s and 1960s were radically restructured, and this had a drastic impact on the Maori workforce of that region. In many regions the manufacturing industries into which both Maori and Pacific Islanders had moved, as the major employee groups in some plants, were decimated. Thus what had seemed so positive in the period prior to the restructuring suddenly became negative. For both ethnic groups this involves radical intergenerational changes. For Maori, in contrast with the rural-born cohorts at older ages today (and the same applies to Pacific Islanders, except that the elders of today will have been island-born), the "kaumatua of [later this century]... will... have been urban born and raised, and throughout their lives will have been dependent on jobs in manufacturing or in service industries, or have suffered the long-term unemployment of the 1980s" (Pool 1991:236).

DIVERSITY AND CONCENTRATION: 1986-96

Although as I have noted earlier changes were underway from the late 1960s, the most important shifts were between 1984 and the end of the 1990s. This was induced of course by the restructuring introduced under "Rogernomics", mainly covering economic aggregates, and initiated by the Labour Government, but propelled forward, particularly in areas of human capital and social sectors by National in the 1990s, most radically by the 1991 Budget. There was clearly a need for restructuring, but my critique is that the process was unplanned, driven by extreme ideology clothed in the guise of neo-classical economics, and was totally oblivious to social sector and above all human capital consequences (Pool 1999). New Zealand was not alone in undergoing structural adjustments programmes (SAPs) – most of Africa and the former Soviet Bloc states have also seen these, and Argentina is merely the most recent example. But most, if not all, of the other examples of this carried out SAPs prescribed for them externally by the International Money Fund and/or the World Bank, and this included Argentina, "the International Monetary Fund's model student...", that today, following these SAPs, is in a dire situation (Klein 2002). New Zealand seems unique in the way in which it inflicted SAPs on itself – other developed countries went some of the way but it is New Zealand's extremism and puritanism that sets it apart.

Of course, as Le Heron and Pawson (1996) show there was also the inexorable march of globalisation. New Zealand was bound to change, but whether its self induced SAPs gave it the capacity to exploit globalisation, and more recently the knowledge-wave, or made its task much harder is disputed among commentators. My own view is that the latter was the case (Pool 1999), and thus my perspective is similar to Easton's (1997) and Jesson's (1999). Certainly, as they document, the country also became

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11 A detailed analysis of this is contained in a monograph being edited at present as a part of the FoRST-funded New Demographic Directions programme (Pool *et al.* forthcoming).

more inequitable, and this had marked inter-regional (Portal 1999; Sceats 1999), as well as inter-personal manifestations.

The net result was a major transfer of the more dynamic components of human capital away from much of New Zealand and a concentration in the “Big 3" urban centres, data on which are presented in Table 5. Accompanying this, as I noted earlier, were high levels of redistribution across the “provinces”. A major component of this would have been redistribution changes coming from international migration, quite possibly more than had been the case in any period since the Vogel era.

I do not, however, deal with some of the negative consequences (eg. for the environment) of such a degree of concentration. Moreover, of course, much of the human and other capital resources also went offshore, but I do not document this here. The offshore transfers of human, financial and other capital resources constitutes almost a shift of political capital, a point I return to in the next section of my paper.

The larger urban areas became increasingly dominant in terms of total numbers and those at working ages. This latter factor is important for momentum growth, for these are also the family building ages. As a result, the human capital factors of both production and reproduction are now concentrating in the metropolitan areas, a factor that increases the potential for further urban concentration.

Fewer young workers in the “Big 3" were likely to be unemployed, and depend on benefits less, at least in 1996. There was clearly also increasing accumulation of the more skilled parts of the labour force in the “Big 3".

Table 5: Some factors of human capital redistribution, 1986-1996

	Year	
	1986	1996
% of Total Population in “Big 3", Auck., Wgton, Ch’ch urban areas	44	46
% of Working age-group in “Big 3"	45	48
% of Labour Force Professional/Managerial, “Big 3"	22	37
% of Labour Force Professional/Managerial, Rest of NZ	15	27
% of Population 15-64 on income support, “Big 3"	**	23
% of Population 15-64 on income support, Rest of NZ	**	29

Source: Censuses 1986 and 1996

** Because of changes in benefit eligibility comparable rates can not be computed for 1986

At the same time, largely because of international migration flows, New Zealand was becoming a more diverse society, but this diversity, at least as indicated by recent migrant ethnic origin was manifesting itself more in the metropolitan areas than in the Rest of New Zealand. This is shown in Table 6.

Table 6: Ethnic distribution, 1986 and 1996

	Year			
	1986		1996	
Ethnic Group	Big 3	Rest NZ	Big 3	Rest NZ
Pakeha	80	83	67	75
Maori	10	15	10	18
Pacific Island	7	1	9	1
Asian	2	1	8	2
Other/Not spec	1	(<1)	6	4
TOTAL	100	100	100	100

INTO THE FUTURE: TRANSFERS OF POLITICAL-ECONOMIC CAPITAL?

To conclude, the transfer of human and other capital resources over the last two decades has seen a high level of concentration, yet associated with this, increasing cultural diversity. Beyond this there have been other transfers offshore, particularly to Australia, and most notably in terms of corporate institutions (eg. company headquarters). Moreover, more and more New Zealanders (about 10 per cent each of the Total and of Maori, Bedford and Pool under editorial review) live in Australia, adding a demographic dimension to the commercial and other links.

In these senses New Zealand may once again have become, at least in a *de facto* way, the "Seventh Child" (Belich 2001), the other Australian state. For a long period out economic interactions were a part of "recolonisation" – they bypassed Australia and went to Britain – but over the last few decades this has changed, and today the links are increasingly more with Australia, the Americas and Asia. This raises then several questions:

- In the present phase of globalisation, and particularly of economic integration with Australia, is New Zealand really just similar to say Western or South Australia, another peripheral state, but with its own historical trajectory that mediates some of the effects of integration?
- Is New Zealand now entering another phase of the transfer of political capital, or at least of economic sovereign control? It will be recalled that the first 30 years of colonisation essentially involved these processes. Did the experiences through which Maori passed then presage something that is now linked to the viability of

New Zealand as a whole? The loss of political, demographic and economic viability has long been predicted by Pacific Island specialists as a central problem to be faced by the small-island states to our north. But is New Zealand just another slightly larger Pacific small-island state?

- If that is the case, have the transfers of different forms of capital over the last 20 years limited our capacity to remain viable? Or is our economy now more robust?
- If exploiting the knowledge wave is our means of regaining, or at least avoiding the loss of, viability, then to what extent have the human capital transfers of the last two decades enhanced or limited our ability to manage the knowledge-wave?
- Human capital driven developments need not be centralised. The creation of knowledge and its application to the production of saleable and/or exportable goods and/or intellectual property can be a "footloose" industry. Unlike the processing of protein products of the past, for example, it has no more need to be near a point of supply of components, than to be close to centres that develop research-based knowledge. To what extent have the transfers of human capital within New Zealand, as I illustrated earlier, albeit in a very crude way, limited the capacity of different regions to respond equitable to the challenge of knowledge-driven development?

All these are weighty questions. Yet they must be addressed as they underlie the analysis of migration and other population changes as these relate to development. To make the challenge more demanding the patterns and trends will be different at different geographic scales, as Britton, Le Heron and Pawson stressed in their analyses (1992, 1996).

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