

Chapter Nine

The Regional Policy Process in New South Wales and the Decline of Balanced Development

Governments make policy – or at least they like to think they do. ... Politicians get into positions of power in order to make decisions that convert policy into action ...

But it is not so straightforward. Power is not concentrated but dispersed unevenly within the institutions of government, and it is not easily applied in support of policies.

Hawker, Smith and Weller (1979: 6)

Institutional structures are not neutral. Particular governmental structures constrain or predispose public policy in particular directions.

Andrew Parkin (in Halligan and Paris 1984: 15)

Politics is now an hour-by-hour, day-by-day, adversarial game dominated by political expediency. As a result, the time focus of so-called policy is, perhaps, a week or the next Budget or, at the very best, the next election.

John Hewson (2001)

Introduction

Part Three has explored, in turn, the roles played by ideas, objective conditions, interest groups and changing ideologies and priorities, in the decline of balanced development as a policy objective in New South Wales and at the Commonwealth level.

The previous chapter demonstrated, firstly, that changing ideologies within government have contributed to the decline of balanced development, and secondly, that governments have been busy pursuing other policy objectives that have either conflicted directly with balanced development, or have simply sidelined regional policy. This chapter continues with the examination of government, and specifically seeks to establish whether regional policy processes have inhibited the achievement of balanced development.

In examining ideology and the notion of “government thinking”, Chapter Eight assumed a “rational actor” model in Allison’s terms (he refers to “... the purposive acts of unified national governments”; Allison 1971: 4). This chapter takes the analysis to another level, using Allison’s notion of government or bureaucratic politics, in recognition that governments are not in fact single entities, even though they may have unifying ideologies at the political level to varying degrees. Government, on this view, is a mass of complex policy and political interactions with a range of actors involved, each with its own place in the overall policy process. This chapter contends that government actions are motivated by more than ideology. Processes are important as well, though the two are linked.

The central arguments of this chapter are that:

- Key government agencies have either been dismembered, or their focus has changed, and individual balanced development champions have moved on;
- There are a number of “institutional inhibitors” that have worked against the achievement of balanced development in New South Wales, embedded within the structures and processes of government;
- While these may inhibit all regional policies, they are particularly problematic for balanced development in view of its ambitious agenda;
- The regional policy process in New South Wales is characterised by a “pragmatic incrementalism” that is inimical to long-term policy planning and big picture objectives like balanced development; yet
- These institutional barriers might be seen as much the consequence of governments’ rejection of certain kinds of radical policies as their cause; and
- Theories of public policy, agenda setting and policy change provide helpful “markers” for the study of balanced development’s decline.

The institutions of government, individually and in concert, throw up hurdles for interest groups and their policy ideas to clear in order to be implemented. The hurdles vary in height, and include processes or interactions between the actors. The nature of these processes, which involve (for example) split responsibilities for regional development between Sydney and Canberra, the relative weakness of ministers and

line agencies, the “silos” of government, the inherent incrementalism of regional policy development, and the political nature of much regional development policy, has caused varying degrees of difficulty for balanced development adherents, whose largely unsuccessful attempts to deal with these institutional processes were described in Chapter Seven. These structures and processes might be admirably suited to the messiness of policy and politics from which they have emerged, but they have proven singularly unhelpful to the cause of balanced development.

This chapter draws on a number of theories or models of the policy process, set out in Appendix H. While there is no single, definitive explanation of policy processes, different theories each contribute to an overall understanding (Davis et al 1993: 7-15). The chapter brings together a number of disparate elements of the regional policy process in order to see which elements have hindered the cause of balanced development most. The analysis to date suggests a number of characteristics of the regional policy process in New South Wales. These are outlined and discussed in the context of balanced development. They give rise to a number of key questions, which are explored in turn. Finally, there is a recapitulation of the various public policy models to see which of them, if any, help to explain the decline of balanced development. It will be seen that an examination of the regional policy process in New South Wales itself contributes to a greater understanding of public policy more generally.

Characteristics of the Regional Policy Process

The regional policy process consists of a number of elements – individual players, relationships among players, features of the overall structure of government, and certain characteristics that derive from the nature of regional development itself. Arguably, the regional policy process is unique in public policy, in view of the breadth of government activity that impinges on regional outcomes and its generally problematic nature, and this has profound implications for the capacity and desirability of governments to implement proposals such as balanced development.

The main characteristics of the regional policy process in New South Wales are set out in Box 9.1.

Box 9.1 Characteristics of the Regional Policy Process in New South Wales

- Pragmatic incrementalism;
- Regional development as a peripheral interest of governments;
- A part-time portfolio;
- Regional policy as a “motherhood” commitment;
- A heavily politicised area of policy;
- A regional policy “political cycle”;
- Limited windows of policy opportunity;
- Blame shifting and Commonwealth-State relations;
- The “too hard basket” and wicked problems;
- Policy driven by programs;
- The ordering of policy objectives;
- A bureaucracy not structured to implement balanced development;
- Silos, fragmentation and the issue of coordination; and
- Alleged Sydney-centrism.

There is sufficient in this overview to suggest why balanced development has had such little success in making an impression on government policy agendas in New South Wales. On one reading, there would appear to be entrenched institutional barriers to the consideration by government of balanced development proposals. On the other hand, the institutions and processes established by successive governments might simply be seen as consequences of their ideological preferences and political priorities, and therefore not provide an explanation of the decline of balanced development as a policy objective. Hence there is an important issue of the direction of causation. The analysis that follows provides insights into which of these two views is a more accurate portrayal of the regional policy process in New South Wales.

Pragmatic Incrementalism

Chapter Eight described dramatic ideological shifts in Australia that have had an impact on regional policy since the 1970s. These very visible shifts, marked by such definitive decisions as the 1983 float of the Australian dollar and the dramatic cuts in

industry protection in 1991, stand in stark contrast to the more incremental processes of regional policy development apparent in New South Wales and in Canberra over the same period. This incrementalism can be seen in several elements of the regional policy process. For example, Chapter Four pointed out that no single event or decision could be seen as heralding the end of balanced development, while Chapter Six described the elements of the new regional policy consensus. The new ideas in regional policy appeared in separate pieces only over time, and only gradually came to be part of the approach of most governments.

Equally, one of the hallmarks of recent State level regional policy in New South Wales has been the willingness of successive governments to retain much of the regional policy focus and programs of their predecessors. Hence the arrival of the Carr Government in 1995 did not lead to a substantial shift in policy objectives. The last major change occurred in 1990, and even this statement of policy simply formalised changing trends and subtle policy shifts that had already been occurring over some time. There has been a marked absence of the “rebadging phenomenon” in New South Wales.¹ New programs are often added (at least ten new regional programs have been added since Labor came to power in 1995; NSW Government 2001), without any necessary policy break from the past. Labor has been a willing participant in the current policy consensus, and has much in common with the Commonwealth’s (National Party-led) approach of community development with elements of targeted intervention in areas of regional need.

Hence there has been considerable common ground in the approaches of successive governments, and broadly shared objectives. This is notwithstanding the fact that ministers may wish to emphasise contrasts with previous policy approaches (NSW Government 1998a) for political reasons. This is incrementalism of the kind described by Lindblom in his theory of “disjointed incrementalism” and “partisan mutual adjustment” (Lindblom 1959; 1965; Hawker et al 1979; Davis et al 1993; Corbett 1996), in which policy making proceeds only within the constraints of previous practice, and change largely occurs at the margin. According to Corbett:

What Lindblom tells us is that managers in the real world make their decisions incrementally, by a succession of limited comparisons of alternatives,

alternatives with which they are already familiar through past experience (Corbett 1996: 63).

On this view, policy is not made with a “clean sheet of paper”, new elements are added on to the existing mosaic of policies and programs. As Bridgman and Davis point out:

The policy agenda is biased toward areas already receiving government attention or with capacity to attract political interest (Bridgman and Davis 1998: 35).

Policy is constrained by budgetary considerations, the current priorities of government, the limitations on information about alternatives and about the uncertain consequences of policy action, existing policy ideas and the constraints of institutional process. The tyranny of the macro alluded to in Chapter Five suggests that an incremental approach is well suited to the capacities of State governments in a problematic policy area like regional development. It also suggests that incrementalism is something of a policy learning process, as governments come to a fuller understanding of the bounds of regional policy action (Simon’s “bounded rationality”; Simon 1957; Corbett 1996: 61).

Regional policy in New South Wales, like many other policy areas at State level, is also pragmatic. It is not largely driven by theory or the appeal to abstract ideas, but generally responds to a given set of circumstances involving a problem for regions or for the government (Sproats 1983: 35). For example, regional programs have been introduced and abandoned for a variety of reasons, including obtaining bigger budgets for departments, or freeing up dollars for other initiatives, which often have very little to do with overarching or long-term policy objectives. Policy statements and the creation of ministries for regional development have occurred in the context of elections, to appease internal party constituencies, or simply to be seen to be responding to public concerns.

Incrementalism and pragmatism are each the enemies of radical policy proposals with large costs and long time-frames such as balanced development, which questions the fundamental basis of current thinking and demands far more than incremental change. Balanced development demands that governments reconsider their whole approach to

regional development and set completely new policy objectives. This is a challenge that the processes of government have simply “barred at the gate”, which goes a long way towards explaining why governments have not been listening to the balanced development message.

Regional Development as a Peripheral Interest of Governments

There is substantial evidence to suggest that regional development has been of marginal interest to governments in Australia for much of the period since the 1970s, seen, for example, in the continuing appointment of junior or “part-time” ministers (see below), the shuffling of responsibility among disparate agencies and ministers, the disappearance of regional development altogether from government agendas for long periods, the absence of the regional dimension from key policy events like the 1983 economic summit, and continuing small budgets for agencies with responsibilities for regional development.² Balanced development is unlikely to find fertile ground in such an environment.

Chapter Eight demonstrated the existence of a range of changing policy priorities. Other urban and regional priorities such as urban consolidation, investment attraction and industry policy, and broader State and national objectives, have relegated regional policy to second order issue status. Often regional development has simply been linked to broader objectives like jobs and investment attraction. Equally, the pursuit of policies that have led to a diminution of services in some regional areas, like the centralisation of government jobs, whether or not intended, suggests that the spatial impacts of policies have not always been a high priority of governments (Gerritsen in Pritchard and McManus 2000).

That regional policy has not generally been important to governments has been a major problem for supporters of balanced development. Having balanced development placed on the regional policy agenda and convincing regional development ministers of its merits has been difficult enough. It has been even more difficult to make regional policy a priority of governments.

A theory has developed (see Hede and Prasser 1993; O’Faircheallaigh et al 1999; Michael Keating et al 2000) of increasing complexity within government and of increasing demands on government. The “fiscal crisis of the State” (Stephen Bell and Head 1994: 48) has meant that more and more interest groups are jostling to have their concerns placed on the policy agenda at a time of fewer public sector resources. Kelly described the 1980s as “the end of certainty” (Kelly 1992). Colebatch has talked of policy-making in “volatile times” (Colebatch in Hede and Prasser 1993). And as Painter has pointed out, governments have experienced increasing difficulties in “steering the modern state” (Painter 1987).

Greater concerns than the spatial pattern of economic activity have increasingly occupied the minds of policy-makers. In uncertain economic times, macro-economic policy has had a much higher priority than regional policy. Repairing regional services and safeguarding regional living standards have occupied the regional development thinking of governments in the late 1990s. A whole new set of concerns about the environment has emerged in the period under discussion here. Many of these impact directly on regional communities. There has also been ongoing pressure – or this has been perceived by governments – to lower taxes, placing more pressure still on government budgets.

Perhaps the issue of where economic development occurs is inherently less important to governments than other issues, irrespective of the times. The policy agenda is more crowded than ever before. There are often good reasons why regional policy generally assumes a low place on the list of government priorities. This is the difficult regional policy environment in which balanced development supporters have been attempting to operate and to shape the priorities of government.

A Part-Time Portfolio

Part of the evidence for the claim that regional development has been of peripheral concern to governments is reflected in the allocation of the portfolio to junior ministers, in combining regional development with other portfolios, appointing as

ministers those with little previous understanding of regional development, and in frequently altering institutional structures to suit short-term objectives.

Ministers provide the “face” of government policy in their respective portfolio areas. It is the conventional wisdom that ministers play a critical role in the Australian political system and in policy making. Weller and Grattan observe that “... in theory the Westminster system allocates ministers an heroic role” (Weller and Grattan 1981: 1). Yet Weller and Grattan also point out the severe limitations on ministerial power, which suggests that their capacity for serious policy change, were they so inclined, is not great (Weller and Grattan 1981). Even the time a minister can spend on policy or even portfolio matters is limited. This is especially so if the minister has a number of portfolios, as has generally been the case with regional development.

Critics such as Dye and Catley and McFarlane suggest that what ministers do is of minor consequence in policy development (quoted in Weller and Grattan 1981: 12). But, as Weller and Grattan conclude, ministers are still capable of exerting influence over policy (Weller and Grattan 1981: 13). Hence they continue to be the main target of interest groups like supporters of balanced development. Yet ministers’ limited capacity for policy change may mean that only marginal, incremental change is possible, and that radical policy proposals such as balanced development are doomed to remaining off the agenda.

There have been many ministers with responsibility for regional development and most of them have held the portfolio for only a short period of time. Some ministers, for example Fuller (1965-73), Don Day (1976-78 and 1980-84), Anderson (1998-present) and Woods (1997-present) have been exceptions. Having relatively senior ministers in office for long periods certainly helped in the development of a consensus in the policy community in favour of decentralisation in the 1965 to 1975-76 period.

Equally, few ministers have come into government with an established regional policy agenda developed in opposition. Unlike the Country Party in New South Wales in 1965 (with the Davis Hughes “blueprint” of 1961) and the Whitlam/Uren plans for urban and regional development in 1972, few incoming governments and ministers since then have had well developed and clearly articulated plans to be implemented in

government. The ALP's 1995 *Plan for Regional Development* was prepared by a shadow minister who was not even selected for the ministry following the election.

The kind of personal commitment that Whitlam and Uren, for example, had to a clearly defined regional policy agenda before coming into power has largely been lacking in most governments since 1975. The length of time spent in opposition working on regional policy development engendered a commitment to addressing what were seen at the time as key policy issues, and in their case certainly, allowed them to become part of the regional "policy communities" noted in Chapter Seven. Similarly, while Davis Hughes was not made minister after 1965, the detailed policy development work the Country Party had done since at least 1961 contributed greatly to the sense of purpose apparent in government later. Longevity allowed relationships of trust to build between key balanced development champions and Lindblom's "proximate decision makers" (Lindblom 1968: 70).

Generally governments have appointed as minister for regional development ministers who have other, often more senior, portfolio responsibilities. Only Fuller, Bruxner, Uren, Day (in his second period as Minister), Hallam, Woods (from 1997 to 1999 only), and two recent junior ministers in Canberra, of over thirty ministers at State and Commonwealth level since the 1970s, have held the portfolio without having the distraction of other ministerial responsibilities.

Often, ministers have been from the city without any natural feel for either regional policy or understanding of the balanced development position. Uren was a notable exception, driven though he was by city based concerns. Many ministers have been relatively junior, or not in Cabinet, reflecting government priorities and reducing the likelihood that they could carry important policy proposals of a far reaching nature through Cabinet. These junior ministers have generally been moved from the portfolio within a short time, preventing them from following through with policy development. Few of them have actually developed any policy or released a policy statement.

Perhaps most importantly, "regional development" ministers only influence directly a small fraction of the areas of government that affect their portfolio, and more or less

every portfolio area of government has a substantial impact on regional development. Hence individual ministers with responsibility for regional development are particularly constrained by the processes of government in making an impact on their portfolio, whether or not they have any personal commitment to particular outcomes such as balanced development. If the “tyranny of the macro” limits what governments overall can achieve in regional development, individual ministers are even more constrained.

Hence ministerial arrangements over time have been an institutional barrier to the achievement of balanced development, but one simply imposed by governments already predisposed to reject it and for whom regional development has been largely a minor concern.³

Regional Policy as a “Motherhood” Commitment

Only two governments since 1965 have been committed to addressing metropolitan primacy, and have regarded this as the “regional problem”. Each had a clear understanding of the nature of the problem they were trying to solve – they had a plan upon coming to office. Arguably very few governments come to office with a clear regional development “agenda”. Many governments, on the other hand, come into government with something called a regional policy, or a “commitment to regional development” or a “plan for regional development” (ALP 1995; Liberal and National Parties 1996). Political parties contrast their own regional development approaches to those of their opponents, seeking to draw distinctions where often few exist. Parties wish to deny the regional policy consensus (see Chapter Six) that has existed in Australia for many years. They wish to maintain the fiction that their own policies are different in kind from previous policies.

This is because most governments are, in principle, in favour of regional development. Political parties feel, particularly since the 1990s, that they need to support regional development. There is a sense that all governments “do” regional development, even though it is of peripheral concern to them. Each new government inherits a set of regional programs, institutional arrangements (like regional

development boards) and commitments from the previous administration. Most (though not all) governments retain these programs, not necessarily based on a clear understanding of what the programs do or their original intentions, but simply because they are there. This might be termed policy “going through the motions”, or a “motherhood” commitment to regional development.

This is also why parties and policy documents have stated their support for balanced development long after they ceased genuinely to believe in it (see Appendix B). These are often no more than expressions of concern for regions, a recognition that governments are responsible for all geographical areas within their jurisdiction. The statement that “we want to see all regions doing well” is not a regional policy. Mere statements of concern need not imply specific policy “objectives” (Armstrong and Taylor 1993).

Often governments “discover” this commitment to regional development when already in office. It can be the result of a build up of political pressure, or some regional crisis, or the realisation that the government’s own policies may have had a detrimental impact on regions, or the emergence of a new problem, about which there is a need to develop a policy response. It is unlikely that governments generally not predisposed to regional policy, or governments that simply continue inherited approaches and programs, or governments that only discover regional development after having been in office for some time, will have the inclination to embrace balanced development, which would require a vigorous, long-term, whole-of-government commitment of substantial resources. The CMA, in effect, recognised this challenge (CMA 1993).

There is a certain minimum level of commitment to regional development that all State governments in New South Wales have shown. This perceived need to appear to be concerned about regional development that drives all governments helps to explain the survival of most regional programs from one administration to the next (pragmatic incrementalism).

Regional Policy and Politics

Policy generally can never be divorced from politics (Jenny Stewart 1991: 361; Davis et al 1993: 131; Bridgman and Davis 1998: 13). In regional development, no less than in other areas of policy, governments feel the political need to be seen to be acting to resolve problems. Often there is a need to satisfy an internal party constituency. On other occasions, regional development achieves a high profile through an event like the Country Summits. These require a government response. Sometimes governments may create their own sense of crisis in order to provide a justification for policy actions. Anderson's "two nations" speech in early 1999 set up the opportunity for the Regional Australia Summit (Anderson 1999a).

Regional development has its fair share of political stage management. Balanced development groups (and many others) believe that governments only engage in regional development for the sake of appearances, that they merely pay lip service to regional development (CMA 1993). It is possible to point to programs or actions of this kind, for example RCISs. However, this is only part of the truth. Not all regional policy is developed just to pacify an interest group or to be seen to be doing something. Equally, regional development initiatives often have a political context or are used to achieve a short-term objective.

The SCSD made a plea in 1994 for a more bi-partisan approach to regional development:

The Standing Committee recommends that all political parties in New South Wales work towards a politically cooperative approach to regional development, in order to encourage a longer term policy focus and greater certainty for regional New South Wales (Legislative Council 1994a: xxi).

The Committee, in effect, was recognising that regional policies and programs in New South Wales have generally been a servant of broader political objectives. Regional policy lends itself to use in this way due to the spatial nature of the electoral system. Regional development has often come to be seen by politicians through the prism of politics. For example, agencies responsible for regional development have routinely been deployed as a source of "good news" stories for successive governments, and

programs delivering jobs to the regions have readily been transformed into “announcables”. Companies receiving assistance to relocate or expand in a regional area often become case studies of programs that demonstrate the effectiveness of government policy and the genuineness of government intentions (see, for example, NSW Government 1998a; 2001).

There is also a tendency for governments to merge regional development policy with a country marginal seats strategy (Dale 1985; Hurley 1989: 357; see also Appendix J). The ALP has been particularly effective at making this connection.

Part of the politicisation of regional development policy has occurred through the dramatically increased use of politically appointed ministerial advisers in ministers’ offices, particularly since the 1980s (Walter 1986; Weller 2001). There is little doubt that the growth of policy functions within ministers’ offices, together with an increasing focus at the top of the public service on the political management of issues, has encouraged governments to focus on short-term issues and the management of existing, visible problems. (There is two-way causation process at work here. Equally, the need to manage an increasingly diverse array of political problems has led governments to improve their political management focus).

There has been an increase over time in the size of ministers’ staffs, the seniority of those appointed to them, and their reach into the workings of departments. The trends have been similar in Canberra and the State ministries, and have been embraced by both sides of politics (Weller 2001). For bureaucrats, they have become a fact of life. John Stone famously summed up the feelings of a traditional Westminster style public servant towards politically appointed advisers, calling them “meretricious players” (quoted in Walsh 1995: 173). In reality, there is often a productive partnership developed between policy advisers in agencies and their political equivalents. It remains the role of departments to provide policy advice, and for “minders” to add the political dimension to policy advice.

However, the increased influence of ministerial staffs has been perhaps the main development in the machinery of government in the last three decades, and it has not been without impact on policy processes. One impact has been the political “micro-

management” of issues, and the increased focus of public servants on the wishes of the “minister’s office”. This may have increased ministerial control of the policy process, but it has also politicised policy advice. The political dimensions of policy issues have become the stuff of public servants’ professional lives. This can relate to the timing of announcements and to what is announced. A program can thus become a ministerial media opportunity, or an answer to a parliamentary question, or fodder for a federal (or alternately a State) election campaign. Whether to release a policy statement may be more related to the political needs of the government rather than its policy development needs. Program management can become a search for “good news” stories.

Arguably, the connection between regional development and politics has diminished the capacity of governments to see regional development in non-political terms. This has hampered the efforts of balanced development adherents. On the other hand, politics has provided regional policy with an entrée card to government. Regional policies have often been developed because they are politically advantageous (see Collits 2001: 73). Hence the politicisation of regional policy is a two-edged sword. But it has helped to keep balanced development, which has proven to be neither sufficiently time-specific or place-specific in its spin-offs to warrant the attention of many politicians since the 1970s, off the political agenda.

The Regional Policy “Political Cycle”

Downs has referred to the “issue attention cycle”, in which issues briefly command policy and political attention then quietly fade away without the problem necessarily being solved (Downs 1972; Hurley 1989; Davis et al 1993: 171-72). Bridgman and Davis have also referred to a “policy cycle”, involving the identification of issues, policy analysis, policy instruments, consultation, coordination, decision, implementation and evaluation (Bridgman and Davis 1998: 24).

Governments do not have an even interest in regional policy over time. Successive governments have lifted the profile of regional development at sensitive stages of the electoral cycle, through the appointment of new ministers or through departmental

changes, the announcement of new programs or the release of policy or “directions” statements. There is a discernible cycle within governments, where early in the life of the government, there is often no separate regional development portfolio, and it is only re-introduced late in the political cycle. This pattern has recurred at Commonwealth level and in New South Wales in the 1990s.

In what might be termed the “regional policy political cycle”, governments upon gaining office have tended to focus on other issues more important to them, such as the size of the public debt inherited from their predecessors, rather than the “where” of development. The common sequence has been: the new government comes to power; conducts an audit of public finances which reveals a large and generally unexpected deficit (“black hole”); the government cuts back on services to repair the fiscal imbalance; services are reduced in regional areas, leading to regional agitation; government recognises and responds to the disquiet in regional communities; or new problems appear, for example as a result of recession or restructuring; and, finally, corrective measures are taken, for example the appointment of a minister with specific responsibility for regional development.

The existence of a regional policy political cycle has not been conducive to the pursuit of balanced development. The tendency for governments regularly to drop regional policy for periods when more pressing policy issues override it (Sorensen 1990) means that the kind of policy commitment (“political will”) required to have any impact on regional imbalance is effectively rendered impossible. This is particularly the case when combined with the usual pattern of ministerial rotation that sees few ministers staying long in a junior portfolio. The very submission to governments of grandiose ideas such as balanced development and whole-of-state settlement planning seems heroic in the face of the extreme limitations on policy development imposed by the recent regional policy political cycle.

Another question in relation to the timing of governmental interest in regional policy is whether governments only become interested in regional policy when the risks are low and the rewards high. Sorensen has argued along similar lines, referring to regional policy as having “a high elasticity of supply” (Sorensen 1990: 37). Regional policy is often the first area of policy to be downgraded during times of national

crisis, such as recessions and periods of high unemployment. Certainly this was the case in the 1980s, where the Hawke Government turned to the use of macro policy instruments to solve a succession of economic policy challenges and the Wran Government adopted a recession-driven focus on industrial cities with high unemployment and on the Western Suburbs of Sydney.

In other words, there are patterns in the policy process generally, and in regional policy in particular, influenced by cycles (the business cycle and the electoral cycle, for example). These encourage governments to act in certain ways at certain times, and inevitably place constraints on the kinds of issues that are considered and the kinds of policies adopted at particular times. This has proven to be another institutional barrier to the consideration of balanced development.

Limited Windows of Policy Opportunity

As a result of these cycles, there are certain “windows of opportunity” for regional policy development, and for possible alignment of balanced development objectives with government priorities (Kingdon 1984: 19). These are quite limited, and are generally as follows:

- Election campaigns;
- Coming into government following an election;
- The development of policy statements during a term of office;
- The annual budget enhancement bidding process (where departmental proposals are submitted to the Treasurer for examination in the context of overall government priorities, usually in November each year);
- The creation of a new ministry and;
- The creation of a new agency.

These occasions provide greater opportunities for policy development of the kind favoured by balanced development adherents. If a minister or government is not “regional policy” minded, the above opportunities for policy development will simply pass by. These are the “set piece” policy development opportunities. There are

others, for example, where governments find themselves having to respond to unforeseen crises or emerging regional development issues or new trends. This happened in 1998, when it became apparent that a number of regional centres were simultaneously undergoing sudden economic restructuring shocks. They are opportunities for policy reappraisal. Another case, detrimental to balanced development, was the absorption by governments in the late 1970s of the significance of the Borrie Report (see Chapter Six). These are what Hood has termed “meteorites” which hit the policy process and cause a realignment (Hood 1994: 13).

It is often the case in these instances that governments respond by the introduction of a new program rather than a policy as such. Yet new programs do, as a matter of course, become woven into the policy fabric over time. They become part of the evolving policy “language” and inform the government’s overall approach. New policy objectives may emerge as a result of the new challenges, or policy may be written “informally”, for example through ministerial letters and contributions to government submissions. These informal “policy statements”, often not published, may build policy based on the specific objectives of programs.

Hence the response of the NSW Government to the growing number of towns facing localised economic downturns was RETS, which was announced as part of the policy statement that was due for release around that time (May 1998). This was a case of policy pragmatism, perhaps even agency opportunism, for it meant an extra \$15.9 million over three years for the Departmental budget. It was seemingly also a clear case of incrementalism (following Lindblom), and of satisficing (following Simon 1957; see Appendix H). Yet the upshot has been that the new program has added an extra dimension to the Government’s existing policy approach of “strategic intervention”.

Chapter Seven demonstrated the failure of balanced development adherents to seize the opportunity provided by policy windows to advance their cause. However, the above discussion demonstrates that the inherent institutional barriers to hearing the balanced development message has made capitalising on the windows of opportunity an extremely difficult task.

Blame Shifting and Commonwealth-State Relations in Regional Development

There is an undoubted culture of “blame shifting” in Australian regional policy between levels of government that has provided a barrier to the kind of coordinated effort said to be required for balanced development. While this may be symptomatic of Australian Commonwealth-State relations generally, and be tied to the vertical fiscal imbalance that exists (Gerritsen in Pritchard and McManus 2000), it is nonetheless a real problem for the setting and achievement of large-scale policy interventions.

Seldom have Canberra and Sydney worked together to achieve regional policy outcomes. Political rivalries and different perceptions of Constitutional responsibilities have generally overridden the achievement of shared policy objectives. One of the important elements of regional policy debates in Australia has been the interplay between different levels of government, particularly the tension over policy between the Commonwealth and the States. The Commonwealth has at times played a strong role in regional development, and when it has not, many critics have emerged to suggest that it should.⁴

The principal impact of the federal structure has lain mainly in making the achievement of any policy objective more complicated. Synchronising policy objectives, even where the same party has been in office at both levels of government, has not necessarily occurred. Having different parties in office in Sydney and Canberra has added a political dimension to the inherent Constitutional difficulties. A veneer of political point scoring has sometimes overlain policy cooperation.

However, perhaps not too much should be made of the role of the federal system in relation to the balanced development issue. The period of balanced development policies in the 1970s occurred under a Labor Government in Canberra and a Coalition Government in Sydney. Despite the interplay of politics in working out the detail of the growth centres program, for example, the two governments shared similar objectives – relieving growth pressures on Sydney through the encouragement of

decentralisation – and managed to overcome political and federal barriers to some extent (Sproats 1983; Hurley 1989). While a failure to achieve better outcomes from the common objectives may be at least partly the result of a lack of coordination and political sparring between the two governments, it could not be said that federalism prevented the shaping of policy objectives consistent with a balanced development agenda.

Hence the federal structure has made any regional policy more difficult to implement, not just balanced development. However, the federal structure does allow a convenient opportunity to shift blame for governments that do not wish to pursue balanced development policies.

Governments, Political Will and the “Too Hard” Basket

Supporters of balanced development have argued that governments have not had the “political will” to implement balanced development policies, and that this has been the main reason why balanced development has not occurred (CMA 1993; 1994a; 1994b). On this view, the tools to achieve balanced development are readily available – it is just that governments have not used them.

The decline of balanced development seems to fit the Bachrach and Baratz notion of “non-decisions” (Bachrach and Baratz 1970; Davis et al 1993: 169-71; see below in relation to alleged Sydney-centrism). Cautious, pragmatic governments of the type experienced in New South Wales since the 1970s have kept balanced development off the policy agenda for nearly thirty years, despite persistent (though inconsistently applied) pressure from various constituencies. It is a question of whether governments lack the political will to tackle difficult issues, or whether the problems are simply not capable of easy resolution by government action.

Chapter Six introduced the notion of “wicked problems” that do not go away but are simply too difficult to solve (Bridgman and Davis 1998: 37-38; Rittel and Webber 1973). Achieving a more even spread of population and economic activity has come to be regarded within government as both too big a problem in itself, and not the

appropriate regional problem to be tackling anyway. It is equally clear that governments have rejected balanced development as a viable solution to Sydney's growth problems.

On the other hand, Turner, writing about the Wran Government's priorities, has stated:

... some matters had to be pushed through as soon as possible, while others high on risk and low on payoff would find their way into the 'too hard' basket (Turner in Hogan and Clune V3: 189-90).

Turner's point may have broader application in relation to the fate of regional policy generally and balanced development in particular. It suggests that governments have a deal of choice in relation to the issues that they tackle, and that issues can be pushed down the list of priorities if they involve undue "risk" or lack political reward. Balanced development certainly came to be seen as having little short-term political benefit, and long-term uncertainty, and a high risk of failure.

As noted above, there is system bias in favour of the short-term. There is also no doubt that governments bent on retaining power, as opposed to mission-driven governments, make frequent use of the "too hard basket". Is this a matter of a lack of political will or is it a case of wicked problems? The question is whether some issues belong in the "too hard" basket, or whether governments simply find it convenient to place issues there. Governments do have choices in relation to which issues they attempt to resolve. Problems are indeed conveniently forgotten, and some are kept off the agenda for this reason.

Yet governments are also overtaken by new problems and new ways of dealing with old problems. Government is a learning process. Governments do make reasoned choices of policy approach after proper consideration of what can be achieved (as in the rational actor model in Allison's schema; Allison 1971). Governments have not simply avoided addressing the issue of metropolitan primacy. They have, from time to time, considered the case for balanced development, and have rejected it. And there is no doubt that achieving balanced development in a meaningful sense, as outlined in Chapter Five, is high on the list of "wicked problems" that are never likely

to be solved due to the inherent difficulties of attempting to do so. Governments have regarded metropolitan primacy as too hard, but for good reasons.

Policy Driven by Programs

Neutze famously observed in the 1960s that decentralisation was everyone's policy but no one's program (Neutze 1965: v). It could be argued that in the 1990s and 2000s, the reverse is true – regional development is everyone's program but no one's policy. In other words, governments now seem more interested in “initiatives” than clear policy objectives.

The public policy literature has many definitions of policy (see Appendix H).

According to Armstrong and Taylor:

Regional policy can be defined as a set of policy instruments which have been assembled for the purpose of achieving certain objectives (Armstrong and Taylor 1993: 213).

Hence policy is more than simply the sum of the policy instruments. What gives the instruments (and the definition) meaning is the pursuit of objectives. The policy cycle identified by Bridgman and Davis above sets out a certain order in which various stages occur in the cycle, conforming to the rational model of decision making. On this view, policy instruments are developed in response to particular problems and within the government's overall set of objectives (Bridgman and Davis 1998: 24-27).

Increasingly, it seems that the instruments have taken precedence over policy objectives. Successive governments have come to prefer “initiatives” to policy development. Perhaps the regional policy objective has actually become to deliver “initiatives” to regional New South Wales. Programs may drive policy rather than the reverse. This fits strongly with the incrementalist model described above, where ends and means become interwoven.

This suggests a version of the “garbage can” model of the policy process developed by Cohen et al, in which problems and solutions are mixed in together and agencies often propose already worked-out solutions to emerging problems (Cohen et al 1972;

Davis et al 1993: 172-73). This is a challenge to the rational actor model, which orders events in a more logical way. The garbage can model captures the randomness of much of the policy process, and fits with the recent experience in regional policy, where a wide range of problems and solutions have emerged through a process of delivering policy statements (NSW Government 2001). These statements have generally merely summarised government actions that have addressed specific issues over time, in the manner of a report card.

This analysis does not imply that policy objectives should necessarily precede policy instruments, despite what the textbooks say. The haphazard appearance of the sequential development of programs may be well suited to the mass of different and complex regional problems now confronted by governments, particularly if it involves a learning process by policy-makers. Too great a focus on the setting of overarching objectives may lead to the unending search for “silver bullet” solutions to big problems (metropolitan primacy) that may not exist. Equally, there may be an unstated, yet implied, set of policy objectives driving an apparently haphazard development of program initiatives. Chapter Six suggested such an implied policy approach and noted its key elements. Yet nowhere has any government set these out in a policy statement, other than perhaps in 1990. They mostly have to be inferred.

However, the fact that governments follow such an approach has not been good news for adherents to balanced development. For the latter demand a synoptic approach to policy, a “statewide plan” for regional development that sets out “big solutions to big problems”. By their focus on developing specific programs for particular regional problems, governments have redefined in a fundamental way the nature of the “regional problem”. This raises the question of implied versus stated policy objectives, and the possibility that governments have developed different “levels” of policy objectives.

Levels of Policy Objectives?

As suggested above, it is by no means clear that all governments have regional development policy objectives, either upon assuming office, or during their tenure. A

government may simply acquire the objectives of the previous government through the incremental approach of keeping the previous government's programs. Or alternately, on the "motherhood" model, all governments may simply share a general sense of "looking after the regions". Hence it is possible that a government may have abandoned balanced development, or taken up some other policy objective, without necessarily setting out to do so, or perhaps even knowing that it has done so. As Lindblom has noted, "... sometimes policies are not decided upon but nevertheless happen" (Lindblom 1968: 4).

There may well also be different levels or "orders" of policy objectives in a government's approach to regional development. What might be termed "first order", or overall objectives, could include more balanced development, or ensuring that all regions share in economic growth (NSW Government 1998a), or ensuring that all regions contribute to national economic growth by increasing their competitiveness (Commonwealth 1994). These are very broad statements of intent. "Second order" objectives might include the long list of specific problems or impediments that prevent the achievement of the broader objectives, for example seeking to remove certain impediments preventing regional centres from attracting investment (see NSW Government 2001). In more recent times, governments seem to have acquired a wide variety of second order objectives without necessarily having a clearly enunciated first order objective. Governments today have less clear regional policy objectives. "Second order objectives" have taken over regional policy thinking. Where the fate of regional communities is largely in their own hands, it has become the more limited task of governments to give communities the tools to meet these objectives.

Regional policy objectives have been reduced to "bite sized pieces". The NSW Government's 2001 policy statement is a good example of this. Government appears to be saying – we cannot change the settlement pattern, or ensure that all regions will succeed, or that we can make service delivery the equivalent in quality to Sydney in every community, but we will try to help regions to overcome barriers to growth, put in place mechanisms for achieving better services, and we will build community skills so that they can improve their own performance.

This ordering of policy objectives and the decision by governments to focus on what might be termed “little picture” problems, of course, has had the effect of diminishing the place of balanced development in the thinking of policy-makers. Balanced development, as noted in Chapter Five, is simply too big an idea to be addressed by institutions increasingly focused on securing more readily achievable objectives.

According to Hawker et al:

At its simplest, policy making is regarded as the more or less rational activity of specifying objectives and devising means for attaining them (Hawker et al 1979: 277).

Successive governments have not been explicit about their rejection of balanced development. An uncertainty over objectives has been especially noticeable in the post-balanced development period. Even in the high tide period, while governments said they were trying to achieve balanced development, it was never actually stated what this meant exactly or how they would know when it had been achieved. Objectives have tended either to be very general, like “spreading the benefits of economic growth”, or very specific, such as those relating to a particular problem in a particular place and time, for example creating jobs in Newcastle.

There are several possible explanations for this lack of clarity and firmness over objectives. The first is that governments perhaps have simply not had clear policy objectives. The second is that the level of uncertainty about achieving outcomes in such a volatile policy environment limits the capacity and the desire of policy-makers to be precise about what they can achieve (Hogwood and Gunn 1984: 52). So many variables can derail regional policy intentions as to make clear statements of objectives foolhardy. The third is that governments really only develop regional policies because they feel they have to, but in a strictly limited fashion, without having high expectations of changing outcomes. If this were the case, there would be no need for either clear or meaningful statements of objectives. The lack of a statement of objectives under these circumstances could be quite deliberately one of obfuscation. A fourth possibility is that governments have multiple objectives, encompassing both broad and more specific objectives, and that these change over time depending on the circumstances. There is truth in each of these claims.

In view of Armstrong and Taylor's urging of the need to specify regional policy objectives (Armstrong and Taylor 1993: 213-17), this absence of clear policy objectives is of some concern. It invites policy uncertainty and drift, is likely to reduce public faith in regional policy, and almost guarantees cynicism. It also weakens the imperative to measure policy outcomes. Regional policy is not alone in this lack of clarity of objectives. Governments like to hedge their bets in order to escape harsh public scrutiny in case of policy failure. But regional policy in particular lends itself to uncertainty over objectives.

Balanced development is an example of the "silver bullet" solution. The move by governments away from having stated policy objectives, or simply having multiple objectives, or different levels of objectives, or of breaking up objectives into more achievable portions, so much a feature of the contemporary regional policy process, has demonstrated very clearly the abandonment of silver bullet solutions to perceived regional imbalances. The lack of defined objectives has allowed governments to avoid set-piece confrontations with balanced development adherents while framing their own conceptions of the problem and addressing these.

A Bureaucracy Not Geared to Deliver Balanced Development

There is no doubting the central role played by bureaucrats in shaping government policy (Downs 1967; Olson 1971; Tullock and Perlman 1976; Pusey 1991; Davis et al 1993; Bridgman and Davis 1998). The bureaucracy provides advice to government on policy issues and implements policy, as well as administering programs and delivering services to (in the case of regional development) enterprises, communities, regions and industries.

Weller and Grattan have referred to the argument that ministers "... are only ciphers, controlled by the bureaucrats who are the real rulers of the country..." (Weller and Grattan 1981: 7-8). The CMA recognised the importance of the bureaucracy when devising its lobbying strategy in 1993 (CMA 1993: 94).

One of the defining marks of the high tide period was the key role played by agencies and senior “champion” bureaucrats in advancing (often very publicly) the cause of balanced development. This support was both individual and institutional. This period saw the creation of new agencies both in Sydney and Canberra with a specific focus on achieving balanced development. DURD was staffed by urban and regional planning specialists such as Troy, motivated towards particular objectives (Michael Jones 1979; Lloyd and Troy 1981; Spiller 1999).⁵ Yet even the highly motivated DURD found great institutional difficulties in implementing its ambitious urban and regional agenda.⁵ And DDD had a succession of leaders committed to balanced development as a guiding policy principle, particularly Phil Day.⁶

The passing of the 1970s balanced development champions, and more importantly, their non-replacement by a new generation of supporters, has been a feature of regional development bureaucracies in both Sydney and Canberra. (Central agencies, particularly Treasuries, have, arguably, always been suspicious of the more interventionist kinds of regional policies. Nor have successive New South Wales planning agencies seen their task as directing growth to particular regions; see DOP 1995a and 1995b).

A New Style of Bureaucracy

Australian bureaucracies generally have undergone considerable cultural change since the 1970s. Key changes have included the arrival of what some have termed the “new public management” model, “managerialism” or the “post-bureaucratic model” (Laffin in Laffin and Painter 1995: 73; Hood quoted in Corbett 1996: 246); the “re-engineering” of processes (Osborne and Gaebler 1992); an increased focus on “outcomes” (Laffin in Laffin and Painter 1995); and far more politically attuned public officials (Weller 1989; 2001; Mulgan 1998).

If neo-liberalism was becoming ingrained in public sector thinking by the 1980s, it is also the case that new approaches to public sector management were being implemented by governments at both State and Commonwealth levels.

Some of the key features of this approach include treating citizens as “clients” of government agencies or “customers”; managing public sector agencies more like

private sector corporations; engaging “user pays” principles; devolution of public sector decision making – letting the managers manage; and a performance based public service (see Emy and Hughes 1991: 419-31; Davis et al 1993: 115-21; Corbett 1996; Weller 2001: 123-49). As well, managerialism was linked to the desire by politicians to assume greater control of the public service by liberating bureaucracies from “process” (Jenny Stewart 1994: 188).⁷

In general, a greater focus within government on outcomes has sharpened agencies’ expectations of regional programs and created more of a focus on achieving value for money. This has certainly led to a questioning of the open-ended regional development programs formerly in place and still favoured by balanced development supporters. Equally, a greater focus by governments on results has caused them to question more closely precisely what could be achieved by pursuing balanced development. The latter has been placed under a microscope, and, as Chapter Five established, has been found wanting in a number of areas.

Politicisation of the Public Service?

The desire of agencies to please their ministers has caused bureaucrats to focus on day-to-day issues management, perhaps at the expense of longer-term policy development. This has meant, for example, that responding to policy proposals like balanced development has assumed the dimensions of a political challenge, not a policy challenge, and the responses have tended to become couched in political terms. Of course, these tendencies in government are not confined to regional policy.

Senior bureaucrats have also become more focused on the political agendas of governments (Weller 2001: 111-14). There is an increasing tendency to make policy fit the political strategy of the government of the day. Regional policy lends itself to use in this way due to the spatial nature of the electoral system. There is little doubt that these tendencies have affected the capacity of governments to “engage” with ideas like balanced development. Increasing the policy focus on the political, to a greater or lesser extent, necessarily shapes the kinds of issues, and the breadth of issues, that are allowed on to the agenda, and reinforces pragmatic incrementalism.

Any policy favouring long-term solutions will be difficult to sell to governments. Politicisation necessarily means an increased focus on the short-term, and balanced development is not a policy proposal that neatly fits the electoral cycle. Narrowing the focus to politically saleable outcomes – for example, “jobs” – makes it harder to convince governments of the appeal of policies that do not provide early “wins”. Rather, governments are likely to favour policy proposals that deliver political benefits to them, and balanced development challenges the very basis of existing policy. Moreover, a political focus tends to be place-specific and focused on the benefits to town x of the government’s policy. In contrast, balanced development occurs on a broad geographical canvas. A politicised bureaucracy is likely to be more in tune with the government’s political antennae and so reject challenges to the status quo such as the balanced development critique. Balanced development proposals have made governments uncomfortable politically.

New South Wales Economic Development Agencies

While the bureaucracy generally has evolved since the 1970s in ways not likely to increase the receptiveness of governments to balanced development, the economic development bureaucracy has undergone its own changes as well. Key NSW agencies – and not only the Treasury – have not been allies of balanced development advocates since the late 1970s. This is despite the claim by the CMA in 1993 that:

Support for the concept of balanced State development as a solution to Sydney’s problems is growing within the State bureaucracy (CMA 1993: 94).

There is little evidence that this statement is correct, and substantial evidence that it is not. Nor is it clear on what basis the claim was made. State agencies have developed policy approaches and programs over time that have involved, even required, a rejection of the balanced development position.

There has been a continuous regional development function in the NSW bureaucracy since 1965.⁸ This is despite periods of considerable instability. The Department endured a period of substantial restructuring in the period from 1988 to 1996. The Coalition Government first separated investment attraction from business and regional development functions (1988), then rejoined them (1991), only to separate them again

(1993; see Randall Stewart in Laffin and Painter 1995). The Carr Government rejoined them in 1996. This bureaucratic instability followed the ministerial instability of the 1980s period.

DSRD and its predecessors have typically had a number of characteristics, set out in Box 9.2.

Box 9.2 Characteristics of Recent New South Wales Regional Development Agencies

- A limited policy role;
- A specific focus on business development;
- No coordination powers;
- No responsibility for planning or demographic projections;
- No responsibility for issues such as regional service delivery or the location of infrastructure or government functions;
- A small agency (the current budget is around \$97 million per annum in a State budget of well over \$20 billion; NSW Treasury 2001b);
- Often headed by a junior minister;
- Serving multiple ministers (since 1997);
- An ongoing industry sectoral focus;
- Ever growing responsibilities in a range of business-related functions, for example, small business and overseas trade;
- Largely responsible for administering programs;
- A leading role in attracting industry to Sydney linked to its State development role;
- Stability through marked staff continuity in many key areas, unlike the Commonwealth.

Many of the Department's functions have changed little since 1965. Unlike its equivalents in Canberra, regional development has not been linked with a variety of more senior departments. Some new functions have been added over the years, for example there was a growing focus on small business from the late 1970s (DDD 1977). The growing breadth of agency responsibilities that began with DIDD in the early 1980s has continued to the present. Regional development has generally been regarded as a high priority in the Department, although this has varied according to the political emphases of the day.

Assistance to regional firms has existed since 1966, and has changed little in many respects.⁹ There has been an ongoing focus on business. Creating a better business climate for New South Wales has therefore been a priority. The exclusive focus on business enterprises has meant that the Department has never had the broad reach of an agency like DURD. The Department has never had the capacity to pursue a holistic agenda. Nor has it ever had the policy role of DURD, becoming increasingly focused on delivering programs.

Despite the similarities between the Department of today and DDD in the 1960s, there are differences. One obvious difference in the current context has been the passing of the balanced development supporters, the champions of the early period such as Day and Butterfield. More important has been the recent absence of institutional support for balanced development. The Department simply has had no brief to address metropolitan primacy systematically. The Department is a champion of Sydney and of regional New South Wales, but does not see its role as being to alter the balance between the two.

The pursuit of investment and the “big end of town”, a key objective of the Department (see Chapter Eight), has effectively rendered null and void any likelihood of institutional support for any policy that would make Sydney less attractive to investors. The Department has been a strong supporter of the emerging global city status of Sydney. Indeed, it has been an active participant in helping to achieve it.

Regional policy development in the Department has been limited. Formerly the function was linked to the much larger program delivery area (being accorded half of one position), and more recently one position located separately from the program delivery area. The relatively infrequent policy statements (1989, 1994, 1998 and 2001) have not required substantial policy development. Hence the latter has tended to give way to purely ministerial support functions.¹⁰

In terms of balanced development, a pragmatic, program-driven department, with an extremely limited regional policy role and no powers to coordinate the activities of other agencies, only focused on business development and with a charter to grow

Sydney economic development through investment attraction, could not possibly be an effective institutional ally of balanced development.

Silos, Fragmentation and the Problem of Coordination

Coordination remains an ongoing issue for every government (Jenny Stewart 1991). This is despite the key coordination role of Cabinet and the presence of coordination agencies such as The Cabinet Office in New South Wales. The challenge is well summed up by Davis et al:

Executive decision making tends to be fragmented, ad hoc and sequential, while careful plans require long term commitment to objectives, understanding about what resources will be available, and agreement on priorities and timetables.

... Yet if decision making is often reactive and inevitably segmented, how can governments find collective directions, and so assert some policy coherence on a diffuse and divided public sector? (Davis et al 1993: 100).

Allison correctly characterises government decisions as the outcomes of “governmental politics” (Allison 1971; Hawker et al: 14). In other words, government decisions are not made by a single decision-maker, but reflect the arguments and organisational interests of disparate agencies.

Parkin has argued that what he regards as the fragmentation of the State bureaucracy has inhibited effective urban planning (Parkin 1982: 77). The same is true in relation to the capacity of governments, as presently constituted, to implement balanced development, or even to hear its message. Government agencies, with their current disparate responsibilities, are simply not programmed to “read” the balanced development message. For example, the absence of a coordinating department for regional development in either Sydney or Canberra has been a significant ongoing impediment to the achievement of balanced development. Other than the National Party’s (largely unnoticed) proposal at the 1999 New South Wales election for a Ministry for Regional New South Wales, there has never been any attempt to create an agency with coordination powers (National Party 1999).

As noted above, regional development is affected by all government portfolios and by many government decisions. While not all regional policy requires coordination to be successful, balanced development certainly would require a far more coordinated approach to regional policy across government than has existed in the period under review. For example, balanced development is as much about planning as it is about economic development. And its agenda would also require the agency (agencies) responsible for implementing it to be fully aware of the regional impacts of government decisions in a way that existing coordination by The Cabinet Office has not achieved. This has been coordination as political management rather than policy integration.¹¹

Agencies continue to exist as silos, and this is no more noticeable than when, as since the late 1990s, regional issues have come to the fore. Canberra's recent approach to regional development has been to, in effect, "let a hundred flowers bloom". Gerritsen has argued that in Canberra "... 'regional' has become a bureaucratic badge-word", with many agencies now involved in delivering a plethora of programs. Because of this, he argues, there is a lack of holistic understanding of regional development issues (Gerritsen in Pritchard and McManus 2000: 132).

The fragmented approach to regional policy existing in New South Wales, and in Canberra, has constituted another institutional barrier to the consideration by government of the balanced development agenda and its possible implementation. Whether balanced development would require a single agency to champion its interests across government, or whether the same objective could be achieved with an existing line agency such as DSRD is uncertain. However, there would need to be a radical change from the existing machinery of government in order for government to be able to "read" the balanced development message.

Are Government Institutions "Sydney-centric"?

The balanced development mindset has been infused with a lingering belief that governments favour development in Sydney, and that this has contributed to the growing unevenness in development over time. Some have suggested that it is

government policy to “cram people into Sydney” (CMA 1994a and 1994b). Tony Windsor has described planning policies as similar to a “feedlot” approach (quoted in Collits 2001: 6). Appendix C indicates that there has also been considerable resentment of “metro-centric” governments from the earliest times. If accurate, this would amount to another substantial barrier to having balanced development placed on the policy agenda. R S Parker has noted:

Historically, New South Wales administration reflected the geographical concentration of population, industry and political power in the Sydney metropolis.

... the physical spread of activities was generally not matched by delegation of decision-making authority from central head offices.

In terms of decision-making authority, New South Wales government through most of its history was as highly centralised as Australian state governments generally (Parker 1978: 291-92).

Metro-centrism is said to exist at a number of levels. For example, Chapter Five highlighted the claims by the CMA and others that governments favour Sydney routinely. It is also claimed that decisions made in Sydney are made in ignorance of regional conditions, either assuming that policies that benefit cities (competition policy) will also benefit regional areas, or that policies that are appropriate for Sydney apply equally to other areas. Finally, it is said that Sydney-based decision-makers simply ignore regional issues, that governments “do not listen”.

This view has been manifest in a number of specific claims – that governments focus on attracting footloose investment to Sydney (Roy Powell 1997); that capital works budgets heavily favour Sydney (aired, for example by Tony Windsor at the Wagga Wagga Country Summit in 1998); that planning policies routinely focus on metropolitan growth (CMA 1993: 125); and that the greater lobbying power of urban groups has resulted in more attention being paid by governments to Sydney (CMA 1993: 126; see also Chapter Seven).

In relation to capital works, the NSW Government’s view has been that capital works spending should be allocated to achieve its most productive use, rather than according to spatial criteria (NSW Government 1993). In this case it is often most likely that

capital spending will benefit the metropolitan area. It is questionable whether this amounts to “Sydney-centrism”, though such an approach only reinforces Sydney’s dominance. Similarly, metropolitan planning strategies have simply focused on regions that have been growing (DOP 1995a).

The key issue in relation to Sydney-centrism is whether government recognition of the benefits of Sydney’s growth for the State has led to governments “favouring” the city (as opposed to “benefiting” Sydney) or ignoring development opportunities in the non-metropolitan regions. It is unclear how such a charge would be sustained. Undoubtedly some of the State’s biggest investments occur in Sydney, some with active State Government support. This is not evidence of Sydney-centrism. Nor is the involvement of State agencies in this process evidence of Sydney-centrism. Arguably, it is rather recognition of Sydney’s critical role in generating wealth and economic activity.

While it is the case that Sydney’s electoral power clearly outweighs that of the country, it is difficult to identify the powerful Sydney interests that are said to have convinced governments to pursue a policy of “cramming more people into Sydney”.¹² Nor has it been satisfactorily established anywhere exactly how this extra lobbying power has been used to disadvantage the country. The argument about Sydney interests running government agendas, like more general claims about powerful interests keeping certain policy issues off the agendas of governments, is unproven and largely unprovable (see Davis et al 1993: 169-71). Yet the perception persists that this is indeed the case.

Even if a case could be made that governments were Sydney-centric, this would not necessarily prevent governments from considering the balanced development case. After all, a political culture focused on Sydney might be expected to be predisposed towards finding solutions to its growth problems. The balanced development solution has been seen to be dismissed on its merits (Chapter Five). Hence of the various arguments that institutional barriers diminish the receptiveness of governments to balanced development proposals, the charge of metro-centrism is among the weakest.

Public Policy Models and New South Wales Regional Policy-making

The utility of theories of the policy process derives from the extent to which they shed light on the regional policy process in New South Wales, and on the decline of balanced development. The analysis here suggests that regional policy in New South Wales conforms closely to elements of a number of the models outlined – the rational actor model, the incremental model, the satisficing (second best solutions) model, and the garbage can model.

On occasions, governments have attempted to approach regional policy in an analytical way (1989-90). And in developing responses to emerging problems, government has developed coherent analyses of the problems and has put in place strategies to deal with these problems. The approach adopted in the 2001 NSW Government's policy statement comes closest to this approach. Yet typically in Australia, regional policy objectives have not been clearly stated, and, on occasions, not known, by governments.

The incremental model has obvious appeal. The New South Wales regional policy process is characterised by pragmatic incrementalism. Policy is built on what has gone before; few programs are discarded; new programs are simply added. New ideas (such as regional competitive advantage, community economic development and regional leadership) are absorbed easily into existing policy and practice, almost seamlessly, and new programs are explained in terms of existing policy orthodoxies, which in turn are influenced by program development. The policy language of the 1990s and 2000s described in Chapter Seven has become part of a policy consensus shared by most States and the Commonwealth almost by osmosis. The Commonwealth pattern has differed from the incremental model in some ways, with the Coalition twice discarding its predecessors' approaches to regional development in dramatic fashion. Yet Anderson's recent embrace of community based regional development has very much drawn on existing States' practice and thinking.

The satisficing model also has relevance, as governments have sought to appease regional constituencies with announcements, initiatives, new programs, and the

development of a sense that “government is listening”. There are a number of examples of second best solutions designed to demonstrate government understanding of regional problems. The Commonwealth’s foray into regional development in the early 1990s, with a raft of inquiries, is further evidence of the satisficing approach. There was plenty of “colour and movement” but questionable outcomes (Hurley 1993; Sorensen 1994a; 1994b).

Other concepts from the public policy literature also shed light on the approach to regional policy in New South Wales. The concept of non-decisions has some appeal in relation to the rejection of balanced development, to the extent that governments have rejected balanced development without necessarily taking specific decisions to do so. This is the “too hard” basket, leaving “wicked problems” off the agenda. Yet the reason why most governments have rejected balanced development as a policy option largely relates to its inherent difficulties. There has not been a “conspiracy” of city interests in the manner suggested originally suggested by Bachrach and Baratz and pursued by some non-metropolitan advocates.

Theories of agenda setting are particularly pertinent here, for the clearest failure of the balanced development idea has been the inability of its chief proponents to make governments consider it seriously. Downs’ notion of the “issue attention cycle” in particular resonates with the more serious attempts by governments in the high tide period to address the issue of metropolitan primacy that had suddenly come into prominence despite many decades of previous discussion, only to fade again after the initial policy excitement. Downs captured the sense in which policy problems do not necessarily go away, but simply are overtaken by new problems and issues (see also Galbraith 1958).

The “garbage can” view of the policy process argued by Cohen et al (Cohen et al 1972) captures the largely unstructured nature of much regional policy development. Governments may or may not come to office with plans and policies, but events overtake intentions. Similarly, Simon’s notion of “programmed” and “non-programmed” decisions, too, is helpful in describing the distinction between the formal policy development process and the many “unscripted” decisions, such as the introduction of new programs or the many scattered announcements that are the lot of

regional development ministers, that help to make up regional policy (Corbett 1996: 62). This occurs in a way that non-programmed decisions take over from programmed decisions.

Models of the policy process are instructive in relation to regional policy in New South Wales, and help to describe aspects of the institutional processes that have kept balanced development off the policy agenda for nearly thirty years. Yet, equally, the regional policy process provides its own contribution to theories of public policy. Regional development is a unique sphere of public policy, dependent as it is on actions across the breadth of government portfolios, requiring coordination, demanding long-term policy commitment, and yet exposed to a range of influences of great complexity that limit the effectiveness of government policy actions, and indeed limit the capacity of governments to act at all. Regional policy, far more than most other areas of policy, is ill-placed to resolve the largely unresolvable issues with which it is faced, despite the high expectations and persistent pressure of advocacy groups, and is especially disadvantaged in pursuing its ambitious agendas by the nature of the policy and political process. Hence no existing explanation of the policy process is capable of fully encapsulating the peculiarities of regional policy.

Summary and Conclusions

This chapter has sought to place the decline of balanced development in the wider context of the policy process, in order to clarify further the causes of that decline. Further, the approach has been grounded in an analysis of theories of the policy process. A number of features of the policy process stand out in relation to the continued rejection of balanced development by governments. These exist at several levels. They result from characteristics of the individual institutions, the interaction of different institutional players, the nature of regional policy itself, and the growing pressures facing governments.

Regional policy making is fragmented, pragmatic, and politically focused. Problems are frequently placed in the “too hard” basket. Regional policy has been of peripheral interest to many governments. Blame-shifting occurs between levels of government

as a matter of course. The bureaucratic champions of balanced development found in earlier years departed the scene, and have been replaced by more politically attuned, program-driven, bureaucrats. The bureaucracy has become outcomes-focused, but focused on program outcomes rather than the achievement of big-picture policy objectives. More importantly, mission-focused agencies created to champion balanced development no longer exist. Balanced development no longer has institutional or individual champions within government and this has contributed to its demise as a policy objective. Many of these characteristics found to be central to the regional policy process in New South Wales would confirm the fears of balanced development supporters. However, there is much less evidence of systemic metro-centrism.

In some cases, the institutional actors themselves have changed in important ways since the high tide period. This helps to explain why there have been institutional barriers at work since 1975-76 which were either not present, or were more easily overcome, in the earlier period when balanced development held sway in government.

Many of these institutional hurdles are, in effect, barriers to all forms of regional policy, and not just balanced development. Yet the ambitious nature of the balanced development agenda, and the fact that it has offered such a fundamental challenge to existing policy thinking, have meant that the politically focused, pragmatic, diffuse and incremental regional policy process has created especially high hurdles for its protagonists.

It would be extremely difficult to build a constituency for balanced development within government in New South Wales today, unlike the position in the 1960s. The individual institutions of government, and the political and policy processes in which they are involved, have not been conducive to balanced development. Of course, this is partly to do with problems inherent in the idea of balanced development itself, outlined in Chapter Five, and the fact that so many of the external factors that influence policy have changed dramatically. Hence a purely structural interpretation of the decline of balanced development does not provide a complete explanation of policy change, just as the performance of the advocates of balanced development (Chapter Seven) does not tell the complete story.

Equally, there is truth in the argument that policy processes are at least partly the constructs of governments themselves, developed because they suit the purposes of institutional players. It may well be the case that governments have created institutional barriers to balanced development because they rejected the idea in the first place. On this plausible view, the fact that (for example) ministers for regional development are junior and part-time, approaches are pragmatic and incremental, and agencies are ill-equipped to deliver balanced development, is merely an inevitable outcome of the actions of governments not inclined to listen to the balanced development case anyway.

End Notes

1. A good example of this was Minister Egan's early decision not to change the name of the Main Street Program, on the grounds that the name was widely known in the community, despite the Department's wishes to do so.
2. It is noteworthy that in Paul Kelly's epic story of Australia's economy and politics in the 1980s, there is not one indexed reference to "regional", "regional policy" or "regional development" (Kelly 1992). While there are a range of reasons for this canvassed in this thesis, the changing nature of the ALP and the preoccupations of its leaders is quite important among them.
3. While the above characteristics of ministerial tenure are helpful in explaining the failure of governments to find favour with balanced development, there are a number of caveats. First, it is not just ministers with responsibility for regional development that influence balanced development. Balanced development would require a whole-of-government commitment, since most, if not all portfolio areas impact on the State's pattern of settlement and economic activity. For example, the planning portfolio is of particular importance. Second, there are important exceptions to the general rule that certain types of minister are less likely to be disposed to balanced development or able to implement it. For example, Uren was from Sydney yet embraced decentralisation as a policy objective, even if from a city perspective. Equally, a succession of country-based ministers have opposed balanced development. And Day was a minister in the portfolio for six years, yet was part of the Wran Government which presided over the abandonment of the growth centres. Third, there may be a confusion of cause and effect, in that junior ministers or ministers from the city are chosen to be ministers for regional development because governments don't place a high priority on regional development. Fourth, there are many institutional actors other than individual ministers involved in government decision making. As Weller and Grattan pointed out, ministerial influence is limited. Hence while having ministerial support for balanced development may be a necessary condition for implementing it, it is by no means a sufficient condition.
4. The recent attempts at cooperation instigated by the Commonwealth following the 1999 Regional Australia Summit have not always characterised the relationship. For example, in the early 1990s the creation of Commonwealth Regional Development Organisations (RDOs) caused considerable angst in some States where there were already existing similar bodies.
5. One of DURD's distinguishing features, one that it shared with DDD in New South Wales, was the genuine commitment of its staff to the agency's policy objectives. While in DURD's case there may have been a more direct identification with party political objectives than in DDD, the

common belief in, for example, decentralisation, within the agencies made the task of implementation easier for each government. On the DURD “style”, see Wilson in Scotton and Ferber 1978; Lloyd and Troy 1981; Whitlam 1985; Orchard 1999. Whitlam lamented of DURD that “... it never achieved the status intended for it. It was fought all along by the Treasury, and other Departments did their utmost to frustrate its co-ordinating role” (Whitlam 1985: 382). Michael Jones has referred to the fact that “... the philosophy of the Department of Urban and Regional Development from 1972-5 was an attempt to introduce planning into Australia on a scale never before attempted. It was more ambitious than the planning attempts of the Department of Post War Reconstruction (Michael Jones 1979: 300). It is unlikely, though, that the critics of DURD were largely motivated by opposition to balanced development as such, or even to specific programs designed to achieve balanced development. The critics within the Government feared DURD itself, and therefore sought to cut it down.

6. The picture on the cover of *Horizons* magazine in the 1970s with Minister Tim Bruxner and several DDD officials poised in running gear, wearing “Decentralisation Pays” T-shirts, featuring a map of New South Wales with arrows pointing away from Sydney towards country areas, captured vividly the Department’s sense of corporate mission.
7. The new managerialism has affected government in both Sydney and Canberra, and has been embraced by both sides of politics when in government. As Laffin points out, public sector reform in New South Wales occurred in two stages, in the 1970s then in the 1980s and 1990s. The first stage focused on improved accountability and political responsiveness. “The classic diagnosis and set of prescriptions are found in Wilenski’s (1977) report on the New South Wales public service; similar reports were produced by the Commonwealth Government and other state governments. This diagnosis emphasised political accountability and did not question the scope of government. Big government was a problem but it was an essentially benign condition that could be managed given effective organisational structures and planning techniques” (Laffin in Laffin and Painter 1995: 73). In contrast, Laffin argues that the 1980s and 1990s wave of bureaucratic reforms did question the scope of government “... and questioned the quality of its performance and outputs against those of the market. In some cases government was seen as needing major surgery such as privatisation and corporatisation ... Less radical surgery involved reorganisations intended to separate out ‘policy’ from ‘management’ functions and the introduction of ‘performance management’ intended to change the ‘culture’ of the public service and strengthen strategic planning capabilities” (Laffin in Laffin and Painter 1995: 73).
8. Successive departments with responsibility for regional development in New South Wales have been Decentralisation and Development (1965-78); Decentralisation (1978-80); Industrial Development and Decentralisation (1980-88); Business and Consumer Affairs (1988-91); State Development (1991-93); Business and Regional Development (1993-96); State and Regional Development (1996 onwards).
9. Thousands of firms have been granted assistance. For example, under the RBDS, 276 firms received assistance to 1995 (DSRD 1996: 5). Since 1995, 665 firms have received assistance (internal DSRD analysis). These are the kind of figures that gave rise to the debate over selective decentralisation in the late 1960s. Fuller had pointed out in 1971 at the National Development Conference that DDD had assisted 557 firms since 1965, involving 150 towns and creating 12 500 direct jobs (ACBD 1971: 2.4). Little has changed in some respects.
10. The author is located in this position.
11. The New South Wales fragmentation of regional policy contrasts with some other States. For example, South Australia has created an Office of Regional Development in an attempt to bridge the policy gaps across the agencies that have a policy interest in regional matters. Western Australia, while not following the South Australian example, did attempt a “whole of government” approach to the preparation of its regional policy statement in 1999. In contrast to recent New South Wales efforts, Western Australia also engaged in a public consultation process in the preparation of its policy. The phrase “whole-of-government” has worked its way into political and public service rhetoric over the last ten years, in New South Wales as much as in other jurisdictions, yet the harder task of reengineering agencies to more fully integrate policy making is still yet to be attempted. (Footnote: The temptation, of course, when pursuing a whole-of-

government approach to regional development, is simply to revert to platitudes about “sustainable development” involving some form of (normally unspecified) economic, social and environmental integration of principles that may be just as meaningless as previous appeals to balanced development. See Collits in Epps 1998).

12. There was a suggestion in 1995 during the deliberations of the Urban Strategy Group that business interests were concerned over the Premier’s comments that Sydney had grown too big (the author was present during these discussions). Certainly business interests have always been in the vanguard of the movement to maintain, even increase, immigration, and immigration is Sydney’s key growth driver. There is also a continuing business campaign to cut or eliminate payroll tax, and to ensure a strong business climate for Sydney. Commonwealth Minister Joe Hockey’s recent statements that Sydney could grow considerably in the future certainly were not opposed by the business community (Hockey 2001).

Synthesis and Conclusions

History is too untidy to be reduced to a series of turning points but a handful of events really do crystallise a profound shift in human affairs.

Ben Macintyre (2002)

Historians will still be debating these issues fifty years hence. Like the case of dinosaurs, there is no unchallengeable account of policy extinction – which is what makes the field interesting.

Christopher Hood (1994: 154)

Introduction

There have been profound changes in regional development policies in Australia and in New South Wales since the 1960s. While many observers regard the waxing and waning of government interest in regional policy as its most notable characteristic, the more interesting features of Australian regional policy over the period have been the changing direction of policy, the emergence of completely new policy objectives and the fact that policies have converged into a consensus across jurisdictions and political parties.

These changes require explanation, and serious explanation at that, not least for those regional communities which are struggling to survive and to grow, and whose leaders wonder why governments do not do more to help them.

This thesis has set out to answer some specific questions about regional policy in New South Wales since the mid-1960s. In particular, one of the key developments has been the abandonment by governments of the earlier attempts to address Sydney's dominance. A number of other developments have occurred, and the unfolding story of the decline of balanced development has shed considerable light on these. In addition, several broader observations can be made about the policy process in New South Wales, and more broadly about the power of ideas in the policy process.

Summary of the Argument

The thesis began with the perceived problem of metropolitan primacy and the idea of balanced development. Part One showed that balanced development has formed a distinctive and coherent response to Sydney's dominance of the State's population and economy, a mindset that is both deeply rooted in Australia's history and non-metropolitan culture, and a continuing presence in regional policy and country political debates.

From this definition of the regional problem and the response to it by regional groupings, the argument moved to the political responses of Australian governments. It transpired that while governments had long professed a desire for greater decentralisation up to the 1960s, there was general agreement that their efforts had been inadequate and ineffective.

The first key argument of the thesis was that balanced development was taken seriously by governments for a short time from 1965 to 1975-76. The actions taken by governments during this period were sufficiently different from the periods before and after to mark these years as significant for the pursuit of balanced development. In the years since, there has been a growing aversion to balanced development objectives on the part of governments that now can be seen readily to date from 1975-76. Despite this decline in interest on the part of governments (perhaps because of it), the strong support for balanced development has persisted to the present time.

The decline of balanced development as a policy objective was confirmed by evidence provided in the detailed analysis of regional policy in Part Two, and demonstrated in several ways. In some cases, governments withdrew from regional policy altogether. In other cases, governments simply said that they were abandoning balanced development, or no longer pursuing centralist, top-down agendas. Where regional policy remained on government agendas, spending was reduced; it was accorded a low priority in government, evidenced by the shuffling of the function among generally junior, part-time and short-term ministers and from agency to agency; the focus on non-metropolitan New South Wales was replaced by a region-

specific focus; other solutions to Sydney's growth problems were developed; specific decentralisation measures such as the growth centres and payroll tax concessions were abandoned; proposals for new decentralisation measures were ignored; new policy instruments were developed; and a new policy language emerged, based on "sustainable development" and "regional competitive advantage".

The second core argument of the thesis was that, just as the decline of balanced development was not marked by a single event, it was not due to a single cause, but several contributing causes, none of which on its own could satisfactorily explain the decline of balanced development. These were found to include serious difficulties with the idea of balanced development itself; the emergence of new regional problems as a result of changing regional conditions that overshadowed the old problem of metropolitan primacy; the advent of new regional policy ideas more relevant to the emerging problems; the ineffectiveness of interest groups supporting balanced development; the changing ideologies within government and changing policy priorities of governments that were in conflict with balanced development; and institutions and processes within government that were unsympathetic to balanced development.

The critiques and critics of balanced development have been plentiful, and, more importantly, have been influential in shaping the way governments and agencies have responded to the various attempts by balanced development supporters to influence policy.

While new regional policy ideas have become part of government thinking, this has only occurred because new approaches were needed to meet fundamentally changed regional circumstances. Other regional problems, often more pressing than metropolitan primacy, emerged as a result of recession and restructuring, causing governments to shorten their regional policy time horizons and to focus on specific regional problems. Balanced development, a far more esoteric problem without immediately apparent winners and losers, took a back seat. Hence both the confrontation of old ideas against new, and ideas meeting changed circumstances, played an important part in the decline of government interest in addressing metropolitan dominance.

Another aspect of the decline of balanced development related to the way the idea of balanced development has been promoted by its various champions. A feature of the 1960s period was the apparent effectiveness with which supporters of decentralisation, both within and outside government, pushed their agenda. However, since the end of the high tide period, support for balanced development has been confined to outside government. Yet the efforts of the main supporters have not been either sufficiently strategically focused or resourced over time to have an impact on already sceptical governments.

Finally, it was also necessary to look within government for possible explanations of policy change. First, there has been a fundamental change in the way governments have approached economic policy since the 1970s, clearly influenced by a deteriorating macro-economic environment and by globalisation, that is, by external forces, but also driven by the advent of a now fashionable smaller government agenda. Governments have lost faith generally in centralist solutions and have moved across a broad policy front to allow more market influence on economic outcomes. To some extent, balanced development has become caught up in this broader movement away from government-driven approaches.

Also, other policy priorities have moved up the agenda of most governments, both in Sydney and Canberra, and this has caused regional policy and balanced development to occupy a lesser policy status and a lower priority. At the national level, there has been, in turn, a greater focus on macro-economic management, industry policy and micro-economic reform. At State level, all jurisdictions, including New South Wales, have become caught up in competition for mobile investment. Capturing jobs for the jurisdiction as a whole, rather than particular areas, has become a priority. This has meant less emphasis on non-metropolitan regions. Hence, broad government policy priorities have “crowded out” balanced development from increasingly busy agendas.

Moreover, the regional policy process has become increasingly characterised by “pragmatic incrementalism” and subject to political influences not conducive to the kind of long-term commitment, planning and policy development required for balanced development.

Some of the key findings of the thesis are summarised in Box S.1.

Box S.1 Summary of Key Conclusions

- The idea of balanced development is an important thread running through regional development thinking in Australia;
- Balanced development has rarely been taken seriously by governments, and certainly not since the 1970s;
- Balanced development has faced an enormous range of obstacles since the high tide period – it is, in many ways, not surprising that the idea has waned under such sustained pressure and there is no shortage of possible explanations for its demise;
- Governments are reluctant to indicate their abandonment of balanced development publicly – this would be like rejecting motherhood in the eyes of many regional groups;
- The clearest sign that governments have (in fact) abandoned balanced development is in the adoption of alternate strategies to solve the urban and regional problems that balanced development was meant to solve – urban consolidation in the city and community-based (bottom up) approaches in non-metropolitan regions;
- The most obvious reason that governments have rejected balanced development is that decentralisation would never make any difference to Sydney’s growth rate or its urban problems;
- Yet the idea persists, particularly as a solution to regional under-development.

The Nature of the Explanation

Making sense of complex events and decisions over a nearly forty year period, let alone assigning responsibility for certain policy outcomes, has been a challenging task. This was particularly difficult since it involved analysis of the reasons why governments did not pursue certain policies, rather than simply identifying reasons why governments did take certain actions. The thesis has sought to provide an explanation of why a total of six governments in two jurisdictions and spanning the times in office of dozens of ministers and many combinations of agencies rejected balanced development. There is also the risk of “imposing” coherence and order on what are to some extent random (certainly complex and muddled) events in politics and policy-making (see Hawker et al 1979: 278).

The approach taken in the thesis has been to set out a number of possible explanations of policy change, and in turn to examine whether, and to what extent, each of these had explanatory power. Each chapter in Part Three approached the problem from a different angle, adding to the explanation of the decline of balanced development. Each could be seen as additional “layers”, or different “prisms” through which policy is able to be examined.

In seeking explanations for economic policy change in the 1980s, Hood found no satisfactory means of determining which explanation was most convincing (Hood 1994: 4), and I was keen to discover whether there was sufficient evidence to say categorically that one explanation of the decline of balanced development had more force than the others, or whether any of the possible explanations could be ruled out. An important question arising from this approach is how each of the explanations offered relates to the other explanations, in other words, how to “weight” different explanations is central to the task of the thesis.

The psychological motivations of regional policy-makers would make a fascinating study. However, the thesis has not attempted, nor could it reasonably be expected to undertake, an analysis of the motivations of the numerous policy-makers involved over a long period in the decline of balanced development. This is why the thesis has attempted, where possible, to verify statements of decision-makers by reference to actual government actions, and to seek as wide a range of explanations as possible.

Yet, there is also the question of the enormous breadth of types of explanations. How is it possible to compare the roles of individual ministers or bureaucrats in regional policy with, say, the impact of globalisation? Can the core exercise of the thesis be anything more than informed speculation, or “retrodiction” in Hood’s term (Hood 1994: 145)? Following Hood, could social science have reasonably predicted the demise of balanced development?

However, despite the difficulties involved, some tentative conclusions about causation are possible. The following analysis deals, in turn, with interconnecting explanations; the rejection of balanced development by particular governments; Commonwealth as

opposed to State governments' rejection of balanced development; immediate versus longer-term explanations; and ideas versus events.

Interconnecting Explanations

Part Three provided a thematic account of the decline of balanced development. It pulled apart the events since the 1960s and re-ordered them to fit a number of explanatory themes. Yet the explanations are interconnected.

For example, regional policy ideas fit within a broader context of government ideologies and approaches. The attitudes of government agencies reflect prevailing orthodoxies and institutional interests, as well as the structure of government. Some of the problems with the idea of balanced development are only problems because governments already have certain beliefs about the role of government. The ineffectiveness of balanced development interest groups largely reflects the appeal of the idea they have been trying to sell to governments.

More than this, it is clear that some explanations make sense only when seen in the context of others. For example, many new regional policy ideas can only be understood when examined in the context of the new regional problems. The adoption of region-specific approaches in response to region-specific problems is merely the most obvious example of this. Similarly, even though the power of neo-liberal ideas clearly appealed increasingly to governments in the 1980s and 1990s, economic rationalism can only be seen in the context of globalisation and of deteriorating macro-economic conditions that caused governments to re-evaluate the earlier, more interventionist approaches to economic policy. The latter included interventionist spatial policies like balanced development. And while institutional barriers to the adoption of balanced development, such as agencies or ministers with a limited regional policy focus, have restricted the capacity of governments to respond to balanced development ideas, these administrative structures themselves simply reflect the government's policy priorities.

Hence it follows that, in many cases, single explanations simply do not work. This has implications for the key question of whether some explanations are superior to others. If each explanation is merely part of a jigsaw, then it becomes even more difficult, perhaps impossible, to determine an ordering of explanations.

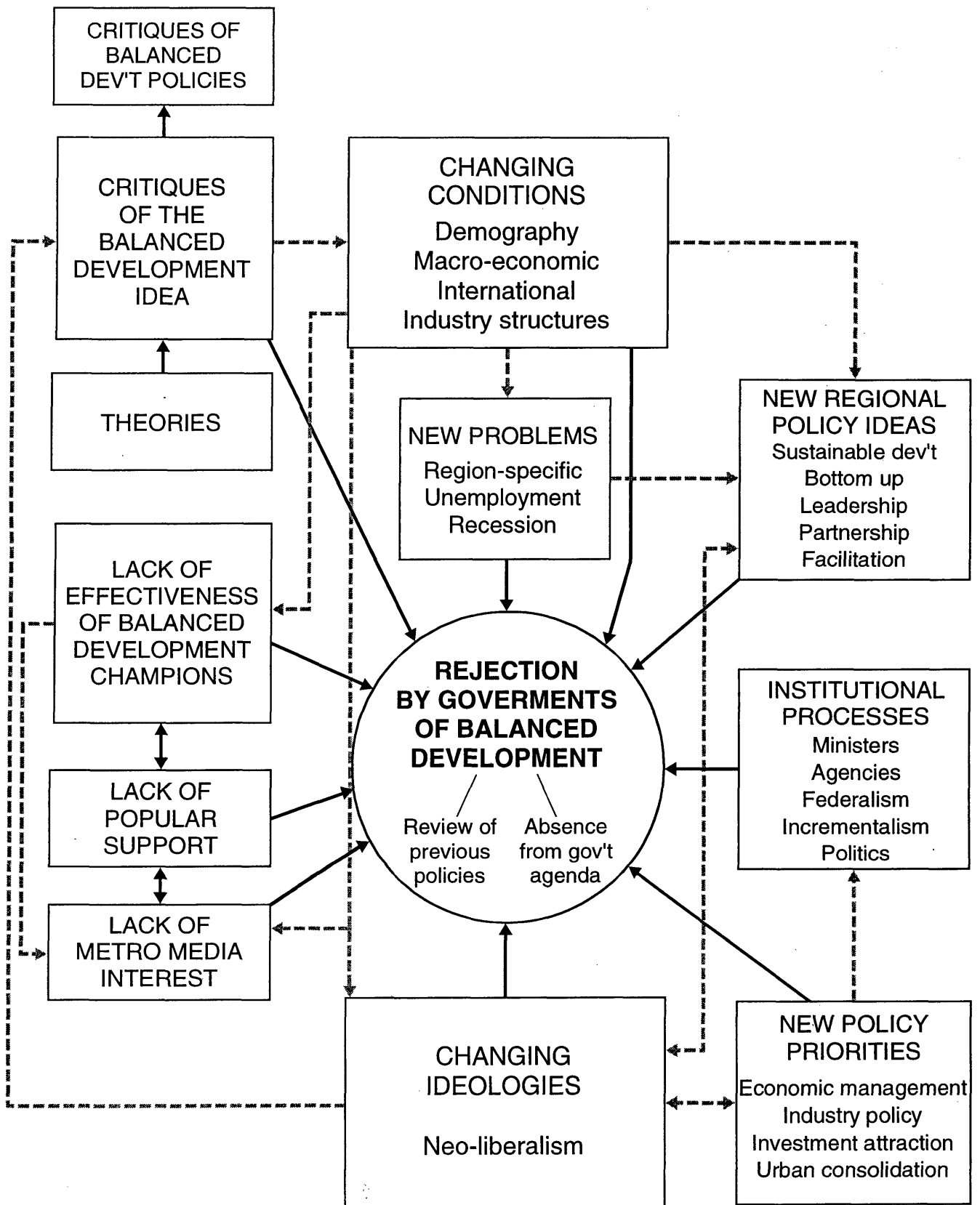
The Rejection of Balanced Development by Particular Governments

As part of ordering explanations for the rejection of balanced development, it is important to isolate why specific governments did not pursue balanced development, to determine whether the reasons that specific governments rejected balanced development were idiosyncratic or suggestive of broader trends. Not all the explanations identified in Part Three applied equally to every government.

A number of general points can be made. First, each government had a number of factors at work. Second, some factors, such as concerns over the cost of pursuing balanced development, and the general lack of appeal of balanced development to metropolitan voters, applied to all governments. Third, not all governments were confronted equally (and some not at all) by an articulated balanced development agenda. Hence, some governments did not consciously decide anything at all about balanced development, and the analysis necessarily rests on the reasons why balanced development remained off the policy agenda. Fourth, some governments had to deal with region-specific problems as a response to recession or industry restructuring. Regional conditions varied over time. Finally, as argued above, some governments rejected regional policy generally rather than balanced development specifically.

The principal factors at work for each government are set out in Boxes S.2 and S.3.

Figure S.1 Interconnecting Explanations of the Rejection by Governments of Balanced Development



Box S.2

Commonwealth Governments' Rejection of Balanced Development

Fraser:	Economic deterioration forced tighter fiscal policy Decline of the problem of metropolitan primacy (Borrie Report) Rejection of Whitlam/DURD approach Regional policy seen as a State issue – avoid duplication
Hawke/ Keating:	Focus on macro-economy Concentration on industry policy Neo-liberal philosophy View that past decentralisation policy had failed Focus on region-specific policies, regional competitive advantage, leadership Dealing with recessions Rejection of Whitlamite solutions
Howard:	Rejection of regional policy generally in response to public sector debt Regional policy viewed as a State issue – avoid duplication Focus on other regional priorities – service delivery

Box S.3

New South Wales Governments' Rejection of Balanced Development

Wran/ Unsworth:	New solutions to metropolitan problems – urban consolidation Other regional priorities – Hunter, Illawarra, Western Sydney Growing focus on State development (investment attraction) Problems with growth centre management Dealing with recession and restructuring Rejection of Whitlamite solutions
Greiner/ Fahey:	Neo-liberal philosophy Changed regional conditions View that past decentralisation policy failed Continuation of urban consolidation Focus on investment attraction
Carr:	Focus on other regional issues – service delivery Preoccupation with fiscal consolidation, debt reduction Focus on region-specific issues Continuation of urban consolidation Continued focus on investment/event attraction (Olympics)

Clearly, not all explanatory factors were relevant to each government in its thinking about balanced development issues, to the extent that these were present on the government's policy agenda, and those that were common to more than one government were not necessarily present in equal measure.

The later governments had additional reasons for seeking new approaches and dispensing with the old, assisted by the progressive introduction of new tools and new evidence of the shortcomings of balanced development. By the 1990s, there was new evidence available to government about the relative lack of worth of decentralisation incentives for businesses, about the role of existing businesses in growing regional jobs, about the role of regional leadership and about the role regional communities could play in their own economic welfare.

There was also a coherent new policy approach in regional development that had been built piece by piece since the 1980s. The Fraser and Wran Governments did not have the more fully formed regional policy framework that guided governments in the 1990s.

Hence the case against balanced development was building incrementally over time, and the reasons why governments rejected it were becoming more numerous and complex. It is also the case that governments were gradually developing a body of regional policy knowledge, evidenced most clearly in the work of the OLG in the 1980s and the more specific contributions of the BIE (1985 and 1994) and the Industry Commission (1993) in Canberra and the SCSD (1993, 1994a and b) in Sydney.

Sydney Versus Canberra

In some cases, governments abandoned regional policy as such rather than balanced development specifically. This particularly related to the Commonwealth, as NSW governments have had a continuous involvement in regional policy since 1965. The Commonwealth's close involvement in regional development has been the exception rather than the rule.

Different processes were at work at Commonwealth level, and so different explanations for the demise of balanced development are, to some extent, necessary. The model of pragmatic incrementalism found to be so apt in Chapter Nine for describing the State regional policy process is not so relevant for the Commonwealth, where there have been major breaks from previous regional policies and equally sudden reversals later.

Commonwealth governments extricated themselves from regional policy in 1976 and 1996. After the first removal of regional policy from the agenda, there was a gap of eighteen years before it reappeared on the political agenda. In the meantime, the whole debate over regional policy had changed, and new objectives had appeared which had little to do with balanced development. The latter was a distant memory as far as the Commonwealth Government and bureaucracy of the early 1990s were concerned. Similarly, State-based policies indicative of a move away from balanced development, such as investment attraction to Sydney and urban consolidation, were simply not part of the Commonwealth agenda.

On the other hand, there has also been considerable common thinking between State and Commonwealth governments, and in particular their agencies, in relation to balanced development. The new ideas in regional policy that have emerged over the past two decades, the focus on regional competitive advantage, the bottom up approach, the emphasis on partnerships, the emphasis on “local solutions to local problems”, have all been adopted in both Sydney and Canberra. Similarly, the recent emphasis on regional service delivery and access to a reasonable standard of living in both city and country, has been found equally strongly in both jurisdictions, despite different parties being in office.

Despite the common elements, however, a differentiation between factors at work at State and Commonwealth levels is clearly justified.

Immediate and Longer-term Explanations

Just as there can be obvious and hidden causes of policy change, similarly there have been both immediate (that is, close to the event under discussion) and longer-term explanatory factors at work in the decline of balanced development. Immediate explanations may explain specific events, such as the decision by a particular government to take a decision in relation to balanced development. However, no single event signalled the end of balanced development – its decline was gradual and long-term. The decline of balanced development reflected a general mindset within government.

There have been a small number of “stand-out” events in regional policy since the 1970s that may help explain the decline of balanced development, either as causes or as consequences of decisions by governments.

In New South Wales, one of the pivotal points was the 1988-89 review of regional policy. In 1989 the Greiner Government had announced the effective abolition of a substantial tax concession to non-metropolitan industries, and the introduction of the RBDS. In the context of the review, this was an important shift. The immediate cause of the change was the desire by the Greiner Government to find some funds for its proposed new major projects program, the SEDP. The funds were found from the abolition of the CIPTRS. Yet to explain the debunking of the old tax concessions program only in terms of immediate pragmatic concerns would be to discount the fact that the decision took place during a fundamental review of old decentralisation programs that followed the demise of the Bathurst-Orange Growth Centre. The Government’s discussion paper revealed a close knowledge of more distant events as the counter-urbanisation of the 1970s and 1980s and the recognition of region-specific policies noted by Carter in 1983. The Government had also taken into account the poor track record of the CIPTRS in reaching its decision.

At Commonwealth level, a key event was the 1999 Regional Australia Summit. This was another event at which balanced development was not on the agenda. An analysis of immediate explanations for this might refer to the views of Minister

Anderson or the Government's neo-liberal philosophy. Yet the driving philosophy of the Summit, strongly supported by the Minister, was the community-based approach that had first been introduced in Canberra through the CCP as far back as 1987, and had grown to become part of the new policy consensus, feeding into other elements of the new policy approach in the 1990s.

These examples show that longer-term influences should not be discounted. Nor should they be over-emphasised. It is not possible to conclude that, for example, the release of the Borrie Report in 1975 (showing a dramatically reduced likelihood of an urban crisis), influenced the Fahey Government's attitudes to decentralisation twenty years later (when Sydney's population was again growing quite strongly). Yet the Borrie Report was probably as influential as any other factor in the Fraser Government's thinking. Other, more immediate factors were at work in the 1990s.

A good example of the force of immediate policy drivers was the 1994 *Working Nation* policy's heavy reliance on the notion of regional leadership – indeed the whole regional strategy was built on this notion – which had only really come onto the regional policy agenda through the McKinsey report.

Some explanatory factors have had greater long-term influence than others. The decision by the Fraser Government in 1976 to abandon regional policy – driven by the Borrie findings, the new Government's abhorrence of DURD-style centralist planning and the need to cut government spending – in effect made it easier for subsequent governments not to re-enter the field. While the Hawke Government had its own reasons for treating regional policy as a low priority, viz macro-economic concerns, the fact that Fraser had ruled a line under the DURD period made it easier for Hawke.

Linking key events to a wider, changing context is critical. To focus on the immediate causes of events in order to explain them would be to ignore clearly important longer-term causes. This again emphasises the interconnectivity of explanations for the decline of balanced development.

Ideas, Ideology and the Impact of Events

Balanced development can be assessed against other regional policy ideas, or against new ideas about the role of government generally. However, new ideas do not appear in a vacuum. For example, elements of the new regional policy paradigm have emerged only in the context of new regional policy problems.

The principal battles of ideas affecting balanced development have been the confrontation between neo-liberalism and interventionism and between old-style regional policy ideas and the contemporary approaches described in Chapter Six. These two battles have taken place on very different stages, though there are some linkages between them.

It is the conventional wisdom that the forces of “small government” now hold sway (Fukuyama 1992). Clearly, recent supporters of balanced development have seen economic rationalism as their enemy. Yet the role of economic rationalism in the decline of balanced development may be overstated. Certainly, governments have implemented actions that have placed economic efficiency over notions of spatial equality.

But this is a manifestation of governments’ abandonment of balanced development, not an explanation of it. Governments did not abandon balanced development as an objective of policy simply because they had an increased faith in free markets. Rather, they had simply lost faith in intervention. Added to this are the many independent contributing factors discussed in Part Three that had very little, if anything at all, to do with neo-liberalism – demographic shifts and changed population projections, for example.

The adoption of neo-liberal philosophies by governments is merely one part of the jigsaw. It should not be accorded a special place in the ordering of explanations of the decline of balanced development, and, while important, does not, on its own, explain the decline of balanced development.

The battle of ideas in regional policy has been perhaps of greater importance than the “big canvas” debate over the role of government. Regional policy is a unique area of government concern, and has its own growing body of knowledge and complex theory. There has been a steady evolution of learning by governments about the way regional economies work at the same time that the complexity of those economies has been increasing. Equally, there has been a diminution of the capacity of governments to master this complexity in a manner that would allow the implementation of ambitious proposals like balanced development. While there are ideological elements in this process, arguably they are not necessarily paramount. New regional policy ideas largely emerged in the context of changed regional conditions and the need for governments to confront new regional problems.

While ideas have played a role in the decline of balanced development, in each of the battles of ideas, governments have faced new circumstances which they believed demanded new solutions. In neither case have the battles over ideas been a sufficient explanation of policy change. And the debates within regional policy have been more influential in regional policy terms than the ideological battles that have consumed political debate over at least two decades, though there are linkages between the two.

This analysis confirms that, while ideas have played a role in regional policy formulation, from growth poles in the 1960s to the bottom up approaches of today, the essential pragmatism of regional policy and its inherently political nature (outlined in Chapter Nine) have meant that abstract ideas provide only a limited explanation of changes in policy objectives.

Synthesis

Hence the task has been an ambitious one and a complex one – involving two jurisdictions, six governments, different political parties, many ministers and party leaders, reacting to different pressures from within and outside their governments, all superimposed on to a shifting policy environment, itself of great complexity.

Is it possible to rank the factors in order of influence? Or are the various explanations canvassed in the thesis simply co-equal pieces of the jigsaw? Part Three effectively ruled out a single explanation for the decline of balanced development. There were specific reasons why each argument, on its own, did not provide a complete explanation. The rejection of the idea of balanced development itself was not a sufficient explanation since the idea had not changed substantially since the high tide period when governments accepted the idea. Changing conditions and new problems were not conclusive because the old problem of metropolitan primacy did not go away; if anything, it worsened as new centralising forces increased the demand for corrective action by government. Blaming the champions was not totally persuasive since it is unlikely that better lobbying efforts would have persuaded governments who, by the 1990s certainly, were not listening to the message. In terms of the lack of popular appeal, it was discovered that even during the high tide period the idea had little popular appeal. Ideology was not sufficient because the embrace of neo-liberalism could be seen as a consequence, as much as a cause, of the decline of balanced development, and because regional policy has been more driven by its own internal policy debates as by broader battles of ideas. Similarly, conflicting policy priorities make regional policy seem less important, but of themselves they do not rule regional policies. The conclusion must be that each potential explanation of the decline of balanced development has its weaknesses and is therefore heavily contingent upon other explanations.

Equally, the above analysis suggests that the factors affecting Commonwealth governments differed from State governments, and that there was a mix of short-term and long-term explanations at work, affecting different governments differently. Hence the tendency of some governments to reject balanced development was stronger in some governments than others, for specific reasons. Yet balanced development has been rejected by all governments since 1975-76. There was always at least some reason for each government either to reject balanced development or to not consider it.

Certainly some events stand out, and some explanations (and classes of explanation) are more readily identifiable as important than others. Some of the key events marking the decline of balanced development are set out in Box S.4.

Box S.4 Marker Events in the Decline of Balanced Development

Year	Event	Government	Significance
1975	Borrie Report	Fraser/Wran	New set of population projections, new perception of the problem
1975	Election of Fraser Government	Fraser	Overturning of key Whitlam programs and DURD
1976-81	Counter-urbanisation	Fraser/Wran	Undermined fears of future metropolitan growth
1978-80	End of DDD	Wran	Restructuring of balanced development champion agency
1978-81	Decreasing electoral reliance on winning country seats	Wran	Took away political rationale for decentralisation
1970s-on	Industry restructuring	Various	Affected basic industries underpinning the balanced development approach; strengthened primacy
1981	Adoption of urban consolidation	Wran	New solution to Sydney's growth problems
1981-83	Recession	Fraser, Hawke, Wran	New policy priorities
1980s	Better regional information	Various	Highlighted new problems
1983	Dollar float	Hawke	Far-reaching policy and economic impacts
1982-85	End of Bathurst-Orange Growth Centre	Wran	Symbolic end to selective decentralisation
1986-on	Introduction of community-based programs	Various	Fundamentally new bottom up approach
Late 1980s	Greater investment attraction efforts by States	Wran, Unsworth, Greiner	Increased policy focus on Sydney as a global city
1988	Metropolitan Planning Strategy released	Greiner	Abandonment of decentralisation as a means of addressing Sydney's growth issues
1989	End of CIPTRS	Greiner	Key tool for decentralisation abandoned

Year	Event	Government	Significance
1989	Regional Development Discussion Paper released	Greiner	New approach and objectives revealed
1990-92	Recession	Hawke, Keating Greiner	Regionalisation of regional problems
1994	McKinsey Report released	Keating	Fostered new policy approaches
1994	Non-response to CMA Strategy	Fahey	Reinforced government objections to balanced development
1994	Rejection of Windsor Bill	Fahey	Rejection of key balanced development proposal
1996-on	Focus on regional services	Howard, Carr	Government understanding of the new regional problem
1999	Regional Australia Summit	Howard	Entrenchment of the bottom up approach

These were each important developments in their way, and this list is by no means exhaustive. Yet the analysis above demonstrated that “unseen” factors were important too. And, clearly, some issues were “government-specific”. There is no way of determining whether actions by the Fraser Government were more significant for the demise of balanced development, than say the Greiner Government, or whether a single, decisive action like the Greiner Government’s 1990 formal rejection of decentralisation as a policy objective was more telling than the Hawke Government’s long non-involvement in regional policy generally.

What of classes of explanations along the lines of the division in Part Three – is it possible to say that ideologies were more important than regional policy ideas, or that government structures were more decisive than flaws in the balanced development argument? Is it the case that taking one explanation out of the equation would have meant that balanced development might have survived?

Again, there is no clear means of ranking the explanations in order or of determining which were the more critical issues. The best that can be achieved is to identify which factors were more important for individual ministers or governments (see above). Hence the analogy of the jigsaw has considerable appeal, in view of the sheer number of factors involved in the explanation, the fact that there remains substantial

uncertainty about the precise influence of particular factors, and the fact that the rejection of balanced development was a moving feast over time.

The high tide period demonstrated the way in which factors working in concert can lead to policy change – ideas, economic conditions, interests, policy making institutions and processes all moved into alignment, and the outcome was that metropolitan primacy came on to the policy agenda, and found governments willing to attempt to resolve it. In the period of decline, again it was the combination of events and trends that slowly but surely built a mindset within government averse to balanced development.

Broader Issues Raised

As well as attempting to explain the fate of balanced development, the thesis has raised many broader issues, including the nature of the regional policy process, how policy change occurs, and the role of ideas in public policy formulation.

Regional Development and the Policy Process

Regional policy is not neat and tidy. Whether it be in problem definition; the fit of regional policy with other areas of government interest; the way individual governments approach regional development; the manner in which problems change; the way region-specific issues emerge and fit with broader regional development concerns; the impact of apparently unrelated policies that shape regional development outcomes; the very way governments reach decisions about regional development; regional policy reflects an extraordinary array of influences.

Regional policy is unique among areas of public policy. Yet the public policy literature still provides a rich source of explanatory theory of policy processes. What it does not do is to provide an all-embracing theory which offers a definitive answer to policy change generally, or to the decline of balanced development in particular. The best that the policy sciences offer is a guide to the formulation of research

questions, and that is how the various models and theories of policy have been used here.

The rational actor model does not describe adequately how the regional policy process has worked in New South Wales because it is incomplete. Setting aside the question of whether governments can ever have full information about policy problems, they can make “rational” decisions, that is, based on an analysis of problems and possible solutions. But while the pure rational actor model may describe how individual decisions may have been made, or may contribute to an explanation of how decisions have been made, it cannot account for the way the policy process as a whole has operated.

As indicated earlier, other models had been developed to modify the rational actor model. Of these, the satisficing model and disjointed incrementalism are the most helpful in describing both the regional policy process in New South Wales and the way balanced development has slipped off the policy agendas of governments since 1975-76.

The notion of satisficing, of selecting second-best but still workable solutions, has considerable appeal (Simon 1957). The reality of government decision-making has been captured by the fictional Sir Humphrey Appleby, who contrasted “solving the problem” from “trying to solve the problem” or, worse, merely “making it look as though you are solving the problem”, or worse still, “making it look as though you are trying to solve the problem”. Such a description, which describes to an extent the satisficing model, sums up many government decisions and their motivations.

Regional policy in particular lends itself to satisficing. Governments, especially at State level, know that they cannot solve all regional problems. They can try to help businesses and communities and regions and industries in regions, but they cannot guarantee to achieve certain outcomes.

There is a widespread tendency among regional policy observers to characterise the efforts of Australian governments in regional development as half-hearted and cynical. Equally, though, governments have been grappling with difficult, complex

and unyielding problems armed only with some of the tools to solve them. Satisficing solutions may be the best that governments can reasonably be expected to do.

The theory of disjointed incrementalism, of “muddling through” (Lindblom 1959; 1965) also provides a particularly insightful and accurate description of the public policy process. I have termed the process in regional policy in New South Wales “pragmatic incrementalism”, recognising the peculiar opportunities for maximising political capital from regional development, the very basic concerns of State governments and their relative lack of resources for tackling large issues.

This pragmatism has been combined with a tendency merely to build on what has gone before. There has generally been a tendency not to dispense with the programs of previous governments. The only decisive break with past policy came in 1989-90, and only since 1990, looking back, has this break appeared decisive. Even the ending of the growth centres policy took nearly ten years. Governments at State level obviously see regional policy as something that they all simply “do”, like investment attraction.

The incrementalism does not just apply to governments. Agencies responsible for regional policy have all developed a suite of programs and approaches. The evolving mix of business agency activities is therefore similar across all States and Territories – overseas trade, small business assistance, interaction with industry, large project and events attraction, and regional development. New governments have generally not interfered with the mix, and most see value in the wide range of activities. But more than this, agencies have developed over time the approaches to policy outlined in Chapter Six. This too has been marked by pragmatic incrementalism, with ideas mixing with problem solving and the bidding for more resources to create new programs, which in turn has informed policy objectives. The new regional policy consensus has taken at least twenty years to evolve.

Policy Change and Policy Learning

No single model of public policy, agenda setting or decision-making, fits exactly the decline of balanced development. Each of the models contributes to the understanding of regional policy change. Above all, the regional policy process is marked by complexity, pragmatism, a focus on the particular (problem), and the overlay of politics.

There is a strong argument that suggests that the regional policy process has also been a learning experience for Australian and NSW governments over the last thirty years. It has not just been about “muddling through”. Governments and their advisers now have access to better, more disaggregated data, the experience of past policies, like decentralisation, more readily available information on overseas practices, and generally a far more sophisticated body of regional development knowledge. Experience and new ideas have progressively informed governments about what is possible, what is not possible, and what impacts regional policies have.

Hence regional policy processes exhibit a tension between pure pragmatism and rational learning from experience. The latter has itself been an incremental process. But incrementalism has not prevented important policy changes from happening over time.

The Role of Ideas in Policy-making

A number of writers have explored the relationship of ideas to policy, from Keynes to more recent observers such as Michael Keating (King and Lloyd 1993), Whitwell (Stephen Bell and Head 1994), Hood (1994) and Painter (1996). Much of the focus has been on the power of economic rationalism and its constituent elements in shaping recent economic decision-making. The writers have reached varying conclusions.

Ideas have been a central theme in the thesis. The idea of balanced development has been shown to have been a powerful uniting force in regional advocacy. The idea of

balanced development has also had to confront challenging new regional policy ideas and new, larger economic ideas (neo-liberalism) since the high tide period. Ideas have been juxtaposed with other ideas; ideas have also been examined in relation to interests, institutions and events. The interactions have been quite complex, although Galbraith's conclusion noted in Chapter Six has considerable merit. Ideas alone do not rule policy-making, and the whole notion of an idea "whose time has come" suggests that circumstances mould the use of ideas in politics and policy. The case of the decline of balanced development is a good example of this. While the linkages between ideas and events, interests and institutions are complex, they have also been shown in this thesis to be strong.

Painter has argued that ideas might be accorded too much analytical power (Painter 1996). Cliff Walsh has suggested that ideas might be rationalisations for governments after the event of policy change, that governments, in effect, "stumble upon" policy change (quoted in Painter 1996: 296). These conclusions sit easily with the findings of the thesis, which has argued that few NSW or Australian governments have set out systematically to overturn regional policy objectives. Yet this has been the outcome.

Ideas can be useful as communication tools, to give coherence and meaning to actions taken, to use as weapons against political foes, or to rally supporters. Ideas can also blend easily into rhetoric. This has been the fate of "economic rationalism", and has certainly been the case with balanced development. Ideas can also be re-shaped by institutional actors or policy communities to suit particular objectives. New regional policy ideas such as "leadership", "sustainable development" and "regional competitive advantage" have become part of the policy consensus, and have themselves been re-shaped in the process.

Battles of ideas do matter; they are the stuff of politics. But the practicalities of governing, of "satisficing" voters and coalitions of interests, or making decisions about difficult and often unforeseen problems, ultimately determine actions. Ideas must be able to solve problems to be useful to policy-makers, and certainly to be useful to politicians (Whitwell in Stephen Bell and Head 1994; Painter 1996). For example, as new regional problems arose in the 1980s, balanced development became less useful as a solution, and began to make less sense.

There can be very prosaic reasons for policy change, and they do not necessarily include lofty ideals. Moreover, acceptance of the incremental model, particularly the pragmatic incrementalism of New South Wales politics, suggests a very limited role for ideas in the day-to-day considerations of government. Ideas are therefore central to politics, but do not provide a satisfactory explanation of decision-making.

The Project and the Approach

The aim of the thesis – to explain why no government has adopted balanced development as a serious policy objective since 1975-76 – has justified the adoption of a “helicopter view” approach to the task, particularly in Part Three. The thesis is less interested in why minister “x” in year “y” made decision “z” about regional policy, but rather in why no minister or political leader over twenty-five years felt the urge to champion balanced development, and why no government has taken up the challenge.

Hence the focus has been on longer-term, “big canvas” issues, on trends within government and in the economy and society, and not just on individual decisions and events. For example, the purpose of providing the detailed account of regional policy developments in Part Two was largely to establish clearly the extent to which governments had moved away from a commitment to balanced development, and to provide a factual basis for the analysis in Part Three.

Because of the focus on long-term trends and the “big canvas”, I have therefore deliberately not felt it necessary to interview a large number of decision-makers. In a work of the magnitude of this thesis, such attention to detail has not been possible, nor would it be desirable. Analysing individual decisions has generally been of instrumental value.

The diminution in significance of individual decisions and decision-makers in this thesis also reflects the fact that the thesis is about why decisions were not made, rather than why they were made, about why balanced development was not on government

agendas. Hence analysing government decisions is only part of the process of explanation in this case.

Close involvement in the regional policy process over ten years has also helped to shape the research task, and the style of the thesis. Direct involvement in, or close proximity to, policy decisions has both provided access to information and policy motivations, and placed constraints on what matters may be revealed publicly. On the other hand, my involvement has also meant less reliance on interviewing decision-makers than would be necessary for an “outsider”.

Presentation of the findings of the thesis posed challenges. For example, the thematic approach to explanation was only one way of doing the analysis, and lent itself to two potential problems. First, it was a challenge to avoid repetition, since the same events or trends have held significance for the explanation in a number of different ways. Second, it was somewhat artificial to “unpack” and separate the various, clearly linked, explanations. Yet there were merits to the approach which outweighed the disadvantages. In particular, it allowed comprehensive analysis and ensured that the detail of specific governments or events did not become the master of the overall story. It also allowed me to set the particular problem – how governments view metropolitan primacy – in a wide range of relevant contexts. It demonstrated clearly how many contexts regional policy fits within, and this is an important conclusion.

As well, I readily acknowledge my own values. The story of balanced development told here was only one way of approaching the task. There are others. There are also other frameworks within which the project could have been undertaken. The approach taken here has been sceptical of government’s capacity to solve economic development problems. An observer more inclined to believe in the capacity of government might have found the arguments of critics identified in Chapter Five less plausible than I did. Others may also find the problem of Sydney’s primacy more urgent than I do. Yet I contend that these values have not prevented me from telling a story faithful to the facts as they are known to me, nor from interpreting these known facts objectively. Most of all, I did not, and do not, dismiss lightly the sincerely held views of those who believe passionately in balanced development.

Contribution of the Thesis

This thesis has attempted to make an informed and informative, original and perceptive contribution to the knowledge of governments, of regional development practitioners, of academics, and, not least, of supporters of balanced development, about how regional policy is made in New South Wales and Australia, about which factors influence and constrain governments in formulating regional policy, and about how much governments can achieve in regional development.

It is therefore about much more than balanced development. Studying the decline of balanced development demonstrates a great deal about regional policy in Australia, and allows an analysis of the extraordinary range of factors that have an impact on policy formulation in this field.

The originality of the thesis lies in its conception and portrayal of the regional problem in New South Wales; in its discovery of the significance of the notion of balanced development in regional affairs in this State; in its linking of the notion of balanced development to the evolving regional policy story; in the breadth and depth of its coverage of the issues germane to the fate of balanced development; and in its recognition of the fact that regional policy itself takes place only in a wider (and constantly changing) policy and political context. Both the framework for considering these issues and the detail of the account is original in the Australian regional development literature. The thesis also, at least partially, fills an unfortunate and persistent gap in the study of public policy in New South Wales, and seeks to contribute to an understanding of policy processes generally.

Ultimately, the success of this enterprise rests on how well it has rendered the complexity of the issues under consideration in a coherent, logical, balanced and interesting way, and how well it has mastered the linkages present at so many levels – between specific events and long-term trends, between participants and context, between cause and consequence, and between abstract ideas and policy outcomes.

Inevitably in a project of these dimensions, there have been omissions. At least some matters that deserved greater scrutiny dealt with only cursorily. This has, to some extent, been unavoidable in view of the style of the thesis, which (quite intentionally) has provided a “helicopter view” of many events of considerable complexity. Herein lie opportunities for further research. One clear example relates to the persistence of the idea of balanced development as a unifying ideal among regional communities in the face of continued government indifference. The survival of an idea so fundamentally undermined by events, institutions and new ideas requires explanation.

Another theme of the thesis deserving more detailed analysis is the notion of policy development in complex environments. The uniqueness of regional policy has been noted. However, the argument about complexity has been developed in the context of the decline of balanced development. The notion of complex policy systems could be examined further.

Third, the thesis suggests the notion of policy development as a learning process, in which policy ideas and programs are tested and evaluated over time. In the case of balanced development, governments have gradually, through a mix of pragmatic incrementalism and rational policy review, added new elements to their policy approach and jettisoned concepts thought to be outmoded. Far more could have been written here about how the new elements of the policy consensus have come to be adopted by governments. The notion of policy learning is an area requiring more detailed investigation.

The Fate of Balanced Development

What of the future of balanced development?

Balanced development still has undoubted, simplistic appeal to non-metropolitan communities and regions and their leaders. At first glance, evening up the population shares and the economies of metropolitan and non-metropolitan Australia seems such a logical thing to attempt. And regional leaders and interest groups such as the CMA are not likely to give up lightly the belief that Sydney “gets it all”.

The balanced development debate underscores the fact that there continue to be two, essentially contradictory, views of regional Australia, two views of the processes driving regional growth, and two ways of conceiving the proper role of government in addressing regional development issues.

One view sees regional Australia as differentiated and certainly not in universal decline. It sees regional development drivers as complex and subject to an enormous range of forces, many of which determine where industry and businesses locate, and few of which are subject to government fiat. On this view, government intervention should be selective and should seek to “make a difference”, while not prejudicing the market. Inherent to this argument, though generally unstated, is the view that not all regions will prosper.

The other view see regional Australia as facing a “crisis”, with many parts in terminal decline. This situation is said to be unacceptable, caused by government actions and inaction, and requiring substantial and direct government intervention. Such government intervention is, on this view, capable of turning around the declining fortunes of regions, even if at great cost to the taxpayer, provided the right “incentives” are in place for industry to relocate or expand. Inherent in this argument is the view that all (or at least most) regions should prosper.

Most governments currently subscribe to the former view.

The differential impact of change, with the co-existence of booming regions and declining regions, as well as suggesting certain kinds of policy responses, has given rise to two distinct regional responses and mindsets.

Regional Australia, regional businesses and regional interest groups seem to divide into those who see a positive future for regions, are active in driving their local economies and are involved in their communities, and those who see decline all around them and generally blame governments for it. The former do not shun government help, nor do they rely on it. They see opportunities in globalisation, and believe that many regional communities can prosper in the future. They understand

the complexity of regional development. They are likely to hold non-traditional, community based leadership positions. Their focus is generally not on the relationship between their own community and the remote capital city. They probably do not think much about the role of government in regional development, other than to apply for grants under government programs.

The latter tend to look for top down solutions, see State and/or Commonwealth government inaction (lack of “leadership”) as part of the cause of regional problems, and tend to look first to a central government for help rather than to within their own community. Political action is more likely to come from this group, as are solutions such as enterprise zones and payroll tax concessions. Their membership, it is safe to say, is more likely to come from traditional community leaders, for example from local government. They think often about the role of government in regional development. There is a strong focus within this group on the relationship between the capital city and the “bush”.

This may be seen as an over-simplification. There are many regional communities and leaders who are active in local development and positive about their futures, but who would still like to see far more government intervention. However, the bifurcation of views does exist, and sometimes it is difficult to see if members of the two groups are really talking about the same regional Australia.

On the analysis contained in this thesis, it is difficult to see the future of balanced development, either its actual achievement or its take up by governments, as anything but bleak.