

**Te Oranga o te Iwi Maori:
A Study of Maori Economic and Social Progress**

**Maori Economic Development:
Glimpses from
Statistical Sources**

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Abstract

This draft book chapter provides an overview of Maori economic development during the past 150 years, drawing on readily available statistical and historical sources. The path of Maori economic development that we have traced through statistical evidence is one of ongoing change and adaptation, as well as one of substantial increase in material standards of living, albeit with periods of significant setback.

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I Introduction

The purpose of this chapter is to provide an overview of Maori economic development during the past 150 years, drawing on readily available statistical and historical sources. It is intended to provide a context for the studies presented in other chapters. Statistical measures of development, when available, are useful in benchmarking the magnitude of changes that might otherwise be under- or overestimated. Because it is impossible to do justice to the subject of Maori economic development in one short chapter, we provide references to key sources (both original and secondary) that may be consulted by readers wishing to learn more.

The crucial issue facing any attempt to document and analyse the evolution of the Maori economy using statistical measures is data availability. It is perhaps not surprising that there is very little economic data prior to 1840; what is surprising, however, is the paucity of information prior to 1950. Even though governments collected detailed data about European economic activity from the time of their first settlement, there was little attempt to collect information about the economic activity of Maori. Indeed, the census was collected separately for Maori and non-Maori until 1951, and until this time little economic information about Maori was collected. Consequently, any assessment of the Maori economy prior to 1950 must be made without the use of systematic economic statistical records.

Fortunately, historians and economists have developed a range of techniques that can be used to analyse the development of the pre-1950 Maori economy. Most of these use demographic and anthropometric information to make inferences about economic production and consumption. For instance, economic historians have shown that average height is highly correlated with per capita gross domestic product, and a diverse range of anthropomorphic data have been used to trace consumption patterns through time (see Steckel (1995)). More generally, development economists have shown that many measures of a people's standard of living are highly correlated, so that historical trends in life expectancy, infant mortality, average height, literacy rates, and the degree to which the population is young and rural can be used to make inferences about per capita production and consumption patterns (see Morris (1979)). For example, according to the cross-country data compiled by the United Nations Human Development Report, if two countries differed in income by 10 percent in 2002, they typically had a 2.5 percentage point difference in the urban population fraction, a 1 percentage point difference in the young-age population fraction, and a 0.4 percentage point difference in the infant mortality rate.¹ Because there is quite a lot of historical demographic and anthropometric information available about Maori, it is possible to make living standard comparisons over a long period of time. Indeed,

¹ The correlations between per capita income and the fraction of the population that was urban, the fraction of the population that was under fifteen years old, and the infant mortality rate were 0.75, 0.83 and 0.83 respectively.

many of the best known analyses of the Maori economy, including Butterworth and Rose (1967) and Pool (1991), are based on such data.

There are several additional sources of written information about the economic organisation of Maori tribes and people. Some of these are purely anecdotal, such as the accounts and diaries of eyewitnesses writing in the nineteenth century, or the sequence of reports from the Resident Magistrates; others are based on medical and education records collected by government departments and published in the Parliamentary Journals; and still more come from enquiries into the status of Maori commissioned by the government or by groups concerned with the welfare of Maori such as the Maori Women's Welfare League. Such sources are invaluable in pointing out how Maori economic behaviour evolved over time, even if they cannot always be used to quantify this behaviour directly.

This chapter describes some of the sources of information that have been used to document the development of the Maori economy over time. The discussion is organised in terms of the following periods: pre-1840, 1840-1900, 1900-1950 and 1950 to the present. To provide continuity, emphasis in the discussion of more recent periods is given to the measures that were available in the earlier periods, even though a much greater variety of information is available. First, however, it is necessary to discuss what is meant by 'the Maori economy'.

1.1 Who are Maori?

To assume that it is meaningful to define 'the Maori economy' is to assume it is possible to consistently identify Maori as a distinct group of people, and thus analyse their economic activity. This proposition is not particularly controversial, but over time there have been several changes in the official identification of Maori by those collecting data. These changes, which were first described by Brown (1983), mean care needs to be taken with official statistics. Pool (1991) and Kukutai (2003) also have useful discussions.

There have been two main ways in which people have been categorised as Maori, for official purposes: either because they meet an ethnic or racial origin criteria, in terms of having Maori ancestors or Maori blood; or because they self-identify their preferred cultural affiliation as Maori. Until recently, the former approach was used, although the exact definition of Maori varied through time, and in many cases cultural identification was part of the process by which Maori were categorised. In response to widespread intermarriage of Maori and Europeans, and recognition that ethnic classifications are to a large extent socially defined, this categorisation method was progressively replaced with classification based on cultural self-identification.

The treatment of Maori in the New Zealand population census illustrates this process of change. From 1851, when the first European census was conducted, until 1951, Europeans and Maori were enumerated in different censuses. Initially, all Maori were enumerated in the Maori census, except those who were 'half-caste' or less and whose mode of living was European rather than Maori, who were included in the European

censuses. 'Half' Maori living with hapu in villages were thus deemed Maori; those living separately in their own households were deemed European. The latter group increased from four percent of the population in 1886 to seven percent of the population in 1921 (Pool, 1991, p. 17). In 1926 the definition was changed, and all people with half or more Maori blood were classified as Maori irrespective of their living arrangements.² If this change in the classification of Maori is ignored, one tends to overstate the growth rate of the Maori population after 1926, as it is undercounted in the Maori census until then, and to ignore what are likely to have been the most westernised Maori before 1926. In any event, census enumerators had to rely on self-reported blood ties, so the decision of Maori to include themselves in the Maori census to some extent reflected their willingness to identify themselves culturally as Maori.

Towards the end of the 20th century, the relevance of basing the ethnic classification on fractions of descent was increasingly questioned (Statistics New Zealand, 2004b, p. 20). In 1986, the racial descent question in the Census was replaced with one on ethnic origin, which allowed respondents to list multiple ethnic origin groups, of which Maori was one. In 1991, self-identified cultural affiliation became the basis for classifying individuals as Maori in the Census. A Maori ancestry question was re-introduced, and since 1991 population censuses have enumerated the Maori population using both 'descent' and 'ethnic identification' concepts.

These classification issues can prove important. Kukutai (2003, p. 9), in a summary of one of her findings, argues that "individuals who identify as Maori as well as non-Maori, but more strongly as the latter tend to be socially and economically much better off than all other Maori. Their demographic behaviour is similar to that of Europeans." As such, changes in the classification and coding of Maori ethnicity can have a large effect on the analysis of Maori economic participation and outcomes, and consequently considerable care needs to be taken when data from different time periods or different sources are compared.

1.2 What is meant by the Maori economy?

A resident of New Zealand in 1840 would probably have had few difficulties with the concept of 'the Maori economy'. At that time most Maori lived in rural areas, had little direct contact with Europeans, and were mainly engaged in the household production of food crops, or in hunting, fishing and trading. Much of the economic activity of Maori communities was undertaken separately from that of European communities, although Maori were connected to the European economy through trade, and some were already supplying waged labour to industries such as logging, flax production, and domestic service.

² There was one exception. People who were half-Maori blood and half non-European blood were not included in the 'Maori' classification until 1956. Data were also collected on the number of people "reporting some degree of Maori blood".

Due to the urbanisation of Maori during the 20th century and their increasingly high level of integration within European communities, it is no longer very meaningful to talk about 'the Maori economy'. Maori are participants in the New Zealand economy, working chiefly within organisations and businesses that are not organised along ethnic lines. While Maori-owned enterprises and trusts do exist, and some of the larger ones can be identified in official statistics and other public information sources, the bulk of Maori economy activity takes place elsewhere. To consider Maori economic activity therefore is to consider the assets, participation, outcomes and living standards of Maori as individuals (or as family units) within the wider New Zealand economy.³

1.3 Indicators of Maori economic development

This chapter focuses on the following indicators of Maori wealth and economic development: population size and age structure; life expectancy at birth; land ownership; urbanisation; educational attainment; participation in the paid labour market; and attainment in the labour market. These can be viewed as development 'fundamentals'. Together, they have a significant bearing on economic opportunities and living standards. We also include some data on levels of proficiency in the Maori language, which can be viewed as an indicator of cultural wealth.

These indicators were chosen primarily because of the availability of at least some historical statistics (which vary in their quality and cover varying periods of time). Most of the statistical indicators reported in this chapter were compiled from individual-level data. This reflects that way that statistical data have been gathered historically – statistics on Maori institutions or communities are scarce. However, it is also consistent with the conceptual focus of the chapter on Maori as participants within a larger New Zealand economy.

2 Before 1840

Little is known about the organisation of the pre-European Maori economy beyond the obvious facts that it was a mixed agricultural and hunting economy with rudimentary technology. Archaeological remains and the records of the first Europeans suggest that by 1750 most Maori lived in small, normally fortified, agricultural settlements, growing a limited variety of crops, which were supplemented by fishing and hunting activity. Human muscle provide most mechanical power; metallurgy was unknown; and there was no technological transfer from other societies. There was a small amount of trade, notably in stone implements and in some processed foods. (The standard reference is Firth (1959)). For a recent

³ See Te Puni Kokiri (2002) for discussion of these measurement issues. New Zealand Institute of Economic Research (2003) is an important recent attempt to estimate the size and composition of the Maori contribution to the national economy using the available statistical sources.

survey, and a bibliography of archaeological studies, see Davidson (1992). Despite the primitive nature of the economy, however, there is evidence from skeletal remains that physical living standards were quite high.

In the last two decades there has been much research about the link between stature and standard of living. A wide range of studies have shown that there is a strong positive correlation between the average height of people in a society and per capita income (see Steckel (1983), Steckel (1995) or Floud (1994)). For instance, Floud (1994) estimated that as average incomes in Europe between 1850 and 1950 increased from \$1,000 to \$2,000 to \$4,000 (in 1970 US dollar equivalents) average male height increased from 167 cm to 170 cm to 173 cm. Since other factors such as the disease environment and inequality affect average height — in many countries average height declined on the onset of the industrial revolution as cities proved to be unhealthy places in which to raise children — one must be wary about inferring per capita income from height records. Nonetheless, trends in height do appear to be a useful indicator of living standards, and increasingly skeletal remains are being used to gather information about historical living standards.

A large amount of information can be derived from skeletal remains. Bones inform about height, age at death, time of death, general health while living, diet, physical activity while living, gender, and (for women) the number of children. While the number of skeletal records for pre-European Maori is rather small, they have been systematically analysed and present a picture of a tall, reasonably healthy population, albeit one with a low life expectancy. The best summary of the material is by Houghton (1980), while Pool (1991) offers a brief critical review.

Houghton describes the analysis of approximately two hundred pre-1769 skeletons, many of which were excavated by Roger Duff at the Wairau Bar in the South Island. Skeletons from the twelfth through fourteenth centuries indicate the average height for males was 175 cm, while females averaged 163 cm. Average height had declined by two or three cm by 1600, and in 1849 a sample of 150 males had an average height of 170 cm. This lower figure was also the average height of 424 full-blooded Maori males sampled by Peter Buck immediately after World War I.

The small sample size means that one should be a little cautious about conclusions. However, these data suggest early Maori were tall. By comparison, the average height of male soldiers in the mid nineteenth century was 171 cm (United States of America), 168 cm (Sweden), 166 cm (United Kingdom) and 164 cm (Netherlands). Europeans were small; both plains dwelling Native Americans (172 cm) and Tongans (178 cm) were taller on average, arguably because they had better diet. Nonetheless, it appears that the early Maori economy was sufficiently productive to enable Maori to have a physical living standard at least as good and in many cases better than Europeans at the corresponding time.

The decline in the average height by 1600 appears to correspond to a change in the main economic activity and social organisation of Maori. Prior to this time, dental evidence suggests a 'soft' meat rich diet, consistent with a large amount of protein from hunting. After 1500, adult teeth especially molars were extremely worn,

suggesting a change in diet towards shellfish and fern root. It is at this time, possibly in response to the changing food supply but also due to growing population, that tribes became more settled and agricultural.

Skeletal records also provide information about fertility and mortality. Houghton (1980, p. 107) details a study of 33 women who had 101 pregnancies between them. Such data suggest a fertility rate of between 30 and 40 per 1000. Given the population in 1750, the population growth rate must have been high, probably between 1.0 and 1.5 percent per year, suggesting that the higher fertility rate is more probable. There is some controversy about the mortality statistics, as there are few skeletons either of children or of adults who lived beyond 40 years. The average age of death of the adults seems to have been around 30. From this average, and the growth rate of the population, it may be inferred that the life expectancy at birth was slightly under 30, while the life expectancy of those reaching adulthood was perhaps 45 (Houghton, 1996, p. 191). Low life expectancy seems surprising given the stature of the population, although it could have been due to high susceptibility to disease. Whatever the explanation, the low life expectancy of early Maori is a negative aspect of their social and economic life.

3 1840 to 1900

Since the census records collected prior to 1900 have little information about the Maori economy, most information must be assembled from other sources. Some of these are anecdotal, such as the sequence of reports from the Resident Magistrates in the late nineteenth century; others are based on the Maori censuses, held regularly since 1858; still more pertain to medical, land transfer, and education records collected by government departments and published in the Appendices to the Journal of the House of Representatives (AJHR) each year. These sources all suggest that the Maori economy changed rapidly in response to new technology, the opportunity to trade, and the influx of European settlers. Three themes can be discerned; Maori rapidly adopted new production techniques and consumption possibilities; they were badly affected by new diseases; and, like many other societies at the time, they were slow to adopt a capitalistic ethic, and accumulated little capital.

3.1 Demographic trends

The period from 1840 was marked by a rapid increase in the European population, and a slow decline in the Maori population. Maori were badly affected by diseases introduced by European contact, and the population fell from 80,000 in 1840 to 44,500 in 1901. Pool (1991, p. 77, also see below) estimates life expectancy at birth was less than 22 between 1844 and 1874, gradually rising to 27 in 1891 and 33 in 1901. By this metric, living standards were lower than during the pre-European period, an assessment consistent with stature data. The comparison is not entirely fair, given the much worse disease environment in the second half of the nineteenth century than in the pre-European period, but whatever the cause extremely high mortality has dire economic consequences.

The primary sources for demographic information are the New Zealand censuses. The first Maori census was conducted in 1857; it was followed in 1874, 1878, and then every five years from 1881 onwards. Unlike the European census, very little information was collected; basically the censuses comprised an enumeration split by gender and age.

During this time, most Maori lived in rural villages in the northern half of the North Island. In 1901, fewer than 3 percent of Maori population lived in Auckland, and only 5 percent lived in the Manawatu and Wellington region. The censuses reveal that in the nineteenth century Maori were an overwhelmingly rural population suffering from extremely low life expectancy.

Agricultural information was also collected in some censuses. The first census with usable data is the 1886 census (New Zealand. Parliament. House of Representatives, 1886, G.12). Hargreaves (1960) provides an analysis of the variety and quantity of crops and livestock estimated to have been farmed by Maori that year.

3.2 Economic activity

Historians have analysed how Maori economic activity responded to European influences in the nineteenth century (for a representative sample, see Hargreaves (1960, 1961, 1963) and the original sources cited therein). Most of this work is based on contemporary descriptive accounts, although some uses the agricultural census to supplement these accounts. It is quite clear that Maori rapidly adopted much European technology, including new crops and farming techniques, new food processing equipment including flour mills, and new transport equipment including quite large ships. Maori groups produced food and forest products for European immigrants, and exported to Australia.

The variety of information available is perhaps best shown by example, in this case by analysing a series of the 'Reports from Officers in Native Districts', published annually in the Appendix to the Journals of the House of Representatives. While they have little statistical data, the reports often included information about the production activities of Maori, as well as their health and welfare, normally by a European observer with longstanding ties to the district. Consider, for example, the annual reports by the Resident Magistrate of Hokianga, Spenser von Sturmer, from 1872 to 1886. In these reports he discussed the main productive activities in which Maori engaged; the demand for schools and the willingness to pay for them; the general health of the population, including mortality from epidemics; consumption and saving behaviour; the availability of credit; law and order; and the political response to land sales. While his observations were never comprehensive, much can be gleaned from the sequence of reports about how Maori responded to the major economic changes of nineteenth century.

Von Sturmer noted that the economy had changed significantly since 1860. Whereas the region had previously been an exporter of food to Auckland and Australia, other activities had become sufficiently popular that food staples including oats, maize and

potatoes were routinely imported. In particular, many Maori found it more profitable to dig for kauri gum, mill timber, or build roads on contract for the government, activities they were said to excel at, than to engage in agriculture. "Large numbers of the people are regularly engaged squaring timber for the Australian markets", he wrote in 1873, "and, from the large wages which they are enabled to earn at this kind of labour, are in the enjoyment of every European necessity and comfort" (New Zealand. Parliament. House of Representatives, 1873, G.1 p. 2). These activities seem to have been popular because they were financially rewarding; not only were Maori described as receiving good incomes from doing them, but there is evidence that people moved between gum-digging and farming as the price of gum rose and fell.⁴ Furthermore, he noted that in response to monetary incentives many Maori migrated from the Hokianga to the fields of the Kaipara for six months of the year to dig for gum (New Zealand. Parliament. House of Representatives, 1884, G.1 p. 4).

While the region was not self-sufficient at farming, von Sturmer noted a wide range of crops were grown, and there was considerable experimentation. The staples were maize, potatoes, and kumara, but cattle were also raised in large numbers, as were some oxen, horses, and sorghum-fed pigs. At various times hops, wheat, and tobacco were farmed, and in 1884 one person grew grapes and sold them to a German vineyard at 2 pence a pound. Of the newer crops, tobacco proved to be the most successful, and was widely grown, to the point that little was imported in the 1880s. By 1881, von Sturmer also noted with approval that several horse teams and ploughs were used instead of hand labour to prepare the land, although he continually complained that more food could be grown if only the people would work harder. The picture, therefore, is one of considerable agricultural innovation.

Von Sturmer also noted the popularity of education. In 1872, five years after the passing of the Native Schools Act (1867), 15 acres were donated for the first school, and sixty pupils were signed up. In 1874 there were three schools, with 100 students in regular attendance; by 1879 attendance had increased to 250 in six schools, and a further four were opened by 1885. While the quality of the schools was variable, depending much on the quality of the teachers, von Sturmer noted that parents were sufficiently satisfied to pay high fees (totalling £91 10s in 1877) and to continue to send their children to them. It is not clear how economically useful such education was initially, for most students "return to their various settlements, or became labourers at sawmills, or worked as squarers or bullock drivers in the forests, their education being of but little use to them" (New Zealand. Parliament. House of Representatives, 1881, G.8 p. 2). Nonetheless, several years later von Sturmer reported that the better students were learning professions and mechanical trades, and at least one had an apprenticeship at an Auckland law firm.

On other dimensions, the reports are considerably gloomier. The health of the population was continually mentioned as an issue of some concern, as, consistent

⁴ In 1873, von Sturmer noted that more attention was paid to agriculture because gum prices were low and few were digging; in 1876 farming was at a low ebb as people were back working in the gum fields.

with the census records there was a slow but noticeable decline in the population. Low fever was a persistent problem, most years causing death among children, the elderly, and kauri-gum workers; and there were occasional epidemics, such as measles in 1875, and whooping cough in 1878. Even in an “excellent” year, 1883, among the 2800 inhabitants there were 41 deaths and only 47 live births, a population increase rate of 0.2 percent. von Sturmer attributed to the high death rate to several causes. There was little medical knowledge, no doctor, and few medical supplies – although when the latter were made available, they were used. Public health was poor, and climate in the low country where kauri-digging was popular was disease prone.

The type of economic activity undertaken by Maori in the Hokianga is similar to that undertaken in other areas, with the possible exception of the King Country which adopted an isolationist policy after the Waikato Land wars. Hargreaves (1960) used the 1886 census to describe the variety of farming undertaken around the country. In addition to traditional crops and potatoes, 6,400 acres of wheat were grown, mainly in the Hawkes’ Bay; and there were 112,000 sheep, 42,000 cattle, mainly in the East Coast and Manawatu, and 92,000 pigs. Farming practices appear to have been inferior to those of contemporary Europeans, quite possibly because Maori were farming inferior land with less capital equipment. Nonetheless, farming practices had clearly changed markedly from those of pre-European times.

3.3 Asset accumulation

The third feature of the nineteenth century economy concerns asset accumulation. A vast amount of Maori-owned land was purchased by Europeans or confiscated by the government.⁵ Much of the rest was fractured into small and oftentimes unusable sections, or was marginal land that needed considerable capital investment to make economic. The sales were recorded in the Appendices of the Journals of the House of Representatives as they took place. By 1860 almost all of the South Island (38 million acres) and less than a sixth of the North Island (28 million acres) had been sold. Some 3.2 million acres were confiscated during and after the Land Wars, of which 0.8 million acres was subsequently returned and 0.8 million acres were retrospectively purchased.⁶ Thereafter sales proceeded at a rapid rate. In 1891, only 10-11 million acres remained in Maori hands (see Table 1). By 1911 the total had reduced further, to around 7 million acres. This decline represents a massive reduction in the physical assets of Maori. The proceeds of these sales could of course been invested in other

⁵ Until 1862 the Crown purchased most land directly from tribes, and then on-sold it to settlers. After the Native Land Acts of 1862 and 1865, land could be purchased directly from Maori by European, so long as Maori land had an individual title. The process of obtaining individual title proved expensive for Maori. A sitting of the Maori Land Court had to be arranged, and all Maori with an interest in community-owned land had to attend to be assured their interests were recognised. See Sorrenson (1956) for a description.

⁶ Royal Commission on Confiscated Lands, AJHR 1928. Quoted in Sorrenson (1992).

forms of productive assets. On the whole such investment was not undertaken, in part because the proceeds from land sales were very low and there is evidence that the sales process itself was extremely costly. In addition, there is evidence that most Maori, like some other peoples colonised in the nineteenth century, were much slower to adopt western attitudes towards capital accumulation than they were to adopt western technologies (see Adas (1974, pp. 217-9)).

Table 1: Estimates of Maori land ownership

	Acres (000)	Hectares
1840	66,400	29,880
1852	34,000	15,300
1860	21,400	9,630
1891	11,079	4,985
1911	7,137	3,211
1920	4,788	2,154
1939	4,029	1,813
1975	3,000	1,350
1986	2,626	1,182
1996	3,744	1,515

Source: Maori land statistics compiled by Te Puni Kokiri, www.tpk.govt.nz.

The evidence on Maori investment behaviour is largely anecdotal. Clearly there was some investment in productive capital, be it agricultural land improvement, farming equipment such as ploughs, or flour mills. Yet such investments were often poorly maintained, and not as productive as those undertaken by Europeans. There is also a widespread suggestion that some of these investments were made less out of profit and loss calculations than as a way of acquiring mana, particularly in the earlier part of the period when many of these investments were undertaken on a tribal rather than individual basis. (For a review of this material, see Firth (1959, Chapter 12: The Exchange of Gifts), Merrill (1954), and the sources referred to by Hargreaves (1960, 1962, 1963). More generally, it was commonly argued that Maori did not save adequately — that is to say, in accordance with European ideals — given the patterns of income uncertainty in a capitalist economy.

Von Sturmer provides a representative sample of such writings. As frequently as he praised the productivity of the Maori in his district, he bemoaned their lack of thrift. Noting the high return from gum digging (New Zealand. Parliament. House of Representatives, 1880, G.4 p. 2) and farming (New Zealand. Parliament. House of Representatives, 1881, G.8 p. 2) he decried that Maori were “reckless and improvident, and do not understand the value of money, or make any kind of provision for the future” (New Zealand. Parliament. House of Representatives, 1880 G.4 p. 2). He thought that the poor health of Maori in his district could be attributed in part to poor saving habits, noting that “... the Natives of today are not as provident or industrious as those of former times. They do not cultivate and store up supplies of food for winter use as extensively as their ancestors did, relying as they do now on the sale of land, timbers or some other article to make up for any deficiency when a

time of scarcity arrives. Thus the children often suffer from an insufficiency of wholesome food in cold winter and spring weather, when it is most needed, and so lay the foundation of future weakness and disease" (New Zealand. Parliament. House of Representatives, 1885, G.2 p. 1). He was especially offended by non-capitalist habits such as the hui, for "hardly a month passes but some large hui or hahunga is held in this district, at which more food is wasted or consumed in a week than would support the settlement in comfort for several months" (New Zealand. Parliament. House of Representatives, 1883, G.1A p. 2). In short he, and almost all European observers, fretted over the failure of Maori to adopt European capitalist values, seeing in that failure the seeds of poverty.

The transformation of Maori from members of a tribal-based, communal culture at the beginning of the nineteenth century to members of an individualistic capitalistic culture at the end of the twentieth century is the fundamental story of the change that took place in the Maori economy. Until the beginning of the twentieth century the lack of economic statistics mean it is best told by contemporary observers such as those referred to above, and anthropologists and historians such as Firth. For most purposes, a bibliography of these sources can be obtained from a standard history, such as Rice (1992).

4 1900 to 1950

Between 1900 and 1950, a fundamental transformation in Maori society and the Maori economy began. The population expanded rapidly, and it became substantially more integrated into the European economy. Agriculture was commercialised; many people moved to urban areas and took up new jobs; incomes increased; Maori became eligible for a wide range of government-provided benefits and services; education levels slowly began to improve; and living standards — at least as measured by health and life expectancy — began to rise. The Maori economy became more similar to the European economy, although neither incomes nor living standards were as high.

The starting point was not promising. While it was becoming apparent in 1900 that, despite the views of earlier commentators, Maori as a race were not dying out, in terms of most indicators of economic welfare Maori were very badly off. Butterworth (1972, p. 161) summarised as follows:

In the 1920s the Māori standard of living did not even approximate to that of the European. Māoris, at least in the Auckland province, were still largely Māori speaking, often with only a limited command of written and even spoken English. They were poorly educated, partly because of the lack of proper educational facilities — few, in fact even reached Standard 6 and fewer still went on to Māori secondary schools. Their main economic importance was as a source of labour to farmers, particularly for their seasonal peaks, and as unskilled labour in the timber industry and on rural public works projects. Most Māoris lived in out-of-the-way villages with only limited social contact with European society.

Economic statistics for this period are appreciably better than for the late nineteenth century. Censuses were conducted every five years (except for 1931 and 1941) and after 1926 the Maori census was collected using the same forms as the European census. The later censuses include some income information. Demographic data were collected more systematically, and are available at annual frequencies from the mid-1920s onwards.⁷ Moreover, an appreciable number of government reports were written containing statistical information on the economic welfare of Maori, particularly land ownership, farming, education, health, and housing. The latter reports were written in conjunction with the general expansion of government welfare assistance that occurred after the election of the Labour government in 1935.

4.1 Demographic trends

The population expanded rapidly during this period, increasing from 46,000 in 1901 to 116,000 fifty years later (Table 2 and Figure 1). The rapid increase stemmed from a very high birth rate — it exceeded 40 live births per 1,000 people between 1936 and 1964 — as well as modestly declining infant mortality, and rising life expectancy. Life expectancy at birth for Maori males and females was estimated to be 54 and 56 years in 1950, considerably lower than the figures of 67 and 71 years for Europeans, but still a substantial improvement over the situation fifty years earlier (Figure 2).

The major cause of the difference between Maori and European life expectancy was the extraordinarily high infant mortality rate of Maori. Infant mortality exceeded 90 per 1,000 live births between 1925 and 1945, three times the non-Maori rate. It was not until 1960, by which time most Maori were born in hospitals, that the infant mortality rate fell to 50 per 1,000 births, and not until 1978 that it declined to 20 per 1,000, a level reached by Europeans 25 years earlier. These initially high rates of infant mortality attest to the poverty of Maori in New Zealand during this period.

A second trend evident in census data for this period is a substantial increase in the ratio of women to men. Throughout the 19th century, Maori men outnumbered Maori women by as much as 20 percent. In 1881 for example, there were only 81.5 females for every 100 males. From the late 19th century, this large gender imbalance began to decline and by 1951, there were 92 women for every 100 men. Detailed gender ratios are shown in Table 3. Chapple (2000) considers various explanations for the gender imbalance and its decline. The most likely explanation, he concludes, is that improvements in the material well-being of Maori communities reduced the number of people who were living “near a margin of subsistence” and allowed families to allocate a greater proportion of basic resources, such as food and health care, to girls and women.

⁷ Thorns and Sedgewick (1997, Chapter 2) have a detailed description of the primary sources they used to compile demographic data pertaining to this period. Most of this data can be readily obtained from contemporary issues of the New Zealand Official Yearbooks; much is now available electronically from Statistics New Zealand.

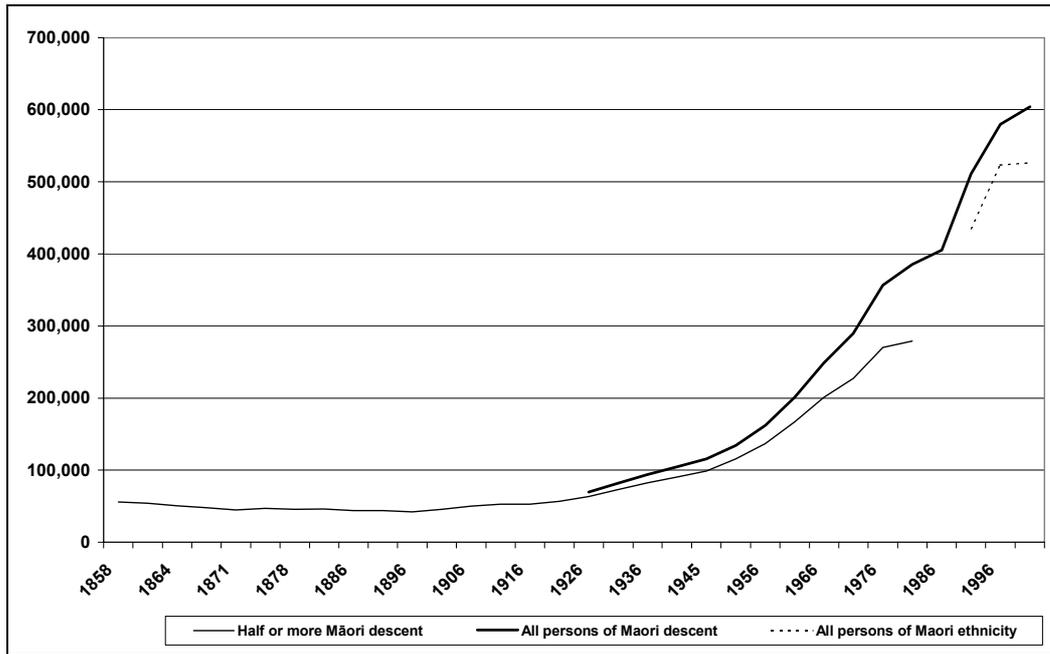
Table 2: Total population estimates for Maori – 1858-2001

	Half or more Māori descent	All persons of Maori descent	All persons of Maori ethnicity
1858	56,049		
1874	47,330		
1878	45,542		
1881	46,141		
1886	43,927		
1891	44,177		
1896	42,113		
1901	45,549		
1906	50,309		
1911	52,723		
1916	52,997		
1921	56,987		
1926	63,670	69,780	
1936	82,326	94,053	
1945	98,744	115,646	
1951	115,676	134,097	
1956	137,151	162,259	
1961	167,086	201,159	
1966	201,159	249,236	
1971	227,414	289,887	
1976	270,035	356,573	
1981	279,252	385,224	
1986		405,309	
1991		511,278	434,847
1996		579,714	523,371
2001		604,110	526,281

Sources: SNZ, 1981 Census of Population and Dwellings, Volume 8 Part A Table 1; and 2001 Census tables on Maori, Table 1.

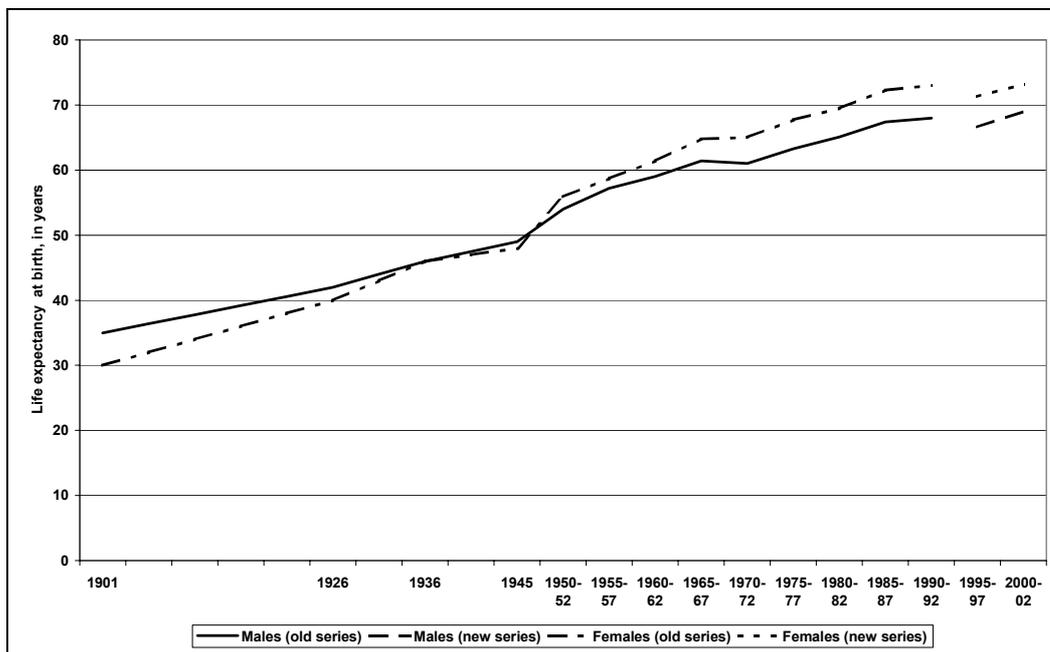
Notes: A number of important changes in Census collection methods led to discontinuities in these population series. Statistics New Zealand (2004b) and Pool (1991) describe some the main changes.

Figure 1: Maori population – 1858-2001



For sources and notes, see footnotes to Table 2.

Figure 2: Maori life-expectancy at birth – 1901-2002



Sources: Estimates for 1901 - 1945 are from Pool (1991, p. 114). Estimates for 1950 onwards are from Statistics New Zealand (2004a, Table 2.01, p. 23), Table 2.01, p. 23.

Notes: There is a significant break in the series between 1990-92 and 1995-97 due to a change in methods. For 1995-97 onwards, an adjustment factor has been applied to adjust for the under-reporting of Maori deaths relative to the Maori population. Interpolation was used to fill in breaks in the series before 1945. Points on the horizontal axis that are labelled with dates represent real observations.

Table 3: Female to male and children to adult population ratios, 1858-2001

	Females per 100 males	Children per 100 adults (15+)
1858	76.7	24.8
1874	83.5	42.7
1881	81.5	44.0
1891	84.1	51.8
1901	87.5	58.0
1911	88.7	66.5
1921	89.0	66.5
1936	92.1	81.4
1951	95.0	86.5
1961	96.6	97.0
1971	97.8	96.3
1981	99.6	66.6
1991	102.8	60.0
2001	104.4	59.6

Source: Population censuses. The figures for 1991 and 2001 are based on an ethnic measure of Maori. Previously, Maori was measured in descent terms.

Long-term improvements in the availability of food and other basic resources may also have contributed to reductions in infant mortality and consequent increases in the child-to-adult ratio. The 1858 Census of Maori recorded 25 children per 100 adults (Table 3). By 1901 this ratio had increased to 58, and by 1951 to 87.

A further trend evident in the census data is growing urbanisation. Only 16 percent of Maori lived in urban areas in 1926, in contrast to 59 percent of non-Maori. By 1945, this had risen to 26 percent (see Table 4). The move to urban areas was generally associated with higher incomes, better health care, and in many cases better housing.

Table 4: Urbanisation of Maori – 1926-2001

	1926	1936	1945	1956	1966	1976	1986	1996	2001
	%	%	%	%	%	%	%	%	%
Urban	16	17	26	35	62	76	79	83	84
Rural	84	83	74	65	38	24	21	17	16

Source: Pool (1991) for 1926-86. 1991 and 2001 from published SNZ tables.

4.2 Economic activity

For much of the period, most Maori lived in rural areas and worked in agriculture, forestry, or fishing. As Butterworth observed at the beginning of the century, few Maori worked their own land, and indeed land sales continued apace with another two million acres sold between 1910 and 1920.⁸ In the 1920s there was a significant change, however. Spurred by Sir Apirana Ngata, the government undertook policies to halt the land sales and to assist Maori develop their own farms. The policy change started with the Native Trustees Act (1920) and continued with the Native Land Amendment Act (1929). The main aim of these policies was to provide government financing to enable Maori to develop and farm their own land. While some money

⁸ Butterworth (1972, p. 160), from data compiled from the AJHR G9, 1912–1920.

was lent directly to Maori farmers, most was channelled through the Minister of Native Affairs; the sums expanded rapidly during the depression and in 1935 a quarter of a million pounds was advanced. The programme proved successful at improving the commercialisation of Maori agriculture. By 1937 some 750,000 acres were being developed under the Act, with nearly 200,000 acres under cultivation in 1500 farms or stations.⁹ Initially most of these farms were small dairy farms, and in the 1930s a typical farm may have been 20 cows on 40 acres. The development of Maori owned land into commercial farms continued throughout the period (and beyond), however, with 1.4 million pounds invested in 1950. By then, according to the Census of Agriculture, nearly ten thousand Maori farmers were farming 1.1 million acres, largely as dairy or sheep farms. These farms had 700,000 sheep, 100,000 dairy cattle, and 200,000 beef cattle.¹⁰ While these farms proved to be smaller, less livestock intensive, and less productive than most European farms, the programme was instrumental in raising incomes at a time when Maori were overwhelmingly poor and rural, and represented a significant step towards the transformation of the Maori economy.

The second major change in economic activity was associated with the move to urban areas. Male Maori predominately took jobs in the manufacturing and construction sectors, primarily as labourers. According to the occupational classification recorded in the census, the fraction of the Maori labour force in these sectors increased from 9 percent in 1936 to 37 percent in 1951, although in both years the largest group was still forestry and agriculture.¹¹ Employment in the transport and communication sector also increased steadily, from 2 percent in 1936 to 10 percent in 1951. Nonetheless, most of this work was in low-skill occupations. The census of 1945 reveals that the most commonly held occupations of Maori men were farmer or farm worker; forestry worker; freezing works employee; dairy factory assistant; road grader; road construction labourer; lorry driver and labourer. The most common occupations of Maori women were farm worker; school teacher; cook; housemaid; domestic servant and waitress.

4.3 Government services

As the century progressed, the government began to play a larger role in the Maori economy. In response to both Maori demands and a growing recognition of the marginalisation of many Maori (epitomised, perhaps, by the devastating toll of the 1918-1919 influenza epidemic), plus a general expansion of welfare to all poor New Zealanders during and after the Depression, government transfers to Maori increased dramatically. Money was provided to improve housing; loans became available for

⁹ Butterworth (1972, pp.176-9) The original sources are the AJHR, G9 or G10, various years. The Hunn Report (Hunn, 1961) compiled most of the original data and is the most accessible source.

¹⁰ Butterworth and Rose (1967, p. 31) The figures come from the 1950 Census of Agriculture and the 1951 census. See footnote 10 for sources on land development.

¹¹ Butterworth and Rose (1967, p. 86) from census figures.

land development; and Maori became entitled to unemployment benefits, old age pensions, a family benefit and free medical services.¹² These transfers had a large beneficial effect on Maori income, and hence living standards. In rural areas they may have increased income by a third, and in all places they provided income to the poorest.¹³ Housing standards improved, with the fraction of the population living in substandard housing declining from over two thirds to under one third between 1936 and 1951.¹⁴ It is plausible that the increases in income, particularly among the poorest, led to significant improvements in health and directly contributed to the improvements in infant mortality, life expectancy and even stature that were recorded during this period.¹⁵

There were also significant changes in education policy following the election of the 1935 Labour government. Secondary school education was made free, and the school leaving age was raised to 15. Schools were consolidated and more secondary schools were built in Maori regions. The legal changes were effective, and Maori education participation rates as measured by the Department of Education and by the census increased significantly. Nonetheless, educational attainment remained low compared to European levels. While secondary school participation rates for those aged 13-17 increased steadily from less than 10 percent in 1936 to 46 percent in 1961, in 1951 participation rates were only three quarters those of Europeans, suggesting very few Maori achieved an education qualification beyond School Certificate.¹⁶

5 1950 to 2005

The 1950s and 1960s were a watershed period in which the majority of the Maori population moved to urban areas and took up jobs in the mainstream market economy. The Maori workforce was transformed from a largely rural one, employed mainly in primary sector activities, to one engaged mainly in manufacturing and services. Initially, there were large improvements in incomes, both in absolute terms and relative to those of Pakeha.

¹² The Social Security Act, 1938 was the crucial legislation. See the discussion in Butterworth (1972) and sources cited therein.

¹³ Beaglehole and Beaglehole (1946) conducted a study of the effects in a representative village and found that welfare benefits comprised slightly over a quarter of income. Quoted in Butterworth (1972, p. 193).

¹⁴ Butterworth (1972, p. 181). The original data come from the Maori (and general) census, which collected information concerning the type of housing people lived in, including the number of rooms in each dwelling. See Hunn (1961) for data on government-funded housing construction for Maori.

¹⁵ In addition to the sources mentioned in footnote 8, see Sutch (1966). Steckel (1995) has a discussion of the link between inequality and stature.

¹⁶ Enrolment figures were collected by the Department of Education and published in the AJHR. The census also provides information on school enrolment. Butterworth and Rose (1967, pp. 100-10) noted that in 1964 40 percent of European but fewer than 8 percent of Maori left school with School Certificate.

Living standards came under challenge in the late 1970s and 1980s, when a series of economic recessions, policy reforms and structural changes led to widespread job losses among Maori. Employment and labour force participation rates plummeted. Many individuals and families were dissociated from the market economy and forced to rely on government income support. While non-Maori living standards were also severely affected by the economic developments of these decades, the impact on Maori was disproportionately large. This led to an increased focus on ethnic disparities in development outcomes in public discussions and public policy.

People of Maori descent made up an increasingly significant share of the total population, rising from 7 percent in 1951 to more than 15 percent in 2001. This large demographic shift inevitably raised the profile of Maori perspectives, needs and aspirations within the wider society.

There are a large number of information sources for this period. Historical reviews by Walker (1992), Hawke (1985), King (1981), Belich (2001) and King (2003) provide useful introductions. A large number of government reports provide relevant statistical data, including Hunn (1961), Butterworth and Rose (1967), Statistics New Zealand (1986), Statistics New Zealand (1994), and Te Puni Kokiri (2000).

Table 5: Statistical Indicators of Maori Development – 1951-2001

	1951	1961	1971	1981	1991	2001
	%	%	%	%	%	%
Health						
Infant mortality rate						
Deaths of children under 1 year old per 1000 live births		49.7	26.5	15.4	13.8	8.5*
Education						
School leavers with no qualification						
Males			76.0	65.5	40.0	37.0
Females			74.8	61.8	34.0	29.9
School leavers with Sixth Form certificate or above						
Males			12.6	16.0	34.8	37.1
Females			11.2	17.6	40.0	44.2
People in the full-time labour force with no secondary or tertiary qualification						
Males			93.3		57.7	46.4
Females			88.2		47.5	35.4
People in the full-time labour force with a university degree						
Males			0.3		2.9	5.4
Females			0.1		2.9	8.7
Labour market						
Full-time employment rate						
Males	81.0	83.3	82.7	73.7	47.8	51.3
Females	22.5	25.5	33.0	33.6	29.5	36.0
Unemployment rate						
Males	2.5	2.3	3.5	12.4	24.9	18.1
Females	1.9	2.9	9.2	17.4	28.3	24.1
Self-employed as a proportion of all full-time workers						
Males	12.8	7.4	5.1	5.1	11.2	12.5
Females	4.7	1.6	1.4	2.2	5.2	6.4
Professional, technical and related occupations as a proportion of all full-time workers						
Males		1.7	2.4	3.0	11.3	14.3
Females		10.0	8.0	8.2	20.2	27.1

Sources: New Zealand Health Information Service (1992) and New Zealand Health Information Service (2001); New Zealand. Department of Education (1992); 2001 School Leaver Statistics compiled by the Ministry of Education; Statistics New Zealand (1986); SNZ, 1951, 1971, 1981, 1991 and 2001 Census of Population and Dwellings volumes.

Notes: * Figure for 2000. The method of classifying ethnicity in mortality records changed between 1981 and 1991. All labour force measures in this table use the historical (pre-1981) definition of the labour force, which comprised persons working in paid jobs of 20 or more hours per week and the unemployed. Employment rates and unemployment rates calculated in this manner do not match the official estimates for 1991 and 2001, which use contemporary concepts and measures. There is a break in the 'professional and technical' series between 1981 and 1991, due to changes in the occupational classification.

5.1 Demographic trends

Population growth accelerated after WWII. The average annual growth rate in the Maori population between 1951 and 1966 was above 3.5 percent. The total Maori descent population (counting those with any degree of Maori descent) more than doubled in size between 1951 and 1971. It doubled again in the three decades to 2001. Using the official definitions of the time, the Maori population grew from 116,000 in 1951 to 536,000, 50 years later.

Intermarriage with non-Maori contributed to the rapid growth of the Maori population in the post-war period. As at 2003, almost one-quarter of Maori children were born to non-Maori mothers (Statistics New Zealand, 2005). The youthful age structure of the Maori population, relatively high fertility rates and reductions in mortality rates were other significant factors contributing to rapid population growth.

Life expectancy estimated at birth continued to improve, from 54 years for males and 56 years for females in 1950, to 69 and 73 years respectively in 2001 (Figure 2). The Maori-non-Maori gap in life expectancy has tended to narrow over time, despite some periods of divergence such as occurred in the mid to late 1990s. Urbanisation brought Maori into closer contact with mainstream health services. The improvements in nutritional standards, housing and health care that raised the average life spans of all New Zealanders had flow-on benefits for Maori, albeit at a slower rate.

However, at the end of the 20th century, significant disparities in health outcomes between Maori and non-Maori remained. Controlling for age group, Maori were more likely to suffer from conditions such as asthma, diabetes, high blood pressure, and obesity Grigg (2000). They were more likely to suffer an injury at work.

Table 6: Age and sex distribution of the Maori population – 1926-2001

	1926	1945	1956	1966	1976	1986	1996	2001
	%	%	%	%	%	%	%	%
Males								
0-4	16	17	19	20	16	12	14	13
5-14	26	28	28	31	31	23	25	26
15-24	20	18	19	17	21	24	19	17
25-44	22	22	22	22	22	27	28	27
45-64	12	11	10	8	9	12	12	13
65+	5	3	3	2	2	2	3	3
Females								
0-4	17	17	19	20	15	11	13	12
5-14	27	28	28	31	30	23	23	23
15-24	20	19	20	17	21	24	19	17
25-44	22	23	23	22	22	28	30	30
45-64	11	9	9	9	10	12	12	13
65+	4	3	2	2	2	3	3	4

Sources: Pool (1991) for 1926-86. 1991 and 2001 from published SNZ tables.

The Maori population remained a highly youthful one throughout the second half of the 20th century. For much of the century more than 40 percent were aged under 15 years (Table 6). By 2001 this proportion had declined, but at 37 percent remained high. The high child-to-adult dependency ratio reduced per capita living standards and made Maori families more vulnerable to poverty. On the other hand, the youthful age structure also meant that improvements in educational participation and attainment, when they eventually occurred, had a relatively rapid impact on the skill level and occupational profile of the Maori working-aged population.

Perhaps the most important demographic shift of this period was the transformation of a largely rural population into a largely urban one. The rate of urbanisation during the 1950s and 1960s was extremely rapid. The proportion of Maori classified as urban dwellers rose from 35 percent in 1956, to 62 percent in 1966 and 76 percent in 1976 (see Table 4). Maori were attracted to towns and cities by the employment opportunities and wages available. Moreover, the rural economy was unable to support a rapidly growing Maori population (King, 1996, p. 249). The small size of Maori farms meant that many were increasingly uneconomic.

As a result of migration to towns and cities, large numbers of Maori became fully integrated into the market economy for the first time. Walker (1992) describes the changes involved:

The migrants had to function as members of the urban community. Adjustments included finding regular employment, and commitment to the cash nexus by meeting obligations on mortgages, rates, rent, power-charges, hire purchase and taxes ... Once committed to this system, the migrants were irrevocably integrated into the economic system of mainstream society. The practice in the rural areas of supplementary subsistence activities such as gardening, hunting, and foraging for kai moana (seafood) to supplement low cash income was no longer an option. Food was now a commodity purchased entirely in the marketplace (Walker, 1992, p. 502).

5.2 Economic activity

Lack of educational qualifications meant that Maori who moved to urban areas during the 1950s and 1960s obtained jobs chiefly in unskilled or semi-skilled fields of employment, such as factories, freezing works, road maintenance, transport, the building trades, and labouring (Walker, 1992, p. 500). In 1956 only 7 percent of the Maori workforce held professional, managerial or clerical positions, as against 27 percent of non-Maori (King, 1981, p. 299). The dearth of Maori in the professions and in office jobs was an outcome of the educational policies pursued earlier in the century, which had not encouraged a high level of attainment in secondary schools (Walker, 1992, p. 500).

Not all of the 'unskilled' jobs taken up by Maori were poorly paid. For males at least, jobs in areas such as construction and meat processing offered relatively good wages. Government income support, delivered through policies such as the Family Benefit, also helped improve the absolute and relative incomes of Maori during the post-war decades. Census income statistics indicate that in 1961, the average annual income of Maori men was 90 percent of that of non-Maori men. For women, the ratio was similar. In all likelihood this was a massive improvement on the situation 30 years earlier (Belich, 2001, p. 474).

However, Maori workers were in sectors that proved to be particularly vulnerable to the economic changes that occurred from the mid-1970s. As economic growth slowed, unskilled workers were the first to lose their jobs, and Maori were over-represented among them (Belich, 2001, p. 474). Maori men were disproportionately employed in agriculture, transportation and manufacturing, and therefore suffered disproportionate job losses when these industries were hit by the removal of government subsidies and import protection in the 1980s. In 1981, 12 percent of Maori males and 17 percent of females were unemployed, several times higher than the unemployment rates of non-Maori (Table 5). Those rates doubled between 1981 and 1991. High Maori unemployment continued to be a persistent feature of the economic scene during the 1990s. It was not until 2004 that the official unemployment rate of Maori fell back below 10 percent.

The Hunn Report (Hunn, 1961) highlighted low Maori educational attainment as a critical area of concern. In 1971 the National Advisory Committee on Maori Education made recommendations for reforms to the education system to facilitate better outcomes for Maori, including the introduction of Maoritanga into the mainstream curriculum, lowered pupil-teacher ratios, and provision of ancillary teaching staff for schools with significant numbers of Maori students. From the 1970s onwards, a growing number of schools introduced Maori language and Maori studies courses. The initiation of kohanga reo in 1981, and the development of Kura Kaupapa Maori schools from 1984, were also significant milestones in terms of the incorporation of Maori knowledge and cultural values into the educational system.

While improvements in Maori educational attainment were relatively slow at first, larger gains were made during the 1980s and 1990s. The proportion of secondary school students leaving school without any qualification fell from three-quarters in

1971 to just one-third in 2001 (Table 6). An increasing number acquired sixth form or higher qualifications before leaving. In time these improvements flowed through into the educational profile of the workforce. The proportion of full-time Maori workers with no formal qualification declined from around 90 percent in 1971 to 46 percent of men and 35 percent of women in 2001. The proportion with a university degree rose from less than 1 percent in 1971 to 5 percent of men and 9 percent of women in 2001.

Well-educated Maori held teaching and other professional jobs in the 1950s and 1960s, but their numbers were small. By the 1980s a more sizeable class of well-educated Maori had emerged, and Maori were making significant inroads into skilled employment. The proportion of full-time Maori men who were working in professional or technical jobs increased from just 2 percent in 1971 to 14 percent in 2001. For women this proportion rose from 10 percent to 27 percent (Table 5). By comparison, 24 percent of non-Maori males, and 33 percent of non-Maori females, were employed in these occupational classes in 2001.

The industrial structure of Maori employment continued to shift away from the primary and secondary sectors, towards services (Table 7). By 2001 51 percent of male and 80 percent of female employment was in the tertiary sector, reducing the future vulnerability of Maori to the demand-driven employment swings that are typically more pronounced in agriculture, manufacturing and construction.

Table 7: Industrial structure of Maori employment – 1926 – 2001

	1926	1936	1945	1956	1966	1976	1986	1996	2001
	%	%	%	%	%	%	%	%	%
Males									
Primary sector	76	64	52	34	23	14	14	14	12
Secondary	17	31	34	45	53	58	48	38	37
Tertiary	8	5	14	21	24	28	38	48	51
Females									
Primary sector	80	74	39	11	10	7	7	7	6
Secondary	1	2	11	23	36	39	31	17	14
Tertiary	19	24	50	66	54	55	62	76	80

Sources: Pool (1991) for 1926-86. 1991 and 2001 from published SNZ tables.

Notes: Figures include full-time workers only, defined as those working 20 or more hours a week. The primary sector includes agriculture, forestry, fishing and mining. The secondary sector includes manufacturing, construction and utilities.

The last decades of the 20th century were also marked by changes in both the nature of government-led approaches to Maori economic development and the self-driven economic initiatives of Maori. Following the Hui Taumata (the Maori Economic Summit) in 1984, there was a devolution of several government functions to tribal authorities, premised on the belief that (given adequate resources) Maori were better placed to provide certain services to their own people than was the state (Durie, 1998, p. 8). Government policies gave greater emphasis to promoting Maori economic development by means of Maori owned and managed business activities, in a wider

range of sectors. In 1987 a Maori Development Commission was established to foster Maori business skills and provide advisory support and injections of capital.

New business enterprises were set up by a significant number of iwi organisations in the 1980s and 1990s, often using capital or property transferred from the Crown under Treaty of Waitangi settlements. A total value of \$637 million in negotiated settlements had been allocated to iwi and Maori organisations by the end of 2001 (Te Puni Kokiri, 2002). The Maori Fisheries Act 1989 and Treaty of Waitangi Fisheries Settlement Act 1992 provided Maori with large quantities of fishing quota and cash to help purchase fishing companies (*ibid*). While farming continued to be an important sector of economic activity, Maori-owned businesses acquired a greater presence in fishing, forestry, property and tourism services.¹⁷ Most notably, by 2002 Maori controlled an estimated 37 percent of the tradable fisheries quota assets of New Zealand's fishing industry.

5.3 Asset accumulation

The total area of Maori land holdings continued to decline for most of the post-war decades, through sales and changes in legal status. The Te Ture Whenua Maori Act 1993 was a significant turning point, making Maori land more difficult to alienate (Durie, 1998, p. 136). As a result of a number of significant Treaty of Waitangi settlements reached in the 1980s and 1990s, in which Crown land was transferred to iwi organisations, the quantity of land in Maori ownership began to increase for the first time since 1840.

Despite its great cultural significance, by the end of the 20th century land had become less important than other assets in making up the total commercial wealth of Maori. Recent research commissioned by Te Puni Kokiri (2003) attempted to estimate the value of Maori-owned business assets, using information obtained from statistical sources and the published annual reports of corporations and trusts. Maori business assets were estimated to be worth nearly \$9 billion in 2001 (Table 8). This includes the estimated value of Maori Trusts and Maori Trustee land assets; the assets of various Maori-owned organisations (such as Te Ohu Kai Moana and the Waikato Rauapatu Lands Trust); the value of iwi Treaty Settlements; the assets of Maori Trust Boards; and the estimated value of Maori-owned businesses. The \$9 billion represented a little over 1 percent of the overall value of New Zealand's commercial assets (*ibid*, p. 2).¹⁸

¹⁷ Te Puni Kokiri (2002) and New Zealand Institute of Economic Research (2003) provide detailed information on Maori economic activity.

¹⁸ The authors of the report note that due to significant information gaps, this is likely to be an underestimate.

Table 8: Estimated value of Maori land and businesses, 2001

	Total Assets (\$ million)
Maori trusts	1,522
Maori trustee land assets	177
Maori organisations	1,354
Iwi Treaty settlements	86
Maori trust boards	145
Maori businesses	5,708
Total	8,992

Source: Te Puni Kokiri (2003)

At the household level, Maori were also significantly less wealthy than non-Maori in material terms. Personal and household wealth was measured systematically for the first time in the Household Saving Survey 2001 (Statistics New Zealand, 2002b). The assets measured in the survey included residential and investment property, farms, businesses, life insurance, bank deposits, shares and managed funds, money owed, cash, motor vehicles, and holdings in superannuation and other defined contribution schemes. The liabilities included property mortgages, other loans, and negative credit card balances. While the average net worth of Maori adults was \$54,000, the median was only \$5,200.¹⁹ An estimated 26 percent of Maori had negative wealth and nearly two-thirds had less than \$20,000. This low level of household wealth is likely to mean that Maori have less access than non-Maori to loan capital (via mortgage finance) that could be used to develop small businesses.²⁰

It is worth noting that for most New Zealanders, however, job-related skills are the most important type of asset. Through labour force participation, skills generate by far the largest component of household incomes. The educational statistics of the early 21st century indicate that Maori are now investing in skills, in a manner that is increasingly similar to the investment patterns of non-Maori (New Zealand. Ministry of Education, 2005). A more favourable picture of the current and likely future wealth of Maori is obtained if human capital is considered along with physical capital.

5.4 Cultural wealth

Maori wealth can be thought of as including Maori cultural knowledge: knowledge of tribal history, genealogy, customs, artistic skills and traditions, and social arrangements. Language occupies a central place in the cultural wealth of Maori.

The knowledge and use of Maori declined markedly during the 20th century. Maori was not taught in schools, and migration from rural communities to Pakeha-

¹⁹ Statistics New Zealand (2002b, p. 79). These estimates were reached by assigning half the net wealth of couples to each partner. By comparison, the average net wealth of European/European adults was \$163,700 and the median value was \$86,500.

²⁰ Gibson and Scobie (2004) analyse the sources of the ethnic gap in household wealth and report that the younger age composition of the Maori population and the lower average incomes of Maori are major contributors.

dominated urban areas reduced young people's exposure to the language. It has been estimated that in 1913, 90 percent of Maori school children could speak Maori; but by 1953 the percentage had fallen to 26 percent, and by 1975 to less than 5 percent (Durie, 1998, p. 60). The first national Maori language survey in 1973, conducted by the New Zealand Council for Educational Research, estimated that around 18 percent of adult Maori were fluent speakers, of whom most were aged over 40 (Benton, 1979).

In the 1980s Maori leaders began to initiate Maori-language recovery programmes, such as the Kohanga Reo movement, which sought to immerse Maori infants in a Maori-language environment from infancy to school age (Ballara, 2004). This was followed by the setting up of the Kura Kaupapa, a programme of primary schooling in a Maori-language environment, and the *whare wananga* (Maori universities or schools of learning) (Ballara, 2004). Maori language options also became more common in mainstream schools.

By the late 1990s, when a new survey of the health of the Maori language was undertaken, there were signs that the resurgence in Maori language education was beginning to having an impact. The 2001 census showed that one-quarter of all Maori stated they could hold a conversation in Maori about a lot of everyday things, well above the 1973 benchmark. In 2001 Maori language proficiency levels were slightly higher among 15-24 year olds than in the 25-34 year age group (Statistics New Zealand, 2002a), possibly because of the recent impact of school-based language programmes.

6 Summary

The path of Maori economic development that we have traced through statistical evidence is one of ongoing change and adaptation, as well as one of substantial increase in material standards of living, albeit with periods of significant setback.

The living standards of Maori improved enormously during the 20th century (as did the living standards of non-Maori). One of the most important drivers of that process of improvement was the gradual incorporation of Maori into the market economy, leading to the acquisition of jobs, incomes, new skills and new sets of knowledge. Another driver was the extension of government social services and 'safety net' income support provisions to Maori. A third was the initiative of Maori people themselves: developing new types of business activity and social services, and channelling public funding for social services in directions likely to be of greatest benefit to Maori.

The focus of the chapter was largely on measures of material well-being at individual level, reflecting the nature of the historical data sources. We have given relatively little attention to the role of institutions and institutional change in enabling different forms of economic activity. These, however, are dealt with more fully in other chapters of this book.

A recent study of Maori economic development identified three stages in the integration of Maori into the Western market economy (New Zealand Institute of Economic Research, 2003, p. 5). In the first, Maori sold their goods and their labour in European-dominated markets. This phase began on first contact with Europeans and continued to develop through much of the 20th century, gaining momentum as Maori urbanised. In the second stage, collectively owned Maori assets were put to commercial purposes, providing jobs and incomes and satisfying, to some degree at least, aspirations for Maori control of economic opportunities. This phase began in the 1930s with the development of Maori land holdings into commercial farm units (*ibid*, p. 5). It was strengthened in the 1980s and 1990s by the transfer of assets to iwi under Treaty of Waitangi settlements, providing the basis for larger enterprises. In the third phase, an increasing number of Maori enterprises and non-profit organisations were established in the service sector, providing services to Maori (in fields such as health, education, employment, justice) or “providing access to authentic Maori culture and experiences” (*ibid*). This analysis is useful in highlighting some of the innovations in economic institutions that emerged during the course of the last century. Those innovations undoubtedly brought about a wider variety of economic opportunities for Maori. Nevertheless, the majority of individual Maori were not directly involved and have continued to work in jobs and businesses that are not organised along ethnic lines.

We have had little to say about Maori cultural development. Insights into the ways that Maori have shaped and been shaped by evolving institutions within Maori society or broader societal change are not easily summarised in statistical terms. The current chapter thus complements the contributions of other chapters in this book. They are able to provide richer accounts of the way that institutions have adapted to support the ongoing process of economic development for Maori.

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