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STRUCTURAL AND LOCATIONAL INFLUENCES

AFFECTING EXPORT PERFORMANCE

IN

SOUTH ISLAND EXPORT MANUFACTURING FIRMS

A Thesis Presented in Partial Fulfilment of the Requirements  
for the Degree of Master of Arts in Geography  
at Massey University

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1977

ACKNOWLEDGEMENTS

I wish to express my gratitude to a number of persons who assisted me in the completion of this study.

My supervisor, Dr. Richard Le Heron, who directed me towards this research area. During my two years engaged in masterate work he has been the guiding hand, giving a careful blend of constructive criticism and optimistic encouragement. I sincerely appreciate his assistance.

Recognition must also be extended to Professor K.W. Thomson, and other members of the Geography staff at Massey University who have given me practical and moral support throughout my five years of contact with the department.

The empirical section would not have been possible without the co-operation of company personnel. Many people gave up their time to answer my questionnaires and to talk with me. To those people I owe a special thanks.

I must also acknowledge the support of my South Island friends for their warm hospitality so willingly provided during my visits south.

My thanks also go to Mrs. Pat Booker, my typist, whose good nature and competence contributed to the thesis being typed to my complete satisfaction.

The greatest contribution to the completion of this study has been made by my parents, grandparents and family. My gratitude for their understanding and assistance cannot be adequately expressed in words.

TABLE OF CONTENTS

	<u>Page</u>
Acknowledgements	ii
Table of Contents	iii
List of Tables	v
List of Figures	vii
Chapter 1 : RESEARCH PROBLEM	1
Balance of Payments Problem	2
Spatial Inequalities	3
Regional Development Policy	5
Structural and Locational Adjustments in the Growth Process	7
Identification of the Dimensions of the South Island Structural and Loca- tional Problems	8
A Priori Expectations about the Export Contribution: The Research Problem	21
Chapter 2 : RESEARCH DESIGN	24
Definition of Manufacturing Sector	24
Hypotheses	24
Methodology	26
Measuring Export Performance	33
Chapter 3 : STRUCTURAL INFLUENCES AFFECTING EXPORTING	36
The Industrial and Enterprise Structure of the South Island Export Scene	36
Industrial Structure	36
Enterprise Structure	56
South Island Export Firm Policy	58
Perception of Exporting	66

Statistical Analysis of Structural	
Hypotheses	74
Retained Structural Hypotheses	74
Rejected Structural Hypotheses	75
Other Findings	81
Chapter 4 : LOCATIONAL INFLUENCES AFFECTING EXPORTING	85
Statistical Analysis of Locational	85
Hypotheses	85
Hypotheses	85
Other Findings	92
Chapter 5 : SUMMARY AND IMPLICATIONS	100
Appendices	107
Bibliography	125

LIST OF TABLES

<u>Table</u>		<u>Page</u>
1	Distribution of Factories, Persons Engaged and Production by North and South Islands, 1973-74	10
2	Distribution of Labour, by Industry Group for the South and North Islands, 1973-1974.....	11
3	Ranking of Largest Employers by Industrial Groups for the North and South Islands, 1969 and 1973-1974.....	13
4	Summary of Survey; Population, Survey Population, Usable and Unusable Questionnaires and Refusals.....	34
5	Incidence of Export Firms by Industry.....	37
6	Distribution of Export Firms for Year Established by Location (Percentages).....	39
7	Distribution of Export Firms for Employment Groups by Location, 1977 (Percentages).....	39
8	Average Employment Size and Growth of Export Firms by Location.....	40
9	Distribution of Total Annual Sales for Export Firms by Location, 1976 (Percentages).....	42
10	Average Total Annual Sales and Growth for Export Firms by Location (Percentages).....	42
11	New Zealand and South Island Manufacturing Export Growth Rates by Industry, 1972-1976....	44
12	Average Export Performance for South Island Export Firms by Location, 1976 (Percentages)..	46
13	Variation in Average Export Performance by Industry, (Mean, Standard Deviation, Co-efficient of Variation).....	46
14	Distribution of Export Firms Undertaking Building Expansions, 1974-1976 (Percentages)..	47
15	Distribution of Capital Expenditure Involved in Building Expansions of Export Firms by Location, 1974-1976 (Dollars).....	49
16	Distribution of Export Firms by Location for the Number Years Actively Engaged in Exporting	51
17	Transport Modes Used by South Island Firms when Exporting (Percentages).....	54

<u>Table</u>	<u>Page</u>
18	Weighted Index and Weighted Rank of Factors in Rail Service Most Detrimental to Export Firms. 56
19	Distribution of Branch and Head Offices for South Island Export Firms (Percentages)..... 57
20	Distribution of South Island Export Firms by Ownership (Percentages)..... 58
21	Distribution of South Island Export Firms by Ranking for Alternative Growth Strategies (Percentages)..... 59
22	Weighted Index and Weighted Rank of Factors Responsible for Product Change in Export Firms..... 61
23	Weighted Index and Ranking of the Important Reasons for the Initial Entry into Exporting by Firms..... 61
24	Chronological Sequence of Major Export Incentives, 1962-1976..... 63
25	Weighted Index and Ranking of the Major Factors Detrimental to the Export Performance of Firms 65
26	Summary of Changes in Domestic Area Sales for South Island Export Firms (Percentages)..... 67
27	Distribution of Firms by the Priority Attached to Export Orders Over Domestic Orders (Percentages)..... 68
28	Distribution of Firms by Whether or Not They Undertook Special Runs for Export Orders, 1976 (Percentages)..... 68
29	Distribution of Firms by Whether or Not They Exported as Much as Possible of Production (Percentages)..... 70
30	Distribution of Firms by the Regular or Irregular Basis by Which Export Orders are Secured (Percentages)..... 70
31	Distribution of Firms by Their Involvement in Exporting (Percentages)..... 73
32	Analyses of Structural Variables Affecting export Performance in Manufacturing Firms of the South Island, 1977 (Contingency coefficients). 76
33	Analyses of Structural Variables Affecting Export Performance in Manufacturing Export Firms of the South Island (Correlation Coefficients) 77

<u>Table</u>		<u>Page</u>
34	Correlation Matrix of Export Variables for South Island Export Firms, 1977.....	82
35	Analyses of Locational Influences Affecting Exporting Firms of the South Island, 1977 (Contingency Coefficients).....	88
36	Correlation Matrix of Export Variables for Christchurch Export Firms, 1977.....	93
37	Correlation Matrix of Export Variables for Dunedin Export Firms, 1977.....	95

#### LIST OF FIGURES

<u>Figure</u>		<u>Page</u>
1	Location of Firms Surveyed in the South Island.....	32



## Chapter 1

RESEARCH PROBLEM

Industrialisation may be defined as 'the growth in the proportion of the workforce employed in factories or manufacturing' (Blyth , 1974, 2). Generally there is no single accepted theory of industrialisation, instead there is a wide spectrum of theories and models concerning industrialisation and its relationship to economic development at both the national and subnational scale.

Industrialisation is assumed by most as the key to economic progress. Maizels (1970) argues that industrialisation raises the physical output per head in the agricultural and then subsequently in the manufacturing sector. Historically, this sets in motion the process of urbanisation and over time the urban population becomes employed in manufacturing. The manufacturing sector then expands and exports follow as a logical consequence.

The industrialisation of New Zealand has proceeded within the confines of accepted theory whilst exhibiting certain unique characteristics which have arisen from colonial status. The economic development of the country reflects its particular size and structure (Hearn and Slater, 1974). From early settlement, New Zealand developed as an efficient exporter of food and raw materials for the United Kingdom (Blyth , 1974; Sutch, 1964). Returns from exports were used initially to finance the importation of manufactured goods and thereafter to pay for imports of some manufactured but more especially raw materials

for processing by domestic industry. As the secondary and tertiary industries have expanded the population of the country has become more urbanised. However, accompanying the industrialisation process has been the creation of several nationally significant socio-economic problems.

The global location of New Zealand, its industrial mix, its dependence on imported raw materials, and the small size of the market have given rise to two paramount problems,

- 1) the balance of payments problem and
- 2) the spatial inequalities problem.

#### The Balance of Payments Problem

New Zealand is a small open economy with a large proportion of her economic activity interwoven in international trade (Armstrong, 1969; Holmes, 1976). Since the late 1950's New Zealand has experienced a balance of payments problem resulting from a decline in export prices and market opportunities for traditional agricultural exports and an increasing dependence of the growing manufacturing sector upon imported raw materials. This lack of balance between imports and exports did not appear until the late 1950's because of a twenty year world wide inflation in primary produce prices, the rising productivity of New Zealand farms and a general expansion in export receipts which was sufficient to allow the rapidly rising import bill to be financed (NZIER, 1963).

The New Zealand economy of the mid 1970's is just as vulnerable to the international economy as it was twenty years ago. Exports make up such a large proportion of gross domestic product, that it is reasonable to assume the

relative poor performance of the economy is largely connected with the slow rate of growth of export receipts (Willis, 1973). Over the last 15 years there has been a growing share of manufactured exports in our export total, but just as export earnings are rising rapidly, so too are the costs of imports. In April 1975 a record deficit of \$1,068 million showed how deteriorated our balance of trade had become. Coupled with the dramatic balance of payments problem, New Zealand's holdings of overseas reserves have declined and the effects of external borrowing are now being felt. The recent Holmes report graphically summarised the situation.

The terms of trade (the ratio of export prices to import prices) facing New Zealand reflect the real purchasing power of our exports, and as such are vitally important to any consideration of the stability and growth of the New Zealand economy. (Holmes, 1976, 186)

### Spatial Inequalities

The small size of the market and the dependence on imported raw materials are the main reasons for the centralisation of urban-industrial development within New Zealand (Johnston, 1971; Hearn and Slater, 1974). Population and industry is concentrated in the northern half of the North Island, with pockets of urban-industrial activity located in linear fashion at ports along the coasts of both islands.

The spatial dimension of development that has taken place within New Zealand can be viewed in terms of a core-periphery type framework (Le Heron, 1977). Such a framework is encompassed within the general theory of unbalanced growth (E.F.T.A., 1968; Kuklinski, 1972; Richardson, 1969).

Unbalanced growth between regions can largely be explained by the location pattern of propulsive industries which create cumulative advantages and polarization effects in the growth pole. (E.F.T.A., 1968, 63).

Propulsive industries are those that disseminate growth impulses through backward or forward linkages, to other sectors of the economy. Growth poles are cities or towns incorporating a complex of propulsive industries which induce further development of economic operations throughout their sphere of influence.

Le Heron and Taylor (1975) conceptualised the agglomerative and propulsive mechanisms of Auckland, showing that while economies exist attracting economic development to Auckland, diseconomies arise in other regions resulting in socio-economic problems and disparities (see also Johnston, 1971). Such problems or inequalities exist in many forms and are universal phenomenon inherently associated with the structural change of nations striving for a sustained improvement in their economic growth (McCrone, 1969; Stilwell, 1972). In an exaggerated form

The market economy may lead to a massive drain of population from certain areas and a heavy concentration of resources at a limited number of high density conurbations. (Richardson, 1969, 3).

The drain of resources away from areas creates depressed regions and gives rise to 'the regional problem'. The regional problem varies according to the type and scale of region looked at. In New Zealand's case, the poor performance or relative stagnation of several of her regions is the result of some endemic disadvantage, such as their peripheral location as regards to the major market centre

of Auckland (Taylor, 1976).

The thesis considers the balance of payments and spatial inequality problems to be separate parts of an overriding 'national problem'. The national problem (a term of convenience) refers basically to the awesome task of the 'reorganisation of the New Zealand space-economy', objectively aimed at solving the above two mentioned problems. Instrumental in reshaping the space-economy of New Zealand are the regional development policies and objectives which this country's governments have adhered to.

#### Regional Development Policy

In relation to the inequalities mentioned above it is necessary to ask whether their solution requires specific intervention, namely governmental? If the inequalities are not self correcting (the thesis assumes they are not self correcting) then one has a case for intervention. Essentially then, regional development policy involves the application of a spatial framework in the achievement of certain objectives. The objectives of such a framework were first publicised in the programme of regional development assistance announced in the budget of 1973:

- a) to encourage full use to be made of the human, physical and infrastructural resources available but underutilised in the provincial centres of New Zealand by promoting the establishment, expansion and retention of viable and efficient manufacturing, processing and ancillary industries in such centres.
- b) by assisting the realisation of (a), to relieve to some extent the growing pressure on resources which has already become apparent in the Auckland and Wellington metropolitan regions (Department of Trade and Industry, 1974, 1).

The core of the regional development issue involves regional assistance being directed primarily (but not wholly) toward the development of industries in priority regions. What then is the criteria for considering that one region, but not another deserves regional assistance? Assistance is primarily given to those regions with a lower than average rate of expansion in employment and output (Franklin, 1975), though Taylor (1976) contends the basis for selection is not rigorous. Growth in employment has to be in either secondary or tertiary industry, and not in the overall provision of employment.

Priority regions in New Zealand are those regions possessing problems predominantly of a historical nature resulting in their peripheral location to the major market locations. Regions accorded top priority are the West Coast of the South Island, Otago and the East Coast of the North Island, followed by Northland, King Country, Taranaki, Wanganui, Wairarapa and Southland (Department of Trade and Industry, 1974). Assistance in the form of capital, labour training, transfer and freight subsidies is provided in order to retain existing industry and to induce the establishment of new ones in the priority regions. Specific criteria for assistance to industry are set down in both cases.

The role of regional policy concerning the balance of payments problem could be especially designed to make more buoyant those regions or industries specialising in the production of export and/or import substitutes. In relation to the spatial inequality problem, growth pole theory is offered as a possible source of assistance in the search

for better solutions to the regional problem (Thomas, 1972).

Whatever the particular means used to mitigate the two problem areas of the nation, one cannot in attempting to solve the dilemma avoid a reorganisation of the New Zealand space-economy. Reorganisation involves regional development, and regional development involves both structural and locational adjustments in the growth of the New Zealand economy.

### Structural and Locational Adjustments in the Growth Process

Structural change defined refers to

Structural changes during the growth process divided into the following types. Changes in the industrial structure, i.e. in the distribution of labour, capital and total output between the various industries; changes within the enterprise structure within industries, and finally, changes in the location pattern and settlement structure, resulting from the two former types of adjustments (E.F.T.A., 1968, 41).

Locational change is implicit within the above E.F.T.A. definition of structural change. Many of New Zealand's regional problems are closely connected with changes in location patterns consequent upon national growth, hence it is necessary to treat the location pattern as a separate entity because it stands alone as a significant aspect of regional development.

Free market forces interacting within the New Zealand space-economy have encouraged the reallocation of resources from declining or slow growing to expanding or fast growing industries (from primary to modern light industries). Accompanying the change in the industrial structure has been the tendency for an increasing number of mergers and takeovers

to take place (Le Heron, 1977). Restructuring of enterprise is a response by large primarily metropolitan based firms to the competitive economic climate. These large firms absorb small run down inefficient firms through mergers or takeovers. Discussion of these points at a disaggregated level will take place in a later section.

The location pattern of changing and expanding industries in this country, as previously mentioned, is increasingly becoming concentrated in the northern half of the North Island. Such a weighting of production factors in the top half of the country has brought about a stagnation and decline of production factors in peripheral locations about the rest of the country. The changes that have taken place inherent in economic development have left the South Island in an increasingly disadvantageous socio-economic position.

Attention is now focussed on the South Island's growth, studied in terms of the dynamics of its structure and location.

### Identification of the Dimensions of the South Island Structural and Locational Problems.

#### The Structural Problem

Traditional opinion has it that the slow growth of an area (in this case the South Island) results from the unfavourable economic structure of that area (Cameron, 1971; E.F.T.A., 1968; Franklin, 1975; McCrone, 1969; Stilwell, 1972). In the South Island there is an absence of the two major causes of regional disparities common to other countries, a low productivity agriculture and an obsolescent industrial structure. Franklin (1975) argues that the



industrial structure in New Zealand is largely a creation of the post war era and therefore is hardly likely to suffer in the short term from obsolescence.

The above argument, however, does not negate the fact that the South Island manufacturing scene is disadvantaged. The following paragraphs show, in comparison with the national and North Island scene, the extent of disadvantage of the South Island industrial and enterprise structure. It must be born in mind though, the location problem is preeminent over any structural disadvantage the South Island may possess.

Significant totals relating to the year 1973-4 (Table 1), show the South Island to have only 28 percent of the total number of factories in the country, 26 percent of the persons engaged in manufacturing, 24 percent of the total value of production and 25 percent of the net output from New Zealand's factory production. Generally speaking the South Island accounts for just over a quarter of the country's industrial production, of which Christchurch's contribution represents well over a half of the South Island production.

McDonald (1969) stated the South Island had a higher proportion of manufacturing labour engaged in textiles, rubber, food, non-metallic minerals and leather industries than the North Island. In 1973-4 (Table 2) the South Island still had a larger proportion of its labour force engaged in food, textiles, rubber, non-metallic minerals and leather than the North Island, with wood and cork and electrical machinery being additional industrial groups since 1969, having larger numbers proportionally in the labour force than the North Island.

The industrial structural change that has taken place

TABLE 1

Distribution of Factories, Persons Engaged and  
Production by North and South Islands 1973-74

	North Island Totals	South Island Totals
Number of factories	5,558	2,132
Persons Engaged		
Males	129,008	48,040
Females	51,240	16,234
Total	180,248	64,274
Value of Production \$ (million)	4,014.5	1,236.4
Cost of Materials \$ (million)	2,401.9	711.0
Net Output \$ (million) (net value added)	1,123.2	379.2

Source: Statistics of Industrial Production, 1973-74.

TABLE 2

Distribution of Labour by Industry Group for the South and North Islands, 1973-74.

Industry Group	Persons Engaged			
	Totals, N.I.	Proportion of N.I.Total (%)	Totals, S.I.	Proportion of S.I.Total (%)
Food	30,691	17.0	15,319	23.8
Beverages	2,559	1.4	700	1.1
Tobacco	1,169	0.7	73	0.1
Textiles	9,280	5.1	6,186	9.6
Footwear, Apparel	20,962	11.6	6,938	10.8
Wood and Cork	11,074	6.1	4,278	6.7
Furniture and Fixtures	4,907	2.7	1,661	2.6
Paper and paper products	8,845	4.9	1,014	1.6
Printing and publishing	11,820	6.6	3,688	5.7
Leather and Leather products	1,583	0.9	998	1.6
Rubber products	1,980	1.1	1,881	2.9
Chemicals and chemical products	6,253	3.5	1,293	2.0
Petroleum and Coal	610	0.4	47	0.1
Non-metallic mineral products	6,148	3.4	2,859	4.4
Basic Metal Manufactures	3,352	1.9	1,232	1.9
Metal products	16,666	9.2	3,837	6.0
Machinery	13,353	7.4	3,791	5.9
Electrical Machinery	7,969	4.4	3,421	5.3
Transport Equipment	11,342	6.3	3,250	5.1
Miscellaneous	9,685	5.4	1,808	2.8
	180,248	100.0	64,274	100.0

Source: Statistics of Industrial Production, 1973-74.

since McDonald's 1969 study can be simplistically shown by ranking the six largest employers of industrial labour for both islands, for the given time periods 1969 and 1973-74 (Table 3).

For the South Island the most striking features are,

- 1) the increase in the proportion of the labour force employed in textiles and wood and cork,
- 2) the complete disappearance of the transport equipment group and,
- 3) the slow proportional growth in metal products and machinery.

The North Island too has experienced similar shifts with the food and footwear/apparel industries retaining the same dominant ranking, but with increases in the rankings of metal products and machinery highlighting the gradual maturation of the New Zealand industrial scene.

Traditional industries (food, footwear, leather, clothing, tobacco) have reduced their share of the labour force while the new industries (machinery, electrical machinery, textiles) have increased their shares (McDonald, 1969). Concerning new growth industries, the South Island in relation to the North Island has a larger proportion of labour engaged in electrical machinery and non-metallic mineral products, both of which nationally recorded large employment growths (10 percent and 8 percent respectively) over the year 1972-73 to 1973-74 (Statistics of Industrial Production, 1973-74). However, there still exists 34 percent of the South Island's labour force engaged in the two traditionally slow growth industries, of Food and Footwear and Apparel. Such a structure is characteristic of Dunedin, which at present is exhibiting an efflux largely

TABLE 3

Ranking of Largest Employers by Industrial Groups for the North and South Islands,  
1969 and 1973-74.

North Island		South Island	
1969	1973-74	1969	1973-74
1 Food	Food	Food	Food
2 Footwear, Apparel	Footwear, Apparel	Footwear, Apparel	Footwear, Apparel
3 Transport Equipment	Metal Products	Transport Equipment	Textiles
4 Wood and Cork	Machinery	Textiles	Wood and Cork
5 Printing and Publishing	Printing and Publishing	Wood and Cork	Metal Products
6 Machinery	Transport Equipment	Printing and Publishing	Machinery

Source: McDonald, 1969; Statistics of Industrial Production, 1973-74.

of traditional industries which were established in Dunedin some time ago under a different competitive situation than exists now.

In a study of regional economic health in New Zealand, Taylor (1976) observed that although everywhere has its problems, the South Island was at a greater structural disadvantage than the North Island. In terms of growth, and social and economic depression the South Island fared badly. In growth particularly, the Otago statistical area, in which Dunedin is located, was seen to be the least healthy part of New Zealand (Taylor, 1976, 43).<sup>1</sup>

Le Heron (1977) presented a paper on enterprise structural change in New Zealand confirming the shift of head offices out of many South Island non metropolitan areas into Christchurch and Dunedin, and the greater Auckland and Wellington areas. His findings 'indicate very obvious regional shifts in control stemming from the geographic expansion patterns of New Zealand companies' (Le Heron, 1977, 69). More and more 'control related decision-making' is being taken out of the companies in priority regions and concentrated within metropolitan companies. As a result the growth rates in the priority areas of the South Island can only but suffer as enterprise gravitates towards the larger metropolis.

Although there are obvious structural disadvantages

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1 Growth represented the third factor in Taylor's analysis, and variables related to this factor included increase in manufacturing employment, labour force in manufacturing and primary industry, retail turnover and value added per manufacturing employee.

with the changing enterprise structure, industrial structural problems as defined are not as explicit within the South Island economy. The historical legacy of the island has resulted in it having a large proportion of slow growing industries, and yet this same legacy provides the footing for expansion in the light engineering and machinery fields which are considered to be the new growth industries.

### The Locational Problem

Physical attributes (local and non-transferable) associated with the absolute dimension of location include the South Island's climate, topography and mineral and soil constituents. Generally speaking the climate can be assumed to be a disadvantageous element, while its topography, soil and mineral constituents used in the extractive industries of mining and farming, have made for a dispersed pattern of settlement and industry throughout the island (Hoover, 1971).

The dispersed pattern of settlement is further accentuated by the location of the sea-ports. The ports are regionally scattered along the coast serving as outlets for their large, but not excessive pastoral hinterlands (Rimmer, 1973a). Historical settlement originally focussed on the ports and the pattern still persists today with import-dependent secondary industry maintaining close liason with the ports and any incoming raw materials. Population is concentrated predominantly in the two main metropolis of Christchurch and Dunedin, with Nelson, Blenheim, Timaru, Oamaru, Greymouth and Invercargill constituting the regional service centres all of which remain in close interconnection with the remaining hierarchy of settlement.

In terms of absolute distance the South Island is

peripherally located to the 'optimal' market, Auckland (McDermott, 1974). As a result modern growth industries are not being attracted to many parts of the South Island, unless such a disadvantage can be removed, or at least counterbalanced by improvements in regional infrastructure, particularly transport links.

Changes in factors determining the relative location pattern of producers and consumers are playing an increasingly significant role in impeding the development of the South Island. Industrial location is a continuous process in which firms may shift as location determinants change, in order to retain their competitive position. Increased costs, changing technology resulting in an alteration of existing linkages, increased complexity of products, and so on, have placed the South Island economy in a much more disadvantaged position than compared with the North Island.

The increasing costs of physical transport between industries and their sources of raw materials, but more especially their markets, have placed the South Island economy under tremendous strain. A Department of Trade and Industry investigation (Department of Trade and Industry, 1966) found that South Island manufacturers were faced with 30 percent more expense to distribute products to the national market than they would have been if they were located in the southern half of the North Island. Such a freight disadvantage arises from the relative remoteness of 'national' industries from the main markets. Increases in transport costs since 1966 further exacerbate the problem.

McDonald (1969) studied the effects of transport costs in New Zealand surmising that South Island locations had a



relative disadvantage in the distribution of goods to the national market, reflecting heavily their reliance on sea transport and the significance of stowage factors to sea cargo.

The results of two papers by Rimmer (1973a) and (1973b) show the considerable significance of coastal shipping for South Island distribution to the North, particularly to Auckland, and their increased relative disadvantage if they are dependent on rail distribution,

As shipping services to small ports become irregular their hinterlands will inevitably become more dependent on rail services making them less desirable for firms distributing final products throughout New Zealand unless there are savings in local production costs.  
(Rimmer, 1973b, 93)

However, the setting up of container ports in the South Island has helped to lessen the impact of the adverse transport cost differential that South Island regions faced, in the exchange of goods both with North Island and with overseas countries (Cooper, 1974).

Problems involved with changes in location and settlement patterns are not simply a matter of transport costs. There is the continuing trend of the 'rapid polarisation of the New Zealand space-economy' centred upon Auckland. In terms of population and labour force (the labour force having a high degree of geographic correlation with population) there is an increasing emigration of people from the South to the North Island (Rowland, 1976). Employment shifts to the Auckland area at the expense of South Island employment districts, are the dominant feature of past and present regional distributions of employment (Jensen, 1969; Johnston, 1971; McDonald, 1969).

The two main South Island centres both performed badly [with regard to regional employment shifts], especially Dunedin which 'lost' over 11,000 jobs, and which has experienced virtually no net immigration over the last two decades (Johnston, 1971, 327).

Other problems involving the relative distance of the South Island from the main markets, are that executives of head offices would be less able to watch over the affairs of the branch, as was previously intimated in conjunction with the changes in structural enterprise (E.F.T.A., 1968; Le Heron, 1977; McCrone, 1969). Also contacts with suppliers would be more difficult to maintain and it would be harder to rush orders to the market on time.

In regards to the structural and locational disadvantage of a region it is often difficult to assess how much importance should be attached to each of these. However, in this case data for the South Island is substantially weighted towards locational structure creating the underlying causal factors contributing to the island's disadvantageous socio-economic position.

#### Exports and Economic Growth

The picture so far points to the need for a reorganisation of our economic structure, with the prime objective being an increase in the country's economic growth rate while at the same time preventing any further exaggeration of existing spatial problems (See Holmes, 1976). The growth problem is inherent in the locational and structural dimensions of the South Island, and a very important key to solving the problem of economic growth lies in understanding the role of exports.

Exports may be defined as the 'sales abroad of

goods and services. The term "sales" includes barter as well as the exchange of goods and services for many' (Encyclopaedia Britannica, 1970, 977). The Oxford English Dictionary (1969, 441) also offers a similar definition. The importance of exports has been succinctly stated by Stilwell:

Short run export expansion leads to increases in regional income both directly and via secondary effects on the demand for locally produced goods and services. In the long run there will be changes in the structure of the regional economy resulting from capital and labour movements, and these will tend to reinforce the process of regional growth  
(Stilwell, 1972, 32).

Tiebout (1964) in a review of the export base theory literature, argues that a regions growth

is closely tied to the success of its exports and may take place either as a result of the improved position of existing exports relative to competing areas or as a result of the development of new exports.  
(Tiebout, 1956, 256).

Hultman (1967) identifies a series of models which attempt to show the possible relationships between a country's exports and the growth of the domestic economy. In each of the models discussed a specific role is assigned to the export sector in the process of economic growth. It is important to consider briefly some of the models surveyed by Hultman because they illuminate the various lines of causation running from exports to the internal economy.

The foreign trade multiplier model, is one in which 'exports are assumed to be comparable to investment because both are injections which serve to expand domestic income' (Hultman, 1967, 149). Hence any autonomous increase

(decrease) in exports leads to a multiple increase (decrease) in domestic income and employment.

Hultman assumes the export sector, in the stages of economic growth theory (Rostow, 1960), can be classed as a 'leading' sector, therefore, activities within the propulsive export sector set in motion production in other modern industries which supply input requirements to it.

The principal thesis of the export base model proposes that the growth of a region is closely tied to the success of its export base (representing a collection of exportable items). 'A region develops around the export base which, according to some versions, becomes the critical autonomous variable determining the level of regional income' (Hultman, 1967, 151).

Other models pertaining to exports and economic growth include the growth models, the staple model (Brazzel and Hicks, 1968) and to a lesser extent the developmental stages approach. The models, except perhaps the latter, hypothesise that exports are the key source of regional economic growth. Proponents of the models agree that an increase in exports induces changes facilitating economic growth. Care should be taken though when discussing the concept of exports, because the export concept is merely one aspect of a general theory of short run regional income determination. 'There is no reason to assume that exports are the sole or even the most important autonomous variable determining income' (Tiebout, 1956, 257). For this reason the models should perhaps be considered as theories about the effect of exports on regional growth rather than theories of regional economic growth.

## A Priori Expectations about the Export Contribution:

### The Research Problem

The affect of exports on economic growth within New Zealand is assumed to be primarily positive. Recent concern for structural change in the country has highlighted the increasing role which exports (especially manufactured goods) must come to play (Willis, 1973). The promotion of exports is a matter of national importance, and the national interest is reflected in arrangements made by the government with a view to assisting the exporter and in statutory regulations (Schmitthoff, 1975).

Despite the high level of national interest in exporting there is a scarcity of empirical research on the incidence of exporting manufactured goods from the country, more especially the South Island. This study focusses on the South Island manufacturing export scene with the objective of providing empirical evidence about the various relationships between important variables and export performance. Empirical evidence about the South Island exporting scene in manufactures may provide answers for both individuals and governments in relation to the what, where, why and how questions encompassed within firm and national policy.

The following remarks and questions provide the general expectations and directions upon which the study attempts to focus.

What are the types and incidence of manufacturing exports in the South Island? Is there a geography associated with the South Island export scene. Franklin (1969) claims the export oriented sector has a geography, and a

paper on the geography of British exports states that there is a geography to exporting, but it has developed as a result of the 'random spatial incidence of a spatial business - environmental forces [rather] than in the spatial-environmental controls of geographical analysts' (Hoare, 1977, 133).

How does the structure and location of the island affect export performance? Does where we manufacture affect how much we can export or will what we have affect what we export?

What are the ramifications and effects of any export activity in both metropolitan and priority areas? Are the growth rates of exporters faster or slower than non exporters or national growth rates? Variables at different levels of scale will be examined to see if there are any significant correlations. Examination of export industries will be viewed at the city, industry, and plant level.

Apart from a determination of general characteristics (year established, branch or head office, ownership, employment, sales, expenditure, year commenced exporting, and so on) and the testing of hypotheses, other findings will elucidate the main reasons why manufacturers get into exporting, the factors detrimental to exporting, government incentives used and whether formal research by firms varies between the home and export markets.

Do the linkages vary the further one goes south? Has the affect of higher costs (especially transport costs) and perhaps minimal returns engaged in competing in the national market, encouraged South Island manufacturers to export? Do those manufacturers who export still seek to compete in the national market?

It is often said that a large domestic market base affords a sense of financial, production and marketing stability which are essential prerequisites for successful exporting. However, research evidence, suggests Cullwick (1975) does not fully support this view. The perceived risk of exporting for some companies has resulted in them placing limits on the proportion of production that may be sold overseas. Does the above strategy therefore mean that the future growth of manufactured exports is hamstrung by the limit many companies place on exports? A section on the perception of exporting will provide some interesting evidence on how manufacturers view exporting.

The questions and issues raised in this section represent the guidelines and foundations on which the thesis is built. While not all questions will be answered, and no doubt others will arise, they will nevertheless provide invaluable information with the resultant clarification of many matters in the export field.