

Chapter Seven

Champions, Interest Groups and Popular Support for Balanced Development

Membership of one or more interest groups and social movements is, next to voting, perhaps the most common form of political participation in Australia. These organisations occur at many levels – local, state and national – with wide variations in membership, economic resources, governance and management arrangements, coordinating capacities and campaigning skills.

Ian Marsh (in M Keating et al 2000: 179)

A problem only exists when significant interests and individuals agree present circumstances are unacceptable. Most issues presented to government fail to find a sponsor. It usually requires a coalition of voices within and outside government to raise an issue to a problem requiring an authoritative response. ... Even with agreement on the nature of a problem, policy makers prefer issues that offer plausible solutions. Some intractable problems cannot be avoided, but it is easier to sell a topic to cabinet where resolution seems possible. Few politicians are drawn to issues promising certain failure.

Bridgman and Davis (1998: 36)

Introduction

The previous chapter examined the way conceptions of the “regional problem” have shifted as a result of changed objective conditions, and the impact that this had on regional policy and on the pursuit of balanced development. It has been argued that, while a new set of regional policy ideas and problems clearly emerged in the 1980s and 1990s in Australia that undermined the notion of balanced development, this explanation, by itself, is insufficient to explain its eclipse as a policy objective. Hence further explanation is required.

The final three chapters turn the focus on to the policy process and its main participants. This chapter examines the role played by interest groups and advocates of the idea of balanced development, in order to establish whether there has been a sustained and effective case placed before governments.

This chapter assumes that democratic politics are influenced by the interplay of interest groups, and that the shape of any government's agenda, as well as individual policy decisions and non-decisions, at least in part, reflect the effectiveness of interest groups. To this extent it draws upon the pluralist, corporatist and public choice theories of public policy which, in different ways, emphasise the role of "pressure" groups in shaping policy outcomes and the formation of coalitions of interests by governments (Tullock and Buchanan 1962; Lindblom 1968; Olson 1971; Cobb and Elder 1972; Roger Scott 1980; Stephen Bell and Head 1994; Howlett and Ramesh 1995).

Perhaps the low and declining level of acceptance of balanced development as a regional policy objective can be, at least partly, explained specifically by the lack of success of the interest groups in their support of balanced development. The pluralist and public choice theories also emphasise the importance of electoral politics. Hence this chapter also focuses on the degree to which balanced development and regional policy more generally have captured the imagination of voters and the media. The apparent lack of interest of most voters in the issue may assist in explaining the relative decline of balanced development as a policy objective.

The central arguments of this chapter are that:

- Interest group activity is a central part of the agenda setting process in New South Wales and Australia, and there are a number of clearly definable criteria for interest group success;
- The high tide period for balanced development was marked by a cohesive and effective group of actors supporting balanced development;
- Balanced development advocates since the 1970s have been singularly unsuccessful in their efforts either to ignite public opinion or to persuade governments to address metropolitan primacy;
- This is in contrast to the success of those regional advocacy groups (some of whom also support balanced development) who have succeeded in getting the related issue of the "city-country divide" on to the policy agenda and persuading

governments to increase substantially their attention to questions such as regional service delivery;

- The lack of success has partly reflected a lack of strategic focus among balanced development supporters;
- In the end, however, the lack of success of balanced development advocates has also been a function of the lack of attractiveness of the idea they were trying to sell (Chapter Five) and difficult, complex and changing regional conditions (Chapter Six);
- Hence blaming the failure of balanced development on its supporters alone cannot provide a complete explanation of its decline.

Balanced development champions should have been helped by the fact that electoral attention and political priorities have focused on non-metropolitan interests and issues at times since the high tide period. The regional agenda has been a “top of the mind” issue for politicians and policy-makers. Hence it might be expected that, in these times, balanced development supporters would have a reasonable chance of capturing the attention of governments.

Interest Groups, Regional Advocacy and Balanced Development

There are many different kinds of interest groups, for example, sectional groups and promotional groups, closed and open groups and “insider” and “outsider” groups (Matthews in Smith and Watson 1989: 211; see also Roger Scott 1980; Warhurst in Hede and Prasser 1993; Marsh in Michael Keating 2000). Some groups defend existing policies or programs, while others are simply trying to have an issue placed on the policy agenda (Kingdon 1984: 71). Arguably, the latter type of interest group has a far harder task. As well, interest group activity is increasing in breadth and intensity, placing extra stresses on governments and on existing groups (Marsh in Michael Keating 2000: 178). Interest groups use a variety of tools to achieve policy change or policy maintenance. These include attracting the attention of the media, direct approaches to governments or ministers, staging public events, commissioning academic reports or expert analyses, and forming coalitions of support with other

interest groups or bureaucrats. Group methods often reveal a high level of sophistication and subtlety.

There are a large number of regional advocacy groups. Around 180 organisations were represented at the 1998 Country Summit, for example (Country Summit 1998b). These included representatives of geographic regions, producer groups, and groups representing various causes. Some of these, but by no means all of them, have supported balanced development. For many of the groups, however, support for balanced development is very much a non-core, part-time commitment, and they are largely focused on other issues. This might even be said of the CMA, the strongest supporter of balanced development. The principal shared interest of CMA member councils is local government, not regional development.

For many country-based organisations, the central issue has not been metropolitan primacy as such, but rather simply obtaining what they would see as the country's "fair share" of the State's resources, for example government spending on public works. Much of the focus of these groups has been on quality of life and on regional services, specifically on access issues in relation to health, education, policing and other services. While the groups supporting these issues are likely to understand the connections between the lack of services and economic under-development, their focus has been on the former rather than the latter. And, unlike supporters of balanced development during the post-high tide period, they have been apparently successful both in focusing the attention of governments on these issues, and in achieving specific policy wins. Seemingly, at the same time that the power of country voters at the ballot box has risen (as noted in relation to "RaRAism" in Chapter Five), the influence of balanced development supporters has waned. (Although, as Matthews has pointed out, inferring interest group success from a "policy win" is not necessarily justified. Factors other than pressure from interest groups may explain particular outcomes; Matthews in Smith and Watson 1989: 221).

It is also the case that the many regional advocacy groups often have divergent, even conflicting, interests, or simply different agendas. These include groups with different views on environment protection, the representatives of smaller towns versus those of larger regional centres, coastal groups and inland communities, and the

various representatives of different primary producers (Sorensen in Stephen Bell forthcoming). This is in addition to the plethora of “meso” level regional promotional organisations referred to in Chapter Six, competing for government attention and funding. To an extent, both the balanced development groups and the Country Summit Alliance have sought, relatively successfully, to unite the various interests in an attempt to focus on city versus country issues, blurring distinctions among the groups and burying differences in the process.

Any interest group faces competition from other interest groups, although groups also cooperate from time to time in coalitions. Interest groups face two forms of opposition from other groups. The first is the direct opposition of those who have a different view of the issue raised by the group. The second, indirect form of opposition is that of groups simply promoting other areas of policy to government, the media or the public. A crowded policy agenda has only a finite space for political consideration. Marsh has noted the sheer weight of interest group activity in contemporary Australia (Marsh in Michael Keating et al 2000).

Explaining policy change is partly a matter of examining changing interest group dynamics. According to Hood:

If policy reflects the successful exercise of power by some groups over others, a reversal of policy must presumably be explained by changing dynamics of interests – such as the formation of new coalitions of forces or the mobilization of previously unorganized groups (Hood 1994: 7).

There are several ways to consider the influence of group politics on regional policy in New South Wales. Following Hood, perhaps the relative weakness of balanced development post-1975-76 simply reflects the fragmentation of the coalition of interests that previously had supported the idea. Or perhaps interest groups concerned with other policy areas, for example manufacturers and others promoting government support for particular industry sectors, were more effective in influencing government priorities. On this view, it need not have been opposition to balanced development as such motivating other interest groups. The policy agendas of government may simply have reflected the outcomes of the battle among groups to have their range of issues considered.

Certainly regional policy as a whole largely disappeared from Commonwealth view for a long period (1976 to 1993). On the interest group view of politics, this could have been because others commanded the attention of government. Yet interest group success is not necessarily merely a matter of defeating the competition. Often there is no obvious interest group competition. It might be argued, whatever balanced development supporters may say about powerful, city-based groups having the ear of government, that there has not been a well-organised, vocal opponent of balanced development in the last thirty years outside government. Government itself has been the main antagonist.

Hood has also examined the interplay between interests and ideas in creating policy change. He quotes Dunleavy, who suggests that a “policy boom” occurs as the product of a successful conjuncture of ideas and interests (Hood 1994: 7). In other words, a policy idea is more likely to be adopted where powerful interest groups are involved. This is suggestive in terms of the balanced development case. Perhaps balanced development – in essence the promotion of an idea as much as the promotion of specific policies – has foundered in the absence of powerful backers.

Interest group activity can also include champions within government (see Gerritsen in Stephen Bell and Head 1994). The case of Phil Day in DDD in the 1960s was an example of the policy-maker as protagonist. Day and others within government acted as lobbyists both for State action on growth centres and for greater Commonwealth commitment in relation to decentralisation. There are also “policy communities” or “networks” involving actions by coalitions of interests both within and outside government.

Howlett and Ramesh have talked about “policy subsystems” in describing the interaction of interest groups with the policy-making process (Howlett and Ramesh 1995: 124). Part of the conception of policy subsystems is that “advocacy coalitions” form linkages between pressure groups and government actors such as bureaucrats and politicians. Kingdon has pointed out the critical role of “important people in and around government” (Kingdon 1984: 96). According to Jenkins-Smith and Sabatier:

An advocacy coalition consists of actors from a variety of public and private institutions at all levels of government who share a basic set of beliefs (policy goals plus causal and other perceptions) and who seek to manipulate the rules, budgets and personnel of governmental institutions in order to achieve these goals over time (quoted in Howlett and Ramesh 1995: 126).

Champions may build broad alliances or coalitions in order to influence government policy agendas. Heclo has referred to these as “issues networks” of influencers (quoted in Howlett and Ramesh 1995: 125-26). Perhaps the clearest example of the influence of policy communities in Australia has been the rise of corporatism in the 1980s (Stephen Bell and Head 1994). On this view, policy change might be explained by the disappearance of previously powerful or effective coalitions of interest or policy networks, including champions within government. It is clearly likely that interest groups with internal-to-government championing will have massive advantages in having issues placed on the political agenda.

A number of questions are raised by the interest group literature in relation to the pursuit of balanced development by their supporters, set out in Box 7.1.

Box 7.1 Key Issues for Balanced Development from Interest Group Theory

- What kind of interest group are they? Are they a typical interest group?
- Have supporters of balanced development formed a “policy community”?
- Has support for balanced development involved government actors as well as those outside government?
- What has been the level of interaction among different groups sympathetic to balanced development?
- What attempts have been made to build “advocacy coalitions”?
- Has there been an advocacy coalition opposed to balanced development and working actively to keep it off the policy agenda?
- What institutional actors have supporters of balanced development targeted?
- Have they attempted to “capture” the policy process?

In order to assess whether balanced development adherents have done justice to their position in their efforts to sway governments (and, to a lesser extent, the media and the public), it is necessary first to establish criteria for interest group success. In considering these criteria, it needs to be remembered, first, that the effectiveness of

the campaign is inextricably linked to the quality of the message. Chapter Five found that the message is seriously flawed. Second, the quality of the campaign and message is necessarily limited by whether the audience (mainly government) is prepared to listen. A wide range of factors – not just the quality of the lobbying – influences whether policy-makers will listen. For example, government ideologies and priorities are relevant as they help determine both governments' overall predisposition to act in certain areas as well as their likely positions on key issues (see Chapter Eight). The success criteria are set out in Box 7.2.

Box 7.2 Suggested Criteria for Interest Group Success

- Message must be clear;
- Purpose of the group must be clear and the group must be unified in its support;
- Message must (generally) be based on a strong case;
- Message must be appealing to the audience – the audience must benefit;
- The group must be well-resourced and well-organised;
- There must be “connectivity” with the policy cycle; in other words, actions must be well-timed and fit governments' current priorities – they must identify and take advantage of useful “triggers”;
- Strategies must be sophisticated;
- Strategies must be sustained and consistent over time;
- Actions must be imaginative and gain the attention of the audience;
- There should be open channels of communication with government;
- The audience must be listening;
- The message has to overcome two kinds of opposition – those who have a different view or interest in the same policy area, as well as those who are pressing for other policy areas to gain government support.

Sources: Matthews in Smith and Watson 1989; Howlett and Ramesh 1995; Bridgman and Davis 1998; Marsh in Keating 2000

It is against criteria such as these that judgements might be made about both the apparent effectiveness of balanced development support during the high tide period and its lack of success in later periods. Yet there are no guarantees of success in interest group activity even if the above criteria are met, because of the wide range of influences on policy outcomes (Matthews in Smith and Watson 1989). They are necessary, but not sufficient, conditions for success. Hence any analysis of success criteria in interest group activity is likely to be heavily contingent on other factors.

The Impact of Balanced Development Champions From 1965 to 1975-76

There was a coalition of groups in the 1960s that proved to be persistent and effective champions in securing a place for balanced development on the political agenda. The support for balanced development was more widespread in the 1960s than in more recent times, and supported by a larger array of opinion leading groups.

An Emerging Coalition of Support for Urban and Regional Policies and for Balanced Development

There was a strong sense of momentum building for balanced development in the late 1960s. Support for increased government action on decentralisation, particularly by the Commonwealth, existed across a number of areas, including the universities, the media, and professional bodies, as well as among traditional regionally based organisations such as the Country Mayors Development Committee, the ACBD and various decentralisation development leagues (see ACBD 1971).

There was also considerable cross-over between academia and government. Hood (Hood 1994: 9) has referred to “entrepreneurial bureaucrats” whose influence can be more pervasive than that of “exogenous pressures” from “interest group demands”. Phil Day was particularly prominent, particularly for a State bureaucrat, in publicly urging the Commonwealth to embrace selective decentralisation.

Capturing a city-based constituency was critical to the policy prominence of decentralisation in the 1960s – the “push” factor, as Hurley and others have described it (Hurley 1989). Influential bodies such as the DCNSW, which contained a number of prominent Sydney based business leaders, supported the notion of selective decentralisation strongly (DCNSW 1969).

The Corporation was a key supporter of balanced development. It consisted of a “... number of senior and responsible men of affairs” (Van Dugteren 1971: 222). Its 1969 Report became the key text of the times for supporters of selective

decentralisation, and of balanced development. The Corporation was dominated by city interests (twelve of the fourteen members of the Corporation were from Sydney at the time the Report was released), lending support to the claim by R A Gardner that “... the cities are now the loudest advocates for decentralisation” (ACBD 1971: 7.2).

The media also on occasions publicised the issue of decentralisation. Journalist Christopher Jay in the *Australian Financial Review* gave the issue particular prominence in the lead up to the 1972 Commonwealth election (Jay 1972). Other prominent advocates such as Van Dugteren and R A Gardner championed the cause at conferences and in articles.

An impressive range of organisations espoused the cause of decentralisation with “increasing vigour”, including the ACBD (see below); the Australian Industries Development Association; RAPI; the Schools of Town and Country Planning in the Universities of New South Wales, Sydney and Melbourne; metropolitan and country councils; and the AIUS (Day 1972: 2). DDD Director W A Butterfield could claim in 1973 that “...decentralisation had become an ‘in’ word” and the notion was “accepted at all levels” (DDD 1973a: 10; see also Hurley 1989: 221; Sorensen in McMaster and Webb 1976: 501).

Clearly, then, a consensus of informed opinion appears to have emerged in favour of decentralisation, driven largely by a shared view of the merits of balanced development ideas.

The Role of Academics and Planners in the Decentralisation Debate

The influential role of key academics in the emerging 1960s consensus among opinion leaders about balanced development is generally recognised. The publication in 1965 of Neutze’s *Economic Policy and the Size of Cities* and Stretton’s *Ideas for Australian Cities* (1970) were important developments, as was the creation of the Urban Research Unit at the Australian National University in 1965.

The Unit provided a focus for work on contemporary urban and regional development issues, and a ready source of ideas for politicians such as Tom Uren, who had a growing interest in the field (Sproats 1983: 57). According to Orchard and Sandercock, the Unit was the "... single most influential source" of ideas for building ALP policy at the Commonwealth level (Orchard and Sandercock in Head and Patience 1979: 145; Sproats 1983: 27).

Troy's role was critical in building policies that would assume a central place in the Whitlam Government (Uren 1995: 218). According to Sproats:

Troy provided academic credibility, information and ideas to be incorporated in speeches. He was largely responsible for the content of the "Walter Burley Griffin Memorial Lecture" delivered by Whitlam in Canberra on 25 September 1968 (Sproats 1983: 55).

There were two senses in which key regional development academics played an important role in the growing coalition of support for more balanced development in the late 1960s. First, they became close to key political figures, helping to imbue in them an enthusiasm for regional planning policies; and second, they steered the debate on decentralisation specifically towards the selective approach, hence making the broad concept of balanced development more meaningful.

Regional Advocacy Groups

A wide range of regionally based groups were committed to decentralisation, including regional development committees, decentralisation leagues and the Country Mayors Development Committee. These added considerably to the development of support, both for balanced development, and for selective decentralisation specifically.

The Country Mayors met in Bathurst in May 1971 for what Jay described as a "highly significant" conference, whose principal outcome was the removal of the "... previous country veto on concentrated development of concentrated regional growth centres" (Jay 1972). At the time, Jay had described the mayors' willingness to put aside parochialism as "... a major breakthrough in prospects for meaningful

decentralisation for the State” (Jay 1971). The perception of the mayors’ change of heart towards selective decentralisation was also a signal to government that any actions to enact a selective decentralisation approach would not be opposed due to narrow self-interest.

Another key group in the high tide period was the ACBD, formed at a national development conference held in August 1971. The conference was an important showcase for the growing support for greater action on decentralisation. Around 180 people attended the conference, including representatives from local government, development committees, academics, planning authorities and bureaucrats. Minister Fuller described the conference as a “... gathering of dedicated decentralisation crusaders” (ACBD 1971: 2.1).

The Commonwealth position was still quite cautious on the subject of decentralisation.¹ One of the speakers sceptical of the decentralisation drive was Senator Cotton, representing the Prime Minister. Cotton noted that decentralisation should not be seen as a panacea for big city growth problems, a view that would anticipate the general views of New South Wales agencies in the 1990s (ACBD 1971: 1.3). However, to the audience in Canberra in 1971, his views were anathema. Cotton claimed that:

It is unfortunate that decentralisation developed the connotation ... of being an absolute remedy for the problems of large city growth. ...

... Decentralisation is not something that can be legislated for ... decentralisation to any area will be successful only if it holds sufficient attractive advantages to the average man-in-the-street (ACBD 1971 1.3).

The newly formed ACBD was chaired by the then President of RAPI, Fred Ledger. In passing 25 resolutions, the conference called for a national strategic plan for balanced development, a national development corporation along the lines of the New South Wales version (ACBD 1971). According to DDD:

In retrospect the National Development Conference of August 1971 emerges as something of a milestone (DDD 1972: 20).

A second conference in March 1972, attended by 500 people, kept the momentum going for a change in policy, and again highlighted the importance of well-organised lobbying efforts (DDD 1972: 20).²

An Effective Coalition?

Hence there is evidence of a broad consensus among opinion leaders in favour of decentralisation by the late 1960s.³

There was a sense of “convergence” of ideas and actions taking place, particularly in the period 1971-72. A lot was happening in a short time – the Committee of Commonwealth/State Officials Report finally appeared after seven years; the AIUS New Cities Task Force Report was published, conferences took place, Bathurst-Orange was announced and NURDA was created.⁴ The contribution of bodies such as the AIUS and the DCNSW was arguably more important in building the consensus than was the contribution of traditional regional advocates.

What is striking about the period is the breadth of groups involved, their intellectual commitment and the interconnectedness of the various organisations supporting balanced development. It was not an “interest group” in the normal sense of the term. There were a number of coalitions of support – city and country interests, those interested in economic efficiency and those who saw decentralisation as an equity issue, producer groups as well as local government, academics and bureaucrats, and country and city media. There was a loose amalgam of like thinking people with the ability to influence policy.

There are a number of lessons from the 1965 to 1975-76 period in relation to the role of interest groups in supporting balanced development, summarised in Box 7.3.

Box 7.3 The Lessons of the High Tide Period

- The idea of balanced development was widely accepted among those groups in the community for whom regional development was an issue;
- For most interest groups, the idea increasingly came to be associated at this time with the notion of selective decentralisation, and this association with a concrete policy proposal was important in allowing a relatively abstract concept to be “operationalised”, to be given a specific meaning;
- In the high tide period, those supporting the idea were not generally doing so from a position of self-interested group behaviour;
- Opinion leaders and academics were generally strong in their support of balanced development, providing respectability to the idea;
- There was, in effect, a policy alliance between government champions and interest groups; and
- Support came from the city as much as from the country, and this reduced the relative importance of traditional regional advocacy groups.

In terms of meeting the criteria for successful group activity outlined earlier, the 1960s champions fared well. The message was clearly stated over a considerable time. The wide array of views and the varying perspectives came to be distilled into a clear and simple message. The message appeared to have appeal to the public, and certainly to politicians. Actions were well-timed, particularly in the shadow of the 1972 election. There were open channels of communication with governments, who were clearly listening to the message. And the decentralisers were able to make their message heard above the noise of competing pressure groups. While the debate was running in favour of these groups, for example the alarming projections for Sydney’s growth, it was also the case that the groups involved staged a very successful campaign.

Yet it is impossible to ignore the fact that some of the greatest supporters of balanced development were within government. Dealing with politicians, who already believed in balanced development, eased the task of the champions. To have removed Day, Troy, Whitlam and Uren from the equation, for example – Kingdon’s “important people in and around government” (Kingdon 1984: 96) – would have dramatically altered the outcome. The politicians and bureaucrats did not really need convincing by interest groups of the merits of decentralisation. In some senses it was the bureaucrats who were leading the interest groups in the direction of balanced

development – particularly in the direction of selective decentralisation – rather than the reverse. The 1965 to 1975-76 period clearly provides evidence of the existence of policy networks and policy communities. There were shared objectives inside and outside government, and bureaucratic policy activism played a key role in driving the public debates.

Equally important, as discussed in Chapters Six and Eight, was the fact that economic conditions, population projections and philosophies of government at the time allowed the consideration of issues such as the settlement pattern. Hence interest group activity alone was not driving the acceptance by government of the need for more balanced development in the unusual circumstances of the 1960s.

The Effectiveness of Key Advocates of Balanced Development Since 1975-76

The post 1975-76 period saw the evaporation of the earlier coalition of champions of balanced development. For long periods, the issue generally fell off the academic agenda, champions within the bureaucracy such as Day, Butterfield and Troy, either retired or moved on, professional organisations were more muted and sporadic in their treatment of regional development, organisations like the ACBD ceased to make a public impression, and the former city-country unity ticket largely disappeared. Advocacy was largely left to traditional country supporters like the CMA, reconstituted in 1981 (CMA 1981).

It was as if the whole issue of population distribution disappeared from the field of interest of former supporter groups in the period after 1975. Proponents today are largely country based, and disproportionately located in local government. According to Hurley, decentralisation:

... was frequently only the banner under which the support of a tenuous coalition of disparate interest groups could be temporarily rallied.

The individuals who and organisations which formed coalitions for decentralisation were primarily committed to the advancement of their

producer organisations, their political affiliations or their immediate communities (Hurley 1989: 361).

Hurley was generalising about the pursuit of decentralisation over many years. He painted a picture of disparate organisations sharing balanced development objectives but pursuing them only as a secondary activity. Supporters of balanced development always had to face the challenge of having to overcome narrow interests. Yet since the 1970s, there has been a dramatic increase in the fragmentation of regional communities (Sorensen in Bell forthcoming). The increasing heterogeneity of regional conditions, the tyranny of distance facing non-metropolitan interest groups (distance from government and distance from one another), the complexity of regional issues and the proliferation of regional advocacy groups have combined to make the task of unifying under the single banner of balanced development much harder still in the 1990s and 2000s.

Re-formation, Constitution and Key Activities of the CMA

The CMA has been the most consistently vocal advocate of balanced development in the period since 1975-76. Most of its activity has occurred in the 1990s, in which it published two treatises in support of its objectives. In view of its prominence among regional development advocates, it would seem that the CMA must shoulder some of the blame for the failure of governments to listen to the message. It is therefore important to explore the possible reasons why the CMA has not been more effective in projecting its core balanced development agenda.

The CMA's Constitution was framed in 1981, with the twin aims of furthering decentralisation and safeguarding the interests of country councils (CMA 1981). According to founding member Warwick Bennett, the then Mayor of Tamworth, the key objective was to gain greater access for non-metropolitan councils to Wran Government Ministers (Bennett interview November 1996). Towns under 10 000 were excluded, reinforcing the organisation's apparent belief in the selective version of decentralisation. From the early 1980s, there has always been an inland focus (interview November 1996).

Bennett has noted that the aim was to obtain “political clout”, and regular meetings were set up with Wran Government ministers from the early period. Access to government has always been regarded as critical, and would probably be seen by member councils as the CMA’s greatest achievement (interview November 1996). As well as lobbying governments, the CMA acts as a conduit for councils by keeping them informed about key issues affecting regional development. Adopting a public profile on key issues has been a major preoccupation, reaching a peak in the mid-1990s.

The CMA has largely maintained its membership at a constant level over the last decade. In 1981, there were 32 member councils. While membership climbed to 36 in 1994, at the height of the balanced development push, the number of members is still 28.⁵ Yet despite the continuity of council memberships, there has been a considerable turnover of individual mayoral positions during the 1990s. This has affected the cohesiveness and dynamism of the organisation. It is highly unlikely, for example, that most current members would be familiar with the detail of the key *Strategy* and *Policy* documents launched in 1993-94.

The Role of the Chairman

The role of the CMA chairman has been critical to the focus and profile of the organisation.⁶ Cr Pat Brassil (Wagga Wagga) and Cr David John (Tamworth) drove the CMA balanced development strategy process from 1992 to 1994. Brassil was instrumental in placing the need for a strategy document on the CMA’s agenda. He was involved in a major conference in Wagga Wagga in July 1992 in which government regional policies were criticised heavily, and at which he identified the need for a sustained lobbying and public relations efforts in order to “... change the opinions of both politicians and bureaucrats” (Grimson 1992).

The determination of Brassil and John to pursue a balanced development agenda, however, has not carried through (John 1993; CMA 1994b). The effectiveness of the CMA’s efforts has been constrained by the fact that Brassil and John both left the CMA shortly after their terms as Chairman expired. This lack of continuity of

membership of the CMA by previous Chairmen has proven to be a particular corporate memory problem for the organisation.

While subsequent Chairmen certainly carried the fight forward, they had little direct ownership of the *Strategy* itself, and it gradually disappeared from the CMA's own agenda. The loss of such key supporters as Brassil and John, who could claim genuine ownership of the *Strategy* document, was a serious loss to the organisation's "clout" and to its *raison d'être*.

The CMA conducted a series of seminars in country regions in late 1994 to spread the balanced development message. However, the ongoing selling task was, unfortunately for the CMA, to be undertaken without the personal drive and policy skills of the *Strategy's* key proponents.⁷

The Meeting with Minister Egan (April 1996)⁸

Minister Egan met with the CMA in April 1996 to discuss the *Policies* document and the issue of balanced development. The Minister argued strongly that economic policies should not be "tilted" in favour of country regions. This confronted all that the CMA stood for, and, specifically, the premises of the *Policies* document. The organisation was facing a government whose responsible minister, one of its most senior members and a formidable politician of strong views, simply did not accept its central proposition that country areas required "affirmative action", as the *Policies* document put it (CMA 1994a).

The meeting was important because it reminded the CMA of the breadth of the chasm between government thinking and the balanced development position. In the longer term, the meeting may have caused the CMA to change its approach to lobbying government, and to focus on more specific issues. It made clear to the CMA that, despite a number of earlier statements by the Premier on the subject of decentralisation, that the Government was not persuaded by its case.

The Preoccupation With Specific Policy Issues

Since the mid-1990s, the CMA has gradually evolved from an organisation promoting balanced development into an organisation simply representing country interests, more broadly defined. It has turned more recently to pursuing one-off issues rather than initiating “big picture” policy debates. Meetings in the 2000-2001 period, in particular, were less concerned with policy debate and development as such and more about defending existing services or local council interests. This retreat of the CMA in the late 1990s has been a feature of its recent history. In some senses, its current approach is more highly focused than its earlier general support for the notion of balanced development, while in other ways it is less focused on a single objective. For example, the CMA’s emphasis has shifted away from regional policy towards concerns over services such as health and policing.

One of the striking features of meetings in the late 1990s was the relative lack of focus on economic development issues. However, the sheer breadth of lobbying activity that has occupied the CMA has been impressive, although its overall strategic direction has become less clear. As well, seeking access to a range of ministers to discuss specific perceived problem areas, seen as so important in 1981, has continued, with considerable success. In elevating access to government to the status of a key objective, the CMA has conformed to a tendency noted by Matthews of interest groups seeking to attain, and maintain, “insider” status as much as to pursue policy objectives (Matthews in Smith and Watson 1989).

There has been a preoccupation with the Olympics and government capital works spending on city and country. A long list of recurring issues has included policing, regional access to Sydney Airport, the *Water Management Act 2000*, increasing responsibilities of local government, public liability issues, salinity, abattoir closures, the Very Fast Train proposal, the Country Sewerage Fund, Badgery’s Creek Airport, the sale of Freight Corp, the Rural Fire Service, and the Environment Protection Authority. On the other hand, ministers responsible for regional development have only rarely addressed the CMA.

Hence the CMA's growing tendency to pursue individual policy issues without an overall policy framework, and without considered strategic imperatives, gives the impression of an organisation simply lobbying government on an issue-by-issue basis, of working through a list of grievances without apparent priorities or direction. Such an approach, whether deliberate or not, may have diminished the effectiveness of the organisation as a champion of balanced development.

The CMA's Public Relations Strategies

The CMA commissioned a public relations firm in 1997-98 to generate more publicity for the organisation, particularly in Sydney. The media campaign (1997-98) has been the major "set piece" event for the CMA since 1994. Despite some success in arranging interviews for the then Chairman, the campaign failed to ignite the interest of the Sydney media.

The CMA had earlier recognised the need to try and highlight the issue of balanced development to city-based opinion leaders. The *Strategy* included a number of actions for the CMA to pursue in order to turn around public opinion on the issue of balanced development. The task was seen as a difficult one in the face of perceived metro-centrism:

... the "anti-country" attitudes of many in the metropolitan community, including key decision-makers and interest groups, are well entrenched and will not be modified overnight. However, experience confirms that a comprehensive, accurately targeted and consistent marketing/communication programme can change attitudes and, subsequently, behaviour (CMA 1993: 155).

Three broad target areas were identified – the country, the city and government (CMA 1993: 158). There were to be both short and long-term strategies. Specific actions to be undertaken as part of the public relations campaign are outlined in Box 7.4.

Box 7.4 CMA Public Relations Strategies

- Lobbying members of parliament;
- A media campaign in the city and the country;
- Implementing an education program designed to convince the city that decentralisation could help solve city problems (the win-win approach);
- Securing the support of environmental groups;
- Obtaining financial support from the private sector and from government through a high profile;
- Marketing the organisation to non-member councils to seek additional members;
- Conducting market research on key target audiences;
- Developing a conference program; and
- Lobbying of appropriate government departments.

Source: CMA 1993: 158-62

Part of the campaign was to engage other groups seen as sympathetic to the balanced development cause. They included members of the CMA's Balanced Development Advisory Group.⁹ Moreover, the *Strategy* envisaged the use of these groups in the selling campaign.

Beyond the 1994 country seminars and the short and ill-fated media push in 1997, the CMA has simply not followed through with its ambitious 1993 public relations strategy. Recognition of the size of the task was not matched by adequately funded follow-up actions, and the good intentions of 1993 were wasted.

Resources

One of the CMA's major sources of difficulty has been a lack of resources relative both to government and to other lobby groups. For a time, the CMA had a Sydney-based executive officer, but this ceased in the mid-1990s, and has not since been pursued. The *Strategy* document noted the need to:

... establish the CMA as a well respected, well-resourced and effective lobby group on the balanced State development issue, able to counter the lobbying power of metropolitan councils and other pressure groups (CMA 1993: 161).

The organisation is generally funded through member council fees. The 1993 *Strategy* was funded by members with assistance from the Commonwealth Government. The lack of resources has crippled the CMA and contributed to a decline in its strategic focus. While it is not clear that it has direct opponents in the lobbying area, the CMA clearly cannot match other, industry-based groups for resources. A more adequately resourced body could have engaged government more fully.

It has certainly meant that the longer-term public relations strategy conceived in 1993 has effectively been abandoned. For example, the task of engaging other like-minded groups, and building a coalition of support to match that achieved in the 1960s, has not been pursued. The absence of permanent staff has also contributed to the lack of corporate memory. When combined with the turnover of mayors through the electoral process, this has further weakened the CMA's effectiveness.

Summing Up – the Effectiveness of the CMA and other Balanced Development Groups

In summary, it is useful to measure the performance of the CMA against the success criteria outlined earlier (and against the champions of the 1960s and 1970s). While the CMA's message was clear in the mid-1990s, it is not so clear now. Equally, the purpose of the organisation itself has become less clear. Channels of communication to government have been open, but they have not been used for championing the balanced development message either before or since the 1993-94 push.

Communication with other like-thinking groups has remained under-developed, despite having some of them on the CMA's own advisory committee in the mid-1990s. A strategic framework has been lacking, and the meagre resources available to the organisation have been insufficient to mount a sustained campaign.

The task has not been made easier by the rapid turnover of mayors in the 1990s. There is doubt over how much the approaches to government on specific issues have achieved, beyond making local councils in country areas better informed on a range of issues.¹⁰ Clearly the CMA's balanced development focus has waned. There has been

a seeming reversion to the local government element of the CMA's objectives stated in the Constitution (CMA 1981).

Perhaps the CMA is now being more pragmatic, and choosing "bite sized" issues. It may reflect an attempt to engage government in debate on "winnable" issues rather than trying to occupy the high ground through a "big picture" strategy of the kind pursued previously. There is no evidence, though, that any move in this direction has been deliberate. Nor could the CMA believe that its efforts have contributed to a greater appreciation by governments of the need for balanced development.

As well, a number of other defenders of balanced development have also emerged, and they too have attempted to influence government policy in regional development. The activities of these groups, which have all contributed to the lobbying for balanced development in the 1990s, are detailed in Appendix G. Unlike the CMA, most of the other groups have not had balanced development as their core reason for being. In most cases, the attraction of balanced development has been periodic and incidental to the overall *raison d'être* of the organisation. The Country Summit Alliance's agenda encompassed regional service delivery more than balanced development.

There was certainly cross membership of different groups by key champions of balanced development, for example between the CMA, the Country Summit Task Force and the LGSA Task Force. Perhaps the increase in the number of groups separately lobbying for balanced development has compromised the CMA's efforts. "Set-piece" events, apart from the Country Summits, achieved little public profile in the 1990s. The other groups did not, in general, seek to attach themselves to any of the CMA campaigns. The incursions of the "part-time" balanced development champions was not sustained and lacked strategic intent.

One of the differences between the 1960s and the later period was the relative absence of prominent academic involvement in the championing process. Equally absent were public opinion leaders and bureaucratic champions – indeed, a common complaint of current balanced development supporters has been the perceived "economic rationalism" and metro-centrism of bureaucrats and the lack of sympathy for the

balanced development position. Yet while champions may no longer exist within government, the CMA has not tried to cultivate new champions.

In summary, several general points can be made about the balanced development lobbying effort in the post 1975-76 period, set out in Box 7.5.

Box 7.5 The Balanced Development Lobbying Effort

- The push for balanced development has been neither sustained nor consistent over time, but has been confined to isolated periods;
- There has been little effective policy networking and coordination among the balanced development groups, or between the advocates and government;
- The focus of many groups has shifted to the “city-country divide” issues, which has moved the focus away from metropolitan primacy;
- There has been little city-based activity and few attempts to build city-based coalitions, beyond meetings of local councils;
- Little effort has been made to link the campaign for balanced development to specific government agendas or actions;
- In contrast to the 1960s, efforts at operationalising the concept of balanced development have not persuaded governments (see Appendix F);
- Groups have engaged in few imaginative, publicly focused actions;
- Use of the media has been sporadic and unsuccessful when attempted;
- With few academic links, there has been a lack of rigorous research to make the case more compelling;
- There have been insufficient resources for a sophisticated lobbying program;
- In the absence of an attempt to cultivate bureaucratic champions, the balanced development campaign has run its own, parallel course without ready connections to government regional development decisions. Hence timing has often been poor and effort wasted.

While there is much about their lobbying efforts that could have been improved by the balanced development advocates, they have been operating in a difficult, diverse, complex and rapidly changing regional, national and international environment. They have faced daunting challenges. Expressing simple nostrums to governments is no longer sufficient to attract their attention, let alone to have them change policy direction. With governments now confronted by a plethora of interest groups (including in regional development) with increasing, and increasingly diverse, demands, the advocates of balanced development have not delivered a penetrating and

coherent message. And without startling events to alarm governments (like the population projections of the 1960s), that message has been lost.

The task of balanced development supporters has not been made easier by the fact that there is little with which they can “threaten” governments. Balanced development adherents are a “promotional” rather than a “sectional” group, representing an idea and not an “interest” as such, and perhaps do not have the full range of weapons at their disposal that are available to more powerful groups (Matthews in Smith and Watson 1989: 211). Groups are said to have a number of means of influencing decision-making, including persuasion, coercion and inducement (Matthews in Smith and Watson 1989: 215). Balanced development supporters have not been in a position to do anything but try to persuade, forcing them to rely on the appeal of their core ideas more than is the case with some other groups.

There is a strong suspicion that, whatever the many shortcomings of the various balanced development “campaigns”, governments simply have not been not listening to the message they were being delivered. In contrast, governments were listening in the 1960s to the decentralisation message. Regional Australia Now Convenor Norm Cameron’s optimism expressed in the early 1990s that “nothing is more powerful than an idea that has reached its time...” (Cameron 1993: 1) may be thirty years too late.

The Role of the Media in the Balanced Development Debate

Interest groups have a number of audiences to whom they direct their messages, including government, the media and the public. While direct lobbying of government is generally undertaken routinely by successful interest groups, they also attempt to influence government decisions by influencing public opinion, and typically use the media to achieve this.

The media plays an important role in informing public opinion on key political and policy issues (Marsh in Michael Keating et al 2000: 186). The media has played an important role in regional development at times, but, despite the support of

sympathetic non-metropolitan media outlets, has not generally advanced the cause of balanced development in the post-1975-76 period.

The Metropolitan Media

Supporters of balanced development have long lamented the lack of interest in regional development issues on the part of the metropolitan media (CMA 1993: 93). As noted above, the CMA identified the metropolitan media as a critical pressure point in its campaign in the mid-1990s to get balanced development on to the political agenda.

The CMA's singular lack of success in gaining exposure in the Sydney media since 1993 has coincided with an extraordinary increase in metropolitan media interest in regional issues generally and a rise of reporting on the "bush crisis" in Sydney's newspapers. However, while this interest has mainly focused on the politics of regional development, issues relating to the perceived city-country divide such as health, poverty, suicide and alienation have also been given considerable coverage.

The turnaround has occurred in the level of interest since 1998. The triggers for the heightened media interest have largely related to political developments, and are set out in Box 7.6.

Little if any of the Sydney media's heightened interest in matters regional related to the specific balanced development agenda. It was to be expected that when a metropolitan media obsessed by politics discovered regional development, it would focus on regional politics and the impact of regional policy issues on political outcomes.

Box 7.6 Drivers of Recent Media Interest in Regional Australia

- The rise of Pauline Hanson's One Nation Party at the May 1998 Queensland election;
- The increased Commonwealth focus on regional development following the 1998 Commonwealth election, which included the appointment of new National Party leader John Anderson, Anderson's "two nations" speech, and the holding of the Regional Australia Summit;
- The election of additional Country independents at the 1999 NSW State election and the likelihood of a similar outcome at the 2001 Commonwealth election;
- The creation of the "Country Labor" faction in the NSW ALP;
- A series of policy decisions seen not only as favourable to regional Australia, but perceived as being specifically targeted at holding country seats at the 2001 election – these included Goods and Services Tax modifications and reversals over petrol prices and family trusts;
- Continuing speculation about the possible demise of the National Party;
- The increasing prominence in the media of studies that examine regional disparities, such as the *State of the Regions* Reports (National Economics 1998; 1999; 2000), reports by AHURI (see AHURI 1999), and various reports on population shifts by Bernard Salt (for example, Salt 2001);
- A preoccupation with reports on rural poverty, such as those of the Society of St Vincent de Paul (1998) and Tony Vinson (1999);
- Speculation as to whether prominent country independent member Tony Windsor would run for federal politics, and whether he would challenge the Leader of the National Party (Windsor stood successfully for the seat of New England in the 2001 Commonwealth election);
- Specific high profile issues such as the withdrawal of bank branches from regional areas and the proposal to build a high speed inland freight rail link from Melbourne to Darwin.

The Sydney media, despite a lack of interest in balanced development and its general "gloom and doom" perspective on regional issues, does have an ongoing interest in the issue of Sydney's growth. There has been a continuing stream of articles in the metropolitan media about urban sprawl, the sustainability of Sydney's transport system and traffic congestion issues, urban consolidation, Sydney's seemingly endless real estate boom, and air and water quality. The Sydney media gave considerable attention to Premier Carr's comments in 1995 that Sydney had "grown too big", referred to elsewhere. Headlines taken from a typical sampling of articles in recent years are set out in Box 7.7.

Box 7.7 The Media and Sydney's Growth

- “The Last Gasp – soon for the first time in history, more people will live in cities than in rural areas. The outlook is one of rising pollution, crime, overcrowding and disease – and governments seem powerless to cope. Geoffrey Maslen reports on an impending calamity” (*Sydney Morning Herald* 25 February 1995);
- “It’s Build, Build, Build for Sydney – Olympics trigger \$5 billion investment boom” (*Sun-Herald* 14 April 1996);
- “Growing Pains” (*Sydney Morning Herald* 2 March 1996);
- “A City Bursting at the Seams – tough settlement policies are needed as Sydney struggles to cope with the number of migrants making the city their home” (*Sydney Morning Herald* 1 May 1997);
- “High Cost of Stemming Urban Sprawl” (*Sydney Morning Herald* 31 May 1995);
- “Sydney’s Crowded House” (*The Australian* 30 May 1995);
- “Grim Future Forecast for Crowded Sydney” (*Sydney Morning Herald* undated 1995);
- “Inquiry into Sydney Sprawl – Carr Acts to Rein In Growth” (*Sydney Morning Herald* 24 May 1995);
- “Sydney Found to be Consuming 35 Times its Share of Resources” (*Sydney Morning Herald* 18 March 1996);
- “City Under Stress – tensions which come from Sydney’s haphazard development have placed not only its inhabitants under stress, but also the environment” (*Sydney Morning Herald* 23 October 1993);
- “Sydney – Too Big For Australia’s Good? – as Sydney streaks ahead in the battle for tourism and investment, the rest of the country worries that it will be left too far behind” (*The Bulletin* 2 May 1995);
- “21st Century Cities will Form Mega Metropolitan Regions” (*The Weekend Australian* 3 June 1995).

Yet while the media interest in population growth and population issues more generally has been extensive, there is seldom, if ever, any reference to where the people of the future are to live. Population policy has been generally regarded by the media as being about carrying capacity, and not population distribution. Typically it has been linked to debates about immigration. Decentralisation is simply not reported in the Sydney media as a solution to population growth problems in the way that it was in the 1960s and early 1970s. While this clearly has much to do with the fact that decentralisation is clearly out of fashion among opinion leaders, there has clearly been a missed opportunity for organisations like the CMA to capitalise on the metropolitan media’s fascination with Sydney’s growth.

The Non-metropolitan Media

The non-metropolitan media has always had a strong interest in regional development issues. It has also been an unfailing supporter of balanced development in its various guises (CMA 1993: 93). The regional media's preoccupation with what it perceives as Sydney's metro-centrism is summed up by the Dubbo *Daily Liberal*:

After all, Trangie is just another small town past the Blue Mountains in a State where west to most people means Penrith (Dubbo *Daily Liberal* 16 July 1996).

The regional media forms a key part of the "west of the Sandstone Curtain" mindset that is at the core of the balanced development ethos, and its role in representing and propagating this mindset cannot be over-emphasised. Yet the capacity of the non-metropolitan media to influence the debate in Sydney is non-existent.

Not unexpectedly, the Country Summits were accorded widespread and favourable coverage in the regional media. Large infrastructure proposals, such as the various high speed train proposals, any suggestion that Sydney's second airport might have been built outside the Sydney Basin, and the proposal by the Inland Marketing Corporation for an inland freight airport at Parkes, have generally been given prominence. Issues that affect the sustainability of agriculture, such as salinity and water reform, are ongoing preoccupations.¹¹

Balanced development champions have been able to count on the regional media to be supportive, and generally uncritically supportive. The recent campaign for enterprise zones also provides an example of the regional media's overwhelmingly uncritical reportage of the views of balanced development supporters (Collits 2001).

Salt's previously noted comments about media interest in demography are particularly apposite in relation to the non-metropolitan media. This has been strongest in declining inland regions where the loss of population is likely to mean lost services and a further decline in the quality of life for residents.¹²

On occasions, the non-metropolitan media has highlighted issues of concern to regional areas and provided widespread coverage. Such an instance occurred in 1996, when the issue of the withdrawal of government services from regions came to a head. The regional media, led by Country Press Australia and Rural Press, set out on a deliberate campaign to highlight the issue and have it placed on to the political agenda.

Papers such as the Dubbo *Daily Liberal* and the Tamworth *Northern Daily Leader* have adopted strong positions on a number of regional issues, including the loss of services. Headlines such as these are indicative of the reportage of the time: “Service Fall Like Nine Pins”, “Death by a Thousand Cuts”, “The Gutting of Rural New South Wales”, “Ripping the Heart out of Rural Australia”, “Bush Bleeds”, “Bled Dry” (Collits and Gustin 1997: 10).

However, the regional press’s focus on regional development and its largely uncritical support for the causes of regional development has been mostly a matter of preaching to the converted, and groups such as the CMA have recognised this. More importantly, the regional media’s largely successful campaign on the loss-of-services issue may have also contributed to the development of the notion of a city-country divide, and so assisted in diluting the more specific balanced development message.

The Level of Popular Support for Balanced Development and its Electoral Appeal

The pure version of the pluralist model of democratic politics, as well as the public choice school’s critique, suggest that policies compete for popular support, and the policies that appeal most widely to voters will be implemented (Olson 1971; 1982; Cobb and Elder 1972; Tullock and Perlman 1976). In this version of the model, it is not interest groups representing competing interests, but voters more broadly, that influence the agenda setting process and the direction of policy. What is decided, as well what issues are examined, are a function of expressions of the popular will, particularly through elections.

Downs has argued that ideology is less central to the behaviour of politicians than their perception of the issues that will make voters vote for them (Downs 1957). On this view, the decisions of governments can best be interpreted by examining what issues are important to voters, hence it is important to see whether voters in New South Wales have been interested in decentralisation as a policy issue.

Different Views on the Appeal of Balanced Development

As far back as 1971, as seen in Senator Cotton's comments (see above), the need to court popular appeal has been a challenge for balanced development advocates. There are different views as to whether decentralisation has popular appeal, either to city or to country voters.

One school of thought suggests that most voters are not particularly interested in metropolitan primacy. Hurley has described decentralisation as having a "brittle constituency":

Decentralisation never did attract and retain in the capitals or in the country a constituency which held it as the overriding policy goal. ... When the specific problem was solved, sufficiently mitigated or replaced as the issue on the attention cycle by more immediate, more pressing problems, decentralisation lost its critical mass of support (Hurley 1989: 361).

In fact, it was one of Hurley's central arguments that decentralisation "did not happen" because "... there was never a sustained, unified constituency for [it], even in the country" (Hurley 1989: 1). This is despite the "frustrated frontierism" of country people and their general "lust for development" (Woolmington et al, previously quoted, 1971: 4-5) that would indicate a ready-made constituency for balanced development. Equally, McCartney lamented the apparent lack of public concern about what he and others in the late 1960s and early 1970s saw as future crisis facing Australia's cities:

When one thinks of Sydney by the year 2000, growing at the rate of 110, 000 per year [as indicated earlier, the actual growth figure is now around 50 000] and one considers that in the next thirty years Sydney has to re-position 500, 000 – four Canberras of today – and still cope with doubling itself, the immensity of the task of planning, financing and implementing the programme

must be one of the greatest facing the nation. But who seems to care other than the crusaders of balanced development? (ACBD 1971: 4.8).

Noting the popularity that the “politically acceptable” dispersed decentralisation had in individual country towns that received assistance, McCartney stated that:

However, while major urban areas cope, even perilously, with their problems, the metropolitan public will not be greatly interested in whether decentralisation policies are effective or not (ACBD 1971 4.7).

Hence the degree of popular support for urban and regional development issues, even in the 1960s, can be questioned. There is little evidence that balanced development was a vote winning issue generally, or that there was a national mood change in favour of balanced development, despite its appeal to interest groups of the day.

The more optimistic view of decentralisation’s appeal is represented by R A Gardner, who claimed in 1971:

The groundswell of public opinion which has always existed in country areas on this question has been joined by a massive groundswell in the metro cities (ACBD 1971: 7.1).

Gardner claimed that “tens of thousands of people” were “... utterly fed up with the failure of governments to deal with problems of metropolitan gigantism” (ACBD 1971: 7.1). One of the speakers at the National Development Conference in 1971 had equally claimed that “... many thinking Australians ... are becoming increasingly worried and even alarmed, at the lack of effective action hitherto displayed to check the current imbalance which continues unabated...” (ACBD 1971 1.1). Gates agreed, noting:

The idea [of decentralisation] has become firmly embedded in our national ethos (ACBD 1971: 3.9).

Moreover, according to Troy, in the 1960s the old decentralisation idea was able to satisfy newly emerging concerns over social equity (in a spatial sense) and the environment – in other words, to appeal to a broader constituency (Troy in Emy et al 1993: 154). This optimism of some balanced development advocates that their cause is widely supported has continued into the 1990s, with Brassil noting that:

We are reaching a stage where city people are beginning to understand that continued unabated development of their city is highly undesirable. More and more, people are beginning to understand that some containment of Sydney is necessary for the good of its inhabitants (CMA 1994b: 5).

Just what constituted “beginning to understand” is not clear. It is likely that McCartney was right, and that the claims of Gardner and others were highly exaggerated. The evidence of rapidly growing popular support for balanced development in the city, either in the 1970s or the 1990s, is slender, and such claims are likely to have been largely self-serving attempts, by those whom Fuller had termed “decentralisation crusaders”, to garner political support, to suggest to governments that “the time had come”. Certainly there was a consensus among organisations such as RAPI that “... Australia [was] facing an urban crisis” (Llewellyn-Smith 1970), but it is unlikely that this was popularly known and widely accepted.

As noted elsewhere, Whitlam claimed that his victory in 1972 was substantially attributable to urban and regional issues:

The success of the ALP’s campaign on urban issues contributed significantly to its 1972 election victory. The Australian people, for the first time, decided to elect a National Government which accepted a specific national commitment to the improvement of the conditions of cities (Whitlam 1985: 371).¹³

However, the relatively small number of seats that changed hands in the 1972 election suggests otherwise. Even if Whitlam’s claim were correct, it is unclear that the decentralisation element of the urban policy carried much weight with voters. A more plausible explanation of the rise of decentralisation in the high tide period is that it was a top-down approach determined by governments on the basis of elite rather than popular opinion. This was essentially a debate that took place among academics, bureaucrats, and politicians. The fact that there may have been dissatisfaction in the outer suburbs of Sydney and Melbourne over the lack of sewers, and ongoing country yearning for greater development, and a shared vision among city elites about the efficacy of central planning, does not mean there was a widespread constituency in favour of balanced development, even in the 1970s.

As Woolmington et al concluded in 1971, and their conclusion then still stands now:

... preliminary indications to date would not suggest the development of any overwhelming body of opinion in favour of decentralisation (Woolmington et al 1971: 10).

Hurley also summed up the degree of popular support for balanced development in the 1990s:

Regional policy does not now have any underpinning, widely shared philosophy of ruralism or widely-felt need for non-metropolitan development for strategic objectives or for control of explosive capital cities growth (Hurley 1993: 16).

Hence, despite the differences of opinion among balanced development supporters and others, there appears not to be a firm popular constituency in favour of balanced development, and whatever level of policy development occurred in the high tide period did not generally result from popular pressures.

Possible Explanations for Voter Disinterest in Balanced Development

Butterfield summed up the difficult challenge for balanced development advocates in exciting widespread public support for the idea. He stated that decentralisation:

... is a policy which is the subject of relatively small and fragmented group pressures. Everyone overtly desires it but few show sufficient interest in whether it is achieved here and now and certainly fewer are able to advance logical and economically persuasive arguments in favour of vigorous implementation. Consequently Government schemes have been less determined, with some exceptions, than might be desired (Butterfield 1965: 25).

Hence decentralisation may be regarded as peripheral to voter concerns. Perhaps it is simply too general or esoteric an objective to capture popular appeal. Woolmington et al have argued that:

... the distribution of the Australian population, with its pronounced and increasing metropolitan concentration, is such that in terms of "bread and butter" issues the interests of most electors are ones linked with the fact of

their metropolitan location. Amongst them, urban decentralisation is likely to become a specific issue (of the “bread and butter” order) so far as it may be seen as a solution to some clearly perceived disadvantages associated with metropolitan location. More difficult still, because the decentralisation notion is universally perceived as a “long-term” proposition there are normally, even amongst country dwellers, other issues of more immediate ‘bread and butter’ importance which usually take precedence over the decentralisation question.

Thus in spite of its standing in national tradition, and its special standing in rural tradition and interest, public preoccupation with decentralisation is very much a “second-order” matter (Woolmington et al 1971: 5).

One of the criticisms levelled at balanced development in Chapter Five was that the idea was difficult to operationalise. This was in contrast to the 1960s era where the overarching principle of balanced development was transformed into a specific and coherent program of selective decentralisation. There is a suspicion that the idea may lack meaning for voters. Perhaps voters do not even know what balanced development is, and would see it simply as “policies that favour the country”, possibly even as pork barrelling or as subsidising other places. The recent reactions of city based politicians on both sides in response to “RaRAism” – in particular Mark Latham and Ross Cameron – were probably designed to appeal to the sensitivities of their own Sydney suburban electors.

There are a number of possible explanations for the failure of balanced development to gain credibility with voters, set out in Box 7.8. These relate both to views on living in the country and on policies of decentralisation. While the idea might have general appeal to voters, particularly in the country, it lacks the capacity to touch individual voters personally.

There may be a strong connection between voters’ own living preferences and their views on decentralisation. If people are not themselves prepared to move to the country, they may be less likely to support policies that encourage this. The creation of higher paid “new economy” jobs in the city is likely to have further entrenched attitudes that future opportunities for individuals are largely concentrated in the cities. To gain “traction” with voters, balanced development advocates need to convince them that they personally would benefit from greater decentralisation, rather than

relying on a more remote argument that decentralisation is a win-win solution for both city and country.

Box 7.8 Reasons for the Lack of Appeal to Voters of Balanced Development

- The relative absence of extreme disparities between city and country, despite the portrayal of a “divide”;
- The willingness of urban dwellers to accept the higher costs and negatives of living in cities, weighed against better opportunities for employment and higher salaries;
- Negative perceptions of country living, possibly reinforced by the metropolitan media’s frequent depiction of widespread rural poverty and the absence of services like medical services (see Daly 1968);
- An acceptance of the logic that urban problems have urban solutions (such as urban consolidation, improvements in public transport and water quality);
- The unwillingness of city residents and businesses to accept punitive decentralisation measures, such as paying the full cost of negative externalities (see Chapter Five);
- The absence of public information, for example in the media, on the decentralisation argument;
- The reduced city ties with the country, leading to less empathy with country issues;
- People who value cultural and racial diversity, for example, are more than likely to be averse to relocation to the country (whether or not based on accurate information); and
- Societal changes such as the increasing desire of women, or financial pressure on women, to enter the workforce, the impact of increasing structural unemployment and job insecurity, and the emergence of “multi-careerism”, all of which may have reduced a willingness to move to the country.

Voter Metro-Centrism? The Failure to Capture the City Constituency

Sydney people are often accused of being indifferent to the welfare of other places in the State and nation (Henning 2000). Why would Sydney voters be interested in the need for costly regional development schemes? The answer is that they would not. As Marcus Spiller has argued, talking about the indifference towards other States and

regions of Sydneysiders, particularly among the “symbolic analysts” of Robert Reich’s globalised world:

The engine rooms of the knowledge economy – the inner areas of the major cities – are rapidly transforming into the unassailable citadels of the workplace privileged who, seemingly, lead their café society lives with more interests in the social, cultural and business developments of London and New York than what is happening in the suburbs of their cities or in their rural regions (Spiller 1999: 191; Reich 1992).

The conventional wisdom among 1960s supporters of balanced development like Day was that there needed to be a coalition between the city and the country in order to build a support base for the idea to take hold at the political level. John has stated that “... all it would take for a shift in attitude was for the city people to say ‘enough is enough’” (*Wagga Wagga Daily Advertiser* 26 October 1993). Yet perhaps voters in “centres” simply do not wish to support “peripheries”. As Spate has pointed out:

It is indeed not very likely that any very vigorous programme ...could be pushed through when half or more of the voting strength is in the State capitals and naturally allergic to paying heavily for the creation of opportunities elsewhere... (Spate 1968: 109; see also Searle 1981: 31).

The days of country weighted electoral systems have long since gone, following Wran’s 1979 changes (Turner in Hogan and Clune 2001 V3). Hence the electoral pull is largely in Sydney and on the coast, not in the natural inland constituency for balanced development.¹⁴ Spate also noted the likely negative impact on voters of any successful decentralisation program that would inevitably (in Spate’s view) impose unwelcome restrictions on individual and business decision-making:

Really effective decentralisation would almost certainly involve far-reaching planning and direct controls, including the direction of both capital and of labour ... (Spate 1968: 109).

On this view, if a policy of balanced development meant an increase in imposts on city people, it could be perceived as a threat and would be unlikely to garner much Sydney based electoral support. The CMA saw this problem. As John points out:

We recognise that it is difficult politically to penalise continued development in Sydney overtly (John 1993: 6).

Perhaps the absence of any specific metropolitan appeal of balanced development simply reflects the fact that, on the one hand, the costs of negative externalities are not seen as excessive, and, on the other, that there are no perceived advantages that would accrue to the individual from greater decentralisation.

On the other hand, there are already sufficient disincentives to city life – pollution and other environmental negatives, travel time, the high cost of housing, and so on – to provide natural incentives for decentralisation. On this view there would be no perceived need for added incentives to leave the city, and hence no natural attraction for balanced development policies. These natural disincentives to city life, of course, must be weighed against the ongoing benefits to city people of wider choice in the labour market, higher salaries and an abundance of services and cultural amenity. The difficulty of getting people, for example professionals such as doctors, to move to the country is well documented.¹⁵

Outspoken and articulate politicians like Latham and Cameron who have spoken out against “RaRAism” realised the electoral benefits of stating what in effect was an anti-balanced development position. In other words, they believed that policies seen as tilting the playing field in favour of non-metropolitan regions would have little appeal to suburban Sydney voters. And in this they were probably right.¹⁶ Hence it can be concluded that balanced development is not an idea with inherent popular appeal to the all-important Sydney voters. There have been no compelling reasons for Sydney voters to embrace it.

Has Balanced Development Been an Issue in Elections?

The rural “pork barrel” has been a feature of many election campaigns since the 1960s, and, indeed, before (Hogan and Clune 2001 V3), but mere promises to country constituencies do not constitute a balanced development platform. Decentralisation itself has featured in election campaigns during the period under review (Hogan and Clune 2001 V2 and V3). It certainly did in the 1965-76 period (Searle 1981: 32; Harwin in Hogan and Clune 2001 V3: 60; see Chapter Three).

Yet, against this, it should be noted that the New State Movement ran candidates in Northern New South Wales seats in the 1968 State election (Dempsey in Hogan and Clune 2001: V3 20-21). The Country Summit Alliance ran candidates in the 1999 election some thirty years later. Neither effort was able to make balanced development a winning election issue. Whitlam's claims about his urban policy in the 1972 election were questioned above. One Nation polled well in regional Queensland in 1998 and received over one million votes at the 1998 Commonwealth election, but at no time has One Nation advocated balanced development.

Howard rediscovered regional development post-1998, just as Keating had rediscovered regional development in 1993, Carr in 1997, and Fahey in 1993. But these were not rediscoveries of balanced development. Nor were the elections during these times tests over balanced development. Hence, there is no evidence that elections were ever actually won and lost on the issue of balanced development. For a number of elections, regional development was not even an issue. Even when regional policy had been revived (in 1993 and 1998 federally, and in 1993 and 1999 in New South Wales), it did not prove to be a major election issue. This confirms the suspicion, outlined above, that balanced development has never been a strong concern of voters.

Summary and Conclusions

This chapter has attempted to scrutinise the efforts of the main advocates of balanced development to influence the shape of regional policy, both in the high tide period and since. The key question has been whether, and to what extent, those efforts can be held responsible for either the pursuit of balanced development as a policy objective or for its subsequent rejection by governments. This chapter has also questioned, in turn, the extent of media support for the idea of balanced development and the extent of broad public interest in metropolitan primacy as a policy issue. The literature on interest groups provided a useful starting point for the analysis.

Four sets of conclusions emerge, relating to each of the areas of discussion. First, the efforts of balanced development champions since 1975-76 have clearly failed on a

number of fronts to mount a successful critique of existing government policy. They have not done well against the interest group scorecard identified at the start of this chapter. The various supporters have not, since the late 1970s, been able to mount a coherent, sustained, well-resourced, focused and networked campaign in support of balanced development. At no stage have the lobbying efforts reached a critical mass to take off politically. This contrasts sharply with the high tide period, where a peculiar set of circumstances combined to advance the cause of balanced development. Interest group activity at this time occurred in a far more favourable environment, not least of which included the fact that key policy-makers themselves supported the cause. Having champions within government allowed the formation of a genuine “policy network” that has not been repeated in recent years.

Second, in relation to the media, despite the metropolitan media’s sporadic infatuation with the “plight” of regional Australia, there has been very little Sydney media interest in balanced development as an issue, a problem recognised by the CMA. The regional media has consistently supported balanced development for many years, but any concerted push for balanced development has to be supported in both Sydney as well as the regions. Individual journalists such as Asa Wahlquist have highlighted regional development issues, but again, the focus has tended to be on defending the country against losses of services rather than on balanced development. The politics of regional development have dominated the media’s interest in matters regional. Finally, the Sydney media does have a fascination for “growth of the city” issues, but rarely, if ever, is decentralisation seen by journalists as a solution to Sydney’s growth problems. To the extent that government agendas are influenced by the media, the latter’s preoccupation with the “city-country divide” has only served to reinforce the focus by governments on improving the quality of life in regional Australia rather than addressing uneven development.

Third, there is no real evidence that balanced development has excited the public imagination. It has not been an election issue at either State or Commonwealth level. Country voters have been outnumbered by city voters, and the latter have never embraced the issue of decentralisation for a variety of reasons. To the extent that government policy actions are driven by popular concerns, governments have never

recently been made to feel uncomfortable about their approaches to regional development due to any popular pressure for redirecting city growth.

Fourth, a number of general conclusions can be drawn about the nature of the interest group activity engaged in by supporters on balanced development. Their efforts have been sporadic, poorly funded and largely uncoordinated because of the inherent difficulties they have faced. The lack of popular appeal of the idea of balanced development has been a disincentive to action. Despite the veneer of the Country Summits, there are an enormous number of regional interest groups, and they have not necessarily agreed on an increasingly complex range of issues. There have been deep divisions over the environment and a range of other matters. Balanced development has not been a major concern of many regional advocacy groups. Perhaps country based interest groups agree with the majority of city people who accept metropolitan primacy as a fact of life and are sceptical of the capacity of governments to change it, and have simply resorted to lobbying for tangible benefits that will improve their lives.

As argued above, balanced development supporters form an unusual group. They probably fall somewhere between Marsh's definition of an interest group and a social movement (Marsh in Michael Keating et al 2000), lacking a specific representational focus or even a firm geographic base. Even the core supporters are really part-time advocates. Like many groups, they have appealed to a central, unifying idea, but have been unsuccessful in either explaining the core idea to a wide audience, or in linking the unifying principle to specific, implementable actions. Balanced development supporters have also suffered because group activity designed to place a new priority on the policy agenda is inherently more difficult than trying to stop government from removing an existing, readily identifiable benefit to the group's constituency.

Whether the failed efforts of balanced development groups provide a complete, satisfactory explanation for the decline of balanced development as a policy objective is another question. While the power of successful interest group activity in a democracy is undeniable, it does not always drive policy. An analysis of the past forty years of regional policy in New South Wales demonstrates that interest group activity must be placed within a broader context. Previous chapters respectively

demonstrated that the quality of the ideas at the heart of the interest group activity is also important to the outcome; that objective conditions and emerging problems help determine government policy agendas; and that the force generated by new policy ideas can effectively supercede old ideas. Later chapters establish that government ideologies and priorities also shape their policy agendas in areas such as regional development, and that institutional processes shape policy outcomes.

The conclusion is that, while balanced development adherents have not done well, there is no guarantee that a better, more strategic campaign would have achieved a shift in policy, in view of the other, substantial obstacles faced.

End Notes

1. Conferences such as these have been relatively rare in Australia despite the ongoing concerns about decentralisation and regional development. The other large conferences of note have been in Wagga Wagga in 1992, the Rural Communities Looking Ahead Conference in Dubbo in 1995, the two Country Summits, and the Regional Australia Summit in Canberra in 1999.
2. There is a superficial parallel to be drawn between the National Development Conference in 1971 and the Country Summits of the late 1990s. In both cases, there were a wide range of key interest groups invited, and the focus of attention was the city-country divide, but whereas the 1971 meeting focused on decentralised economic development, the Summits of the 1990s covered a wide range of access and service issues, relegating economic development down the list of priorities. The change reflected a shift in thinking between balanced development supporters of the two eras based on new challenges and new problems. For example, two of the key issues at the 1990s Summits were rural health and environmental regulation.
3. Precisely when or why the movement came to have a city focus is unclear. It was not unconnected to the rise in concern for the environment, of course. Doug March stated in 1972 that the city-based concern for decentralisation dated from around 1966 (AIUS 1972b: 29). Certainly people began talking about the “push” argument for decentralisation during the mid-to-late 1960s. By the time that the *Urban Crisis* film was released by DDD in 1972, decentralisation was very much a push-driven issue. The rural-urban drift became almost a secondary consideration. There was certainly a realisation by decentralisation supporters that the idea had to be sold to people as a solution to Sydney’s problems in order for it to be heard and to have an impact.
4. There was also a strong ideological bias to the activities of many of the policy activists at the time, with a strong predisposition to central planning and equally strong ALP connections, including within DDD in New South Wales. The unifying ideology of many – though clearly not all – of the supporters of decentralisation in the 1960s provided an added dimension to the interconnectedness of the groups. As Spiller points out, this was also the time of general acceptance within government of Keynesian interventionist government (Spiller 1999: 188). DURD, of course, was well known for its predisposition to planned solutions to population settlement issues. Spiller described DURD as containing “... high flying, left leaning geographers, economists, sociologists and planners ...” (Spiller 1999: 188). The degree of self-reinforcing group behaviour among balanced development supporters is perhaps captured by the fact that the groups supporting, for example, new cities, were regularly described as a “movement” (for example, Michael Jones 1979: 297).

5. A number of councils have left the CMA, possibly dissatisfied with the direction of the organisation, or possibly not seeing sufficient value for the membership subscription. It is interesting that numbers have declined in the post-1993 era at a time when the CMA's profile was enhanced by the publication of the *Strategy*.
6. The CMA has been fortunate to have had a number of articulate and committed advocates in the 1990s – Cr David John from Tamworth (1992-93), Cr Pat Brassil from Wagga Wagga (1994-95), the late Cr Senthil Vasan from Casino (1996-97), Cr Richard Torbay from Armidale (1998-99), and Cr Ian Macintosh from Bathurst (2000-01). The role of Councils' general managers has been critical, providing necessary secretarial support for the organisation and participating fully in CMA meetings. Longstanding general managers such as Brian Andrews from Wagga Wagga were servants of the organisation for many years.
7. The tragic loss of Cr Senthil Vasan was inestimable for the community of Casino and for the CMA generally.
8. The author was in attendance at this meeting, and in most other CMA meetings from 1995 to 2001.
9. Members of the Group were the Chamber of Manufactures of New South Wales, the Country Manufacturers Association, the Regional Australia Now movement, Chambers of Commerce, the Country Women's Association, the NSW Farmers' Association, the Labor Council of New South Wales, the Rural Women's Network, and Rural Press Limited.
10. This judgement may be harsh. Certainly, persistent noise by the CMA on the regional air services issue, for example, has contributed to a realisation by governments that this is an issue of great concern to regional voters. Arguably, this has led to Minister Anderson taking action to ensure that regional peak hour "slots" remain devoted to under-utilised regional air services, and helped to engage the NSW Government on the issue.
11. More generally, the regional media keeps a close watching brief on regional development issues. ABC regional radio is a strong source of coverage of regional development issues, for example during the Regional Australia Summit in 1999. However, much of the focus is on agriculture. Similarly, *The Land* generally focuses on the issues confronting farmers inside the farm gate. The recent policy focus has been on environmental issues such as the water reform process. Less energy is devoted to regional economic development and State settlement issues, hence *The Land* has not been at the forefront of debates over balanced development issues.
12. The regional media's preoccupation with population growth and decline was also illustrated by the breadth of coverage given to the publication by the Premier's Department in late 2000 of projections for inland towns' growth to 2016. When it was discovered that, based on the 1991-96 intercensal period, towns such as Armidale were projected to suffer a considerable population decline, the media reported widely the negative reactions of local representatives such as mayors, and within days the Premier felt compelled to issue a media release questioning the figures and denying that they would be used for planning purposes (Carr 2000).
13. Juddery concurs with the Whitlam view: "No addition to the government's administrative machinery after the 1972 elections was more clearly 'by popular demand' than ...DURD. The elections had been won in the unsewered, poorly-lit and indifferently-paved outer suburbs of Melbourne and Sydney, with the votes of men and women persuaded that they could now look to the Commonwealth rather than exclusively the local council or state government for the improvement of their lot – for readier access to their employment, for restraints on the rising spiral of costs for land and buildings, for a generally more acceptable life-style and even for alternatives to those same suburbs as places to live" (Juddery 1974: 149; see also Solomon 1982: 39).
14. For example, a concentration of ALP electorates in Western Sydney, Wollongong and Newcastle has ensured an economic development policy focus on these regions during the Wran and Carr governments, which account for all but seven of the last twenty-five years. This can be seen, for example in the creation of Hunter and Illawarra "Advantage Funds" in the late 1990s and in the creation of special ministerial or parliamentary secretary positions to look after these regions.

There is no Minister for west of the Great Dividing Range.

15. Such is the perceived need within government to encourage people to move to the country that a special program was introduced in 1998 (the Country Lifestyles Program) for this purpose.
16. It is perhaps ironic that it was one of Latham's predecessors, Whitlam, who perhaps most in Australia has tried to achieve decentralisation – in order to relieve pressure on Sydney's growth in the name of his suburban constituents. Of course, Whitlam also sought to improve services in Western Sydney.

Chapter Eight

Changing Ideologies and Policy Priorities: Balanced Development in the Wider Context of Government Objectives

Policy making takes place within an institutional framework ... but it also occurs within the context of a prevailing set of political ideas. These include shared conceptions about the nature of society and the economy, various ideas about the appropriate role of government, a number of common political ideals, and collective memories of past policy experiences. The nature of prevailing political discourse can work to the advantage or disadvantage of new policy proposals. ... some new proposals will be immediately plausible, and others will be barely comprehensible.

Peter Hall (quoted by Whitwell in Stephen Bell and Head 1994: 136)

The ever increasing complexity of economic life has brought economic imperatives to the forefront of policy prescription so that the ideological backing for ... regional development packages is now far less pronounced.

Peter McLoughlin (1986: 4)

[Neo-liberalism's] fundamental power lay in its critique of a previously dominant set of organising ideas, through which it interpreted a variety of processes of decay, obsolescence and decline to a diverse spectrum of groups and interests.

Martin Painter (1996: 296)

Introduction

To date Part Three has examined both factors internal to the idea of balanced development and “external” influences on its decline (Hood 1994: 4). This chapter and Chapter Nine turn to the internal dynamics of government over the period under review. This chapter explores how the idea of balanced development has fitted into the broader policy debates of the period under examination and into the agendas of successive governments.

It is recognised that regional development is not necessarily near the top of the list of overall government priorities. As well, governments have ideological dispositions

that inform the way they approach specific policy issues. This may simply rule out certain kinds of policy proposals, like balanced development.

The issue to be investigated here is whether, and to what extent, the direction of regional policy has been shaped by broader government thinking. Certainly, supporters of balanced development believe that regional policy has been taken over by “economic rationalism”, and that this is what lies behind what they see as the demise of regional Australia. Yet perhaps governments have simply had other priorities that have kept balanced development off the agenda. Chapter Eight referred to new regional policy priorities that have swamped balanced development. Here the focus is on wider government policy concerns, at both State and Commonwealth level.

The central argument of this chapter is that:

- Governments’ views about their own role in the economy and society have changed dramatically since the time when balanced development was a priority of government, for a number of reasons;
- What has variously been termed “economic rationalism” or “neo-liberalism” has had an important impact on government policy thinking on a range of issues, including regional policy; yet
- Neo-liberal philosophies alone do not explain the decline of balanced development, despite the exaggerated emphasis sometimes given to them; and
- Not only have ideologies changed, but government policy priorities have changed as well, with other concerns diverting government attention away from issues on the balanced development agenda.

Ideologies determine the perceptions of policy-makers towards the role of government in the economy, and its responses to a range of issues. The premise here is essentially that if Government A believes “x”, it is unlikely to do “y”; or if Government B has “x” as a policy priority, it is unlikely to pursue “y”. Ideologies influence priorities, but other factors influence priorities as well. Both ideologies and priorities shape

governments' style and approaches. In turn, ideologies reflect broader philosophical debates about the individual and society and the role of government.

Clearly, balanced development pursued seriously would require a substantial, ongoing commitment from government and an interventionist approach. It is plausible to suggest, therefore, that balanced development has simply not survived a period in which governments have questioned the extent to which they had previously intervened in the economy. Moreover, the new regional policy approaches have been consistent with the emerging philosophical positions of government. The question is whether those ideas and perceptions of problems simply reflected new ideologies or whether they would have emerged in the way that they did irrespective of governments' philosophical predispositions.

The Notions of “Government Thinking” and Ideology

Before proceeding with the analysis of the role of changing ideologies, it is important to note briefly the idea of “government thinking”. This refers to policy mindsets, approaches to policy issues, overarching or driving ideologies of governments, a disposition to respond to policy issues in certain ways.

Pusey captures this to some extent when he claims that a “...nation building state changes its *mind* ...” (Pusey 1993: my emphasis). This perspective recognises that there are underlying approaches to governance that are important in explaining policy change. The task of this chapter is to try to capture the “mind” of government that may have moved governments to act in certain ways in relation to regional policy since the 1970s.

Recognising that there may be core beliefs and ways of approaching policy within government, and that these may change over time (or even suddenly) is central to the analysis here. However, this is not necessarily to accept fully Allison's “rational actor” model of government decision-making (Allison 1971). Government is not a single, monolithic decision-making entity, but a messy amalgam of institutions and processes (Hawker et al 1979; Davis et al 1993). There are internal policy differences

within governments and across government agencies, and shifting views over time, recognised in Allison's bureaucratic politics model (Allison 1971; see Chapter Nine). Nonetheless, it is often possible to discern an underlying coherence to policy outcomes.

Government “thinking” is not the same as government decision-making. The notion of government thinking is broader than single decisions, and encompasses both ideology and a government’s priorities (which may be non-ideological). The notion includes a government’s “guiding principles”, the predisposition to act in certain ways when an issue arises, and the predisposition to consider or not consider certain issues. Government thinking therefore shapes what comes on to policy agendas (see Hall quoted by Whitwell in Stephen Bell and Head 1994: 136). Equally, problems may simply not be considered because governments view issues in a certain way, or because their mindsets give priority to other problems. Whether this predisposition is ideological in nature, or simply reflects a government’s policy priorities, can vary from government to government, and over time within the life of a government.

A key conclusion of Chapter Four was that there was no one single decision, either at State or national level, that sealed the fate of balanced development. There was no single time at which governments said “no” to it and changed policy course dramatically. Rather, government attitudes to balanced development have evolved gradually over time.¹

The way governments respond to specific regional development issues reflects the way they view regional policy generally, and the way they think about regional policy reflects the way they think about issues more broadly. Equally, governments’ views about specific policy areas and specific experiences, including in regional policy, may influence broader trends in government thinking and ideology. It is a two-way process.

One way of conceiving “government thinking” is to see government approaches to problems as reflecting ideologies. Among many meanings and definitions over time, ideology has been described as “... a system of beliefs or attitudes that is held by a social group” (de Crespigny and Cronin 1978: 5). Ideology, on this broad definition,

cannot help but be integral to political parties and policy development by governments. Ideology is a “world view” that informs the actions that all governments take, including regional policy.

Ideology can be important in policy making, in informing the policy process and providing a framework in which most governments act, for much of the time.

Generally, there is a way of thinking that determines how a government will respond to a particular set of circumstances. However, it is not all encompassing.

Governments seldom conform to totally consistent patterns of behaviour. Examples of non-ideological decisions abound, there may be different ideologies existing simultaneously across different arms of government, and sometimes governments act outside their normal ideological mindsets. Moreover, the role of ideology in decision making, and the notion that “paradigms” are overturned in revolutionary ways (Kuhn 1970), must be seen in the light of the tendency of governments generally to act incrementally (see Chapter Nine). Yet it will be seen below that the big policy shifts that have occurred since the 1970s have contained a substantial ideological component.

It is important to identify the factors that have driven government thinking in Australia and New South Wales since the 1970s, and to determine whether ideologies have been shared by governments in a way that has created a tendency to reject balanced development. Equally, it is important to see whether the tendency to reject balanced development has related more to ideology or simply to policy priorities.

Balanced Development, Ideology and Policy Priorities in the Period from 1965 to 1975-76

The Australia of the 1960s was still firmly in the policy and ideological grip of what Paul Kelly has called the “Australian settlement” (Kelly 1992: 1-2). This informal and bi-partisan compact included five key elements according to Kelly – white Australia, industry protection, wage arbitration, state paternalism and imperial benevolence (Kelly 1992: 1-2). Faith in government authority was a central component of the political culture of the time. According to Simms:

In the Australian case, the free economic market existed more in fiction than in fact (Simms in Head 1983: 152).

At the time that balanced development came to the fore, this was the landscape inhabited by governments and bureaucrats comfortable in the “long boom”. Australia’s was a mixed economy where governments resorted to Keynesian economic policy approaches to manage demand and control inflation. Hence it was not only economic conditions that encouraged the development of what might be called “statist” solutions to metropolitan primacy. Such approaches were embedded in the political culture of the day.

Ideologies of Government

The key issue is whether ideologies of government helped or hindered the pursuit of balanced development. The period that coincided with the high tide of balanced development was characterised by faith within government in central planning (Sproats 1983: 23). While markets were acknowledged as creating wealth, the period was marked by strong government intervention as described by Kelly and Simms above. According to Simms:

The Liberal Party did not possess a commitment to laissez-faire ideology. To carry out its tasks in the economic sphere, the party came to accept the important role of an interventionist government (Simms in Head 1983: 157).

This was the Party created by Menzies, who once stated that:

... we have no doctrinaire political philosophy. Where government action or control has seemed to us to be the best answer to a practical problem, we have adopted that answer at the risk of being called Socialists (Menzies quoted by Loveday in Lucy 1979a: 2).

Coalition governments, in particular, were comfortable with public ownership of key enterprises which had a central role in national development; with a high tariff wall and an extensive quota system, partly constructed by the Country Party under McKewen (see Golding 1996); and with an artificially controlled currency, full employment in the Keynesian mould, centralised wage fixing and the welfare state

(Simms in Head 1983; Butlin et al 1982). Butlin et al have described the 1945 to 1975 period as containing "... all the restrictive practices known to man" (Butlin et al 1982: 108). As Simms concluded:

Liberals did not ask themselves questions about the nature and role of the state itself; instead they worked within the boundaries of the two key themes of free enterprise and national development (Simms in Head 1983: 159).

The Whitlam Labor Opposition's attitudes in the 1960s, continuing into government in 1972, reflected an even stronger adherence to government-driven solutions. The choice of Uren as responsible spokesman, then minister, confirmed the interventionist intentions.² There was "shared optimism" among Australia's planners about the capacity of governments to solve the problems of the cities (Michael Jones 1979: 297).

Ideologies have generally been less important for State governments, certainly in relation to the role of government in economic policy. This has been due to the fact that State governments are largely responsible for service delivery (police, schools, hospitals), and have no responsibilities in national macro-economic management. The Askin Government of the 1960s had no ideological objections to the notion of balanced development.

In summary, the political climate of the 1960s, and the shared, endemic ideology of statism, interventionism and national development in the political parties, provided a firm floor under the policy of balanced development, whose pursuit was utterly consistent with the prevailing orthodoxies.

Policy Priorities

The second area of analysis is whether overall government policy priorities helped or hindered the pursuit of balanced development. There is little doubt that governments accorded regional development considerable weight during the high tide period, and that this was helpful for the achievement of decentralisation and balanced development. The value placed by governments on regional development was

evidenced by the fact that senior ministers were chosen, new agencies created, and considerable extra resources provided (see Chapter Three).

Whitlam regarded his Government's urban and regional development agenda as central to his government:

From the outset I made it clear that DURD was to be a major department of state, virtually co-equal with the Treasury ... (Whitlam 1985: 382).

The reason why regional development assumed a high priority in the Whitlam Government was partly due to its importance as a vehicle for implementing the Government's central objective of increasing the role of the Commonwealth in economic affairs.³

In New South Wales, while Askin's lack of policy focus was noted in Chapter Four, decentralisation assumed a high priority area, particularly for the Country Party. The appointment of Fuller as minister; the creation of DDD with independence, a considerable budget and legislative backing; the consistency of the approach taken by DDD to that of the SROP; the bipartisan nature of the support for decentralisation; and the involvement of the Government's key economic advisory body, the DCNSW, in operationalising the notion of decentralisation, all suggest that balanced development was an important part of the Government's overall agenda.

Hence it is clear that in both Sydney and Canberra, the high priority accorded regional policy, together with the relative absence of other government priorities that would be likely to conflict with decentralisation objectives, were considerable advantages, and help explain why balanced development was pursued in the high tide period.

Changing Philosophies and Ideologies within Government and their Regional Policy Consequences

As noted elsewhere, Hurley and others have argued cogently that regional policy in Australia has not generally been the subject of close linkages to theory (Hurley 1989, Sproats 1983). However, Hawker et al do not dismiss the role of ideas in policy

development, arguing instead that ideas do not offer a complete explanation of policy outcomes (Hawker et al 1979: 11-13; see also Pusey 1991; Michael Keating in King and Lloyd 1993; Whitwell in Stephen Bell and Head 1994; Hood 1994; Painter 1996).

The decline of balanced development has occurred at a time of intellectual upheaval and changing thinking within government about the role of government itself in the economy and society. The new approach within governments of all persuasions at different levels of government in Australia, as elsewhere, has had at its core the extent to which governments can and should intervene in the market. The change has been fundamental and has altered the ways in which governments approach policy across a wide range of issues. The change has been ideological in nature, elevating “neo-liberalism” to somewhat of a guiding principle of governments.⁴

Yergin and Stanislaw sum up the magnitude of the changed thinking from the 1970s:

What was the conventional, even the dominating, wisdom of that time is now widely criticized, and in some cases discredited and abandoned. What seemed to be ideas on the fringe, discussed only around a few seminar tables, have now moved into the center. As a consequence, economies almost everywhere are being reordered, in some cases radically, with immense and far-reaching effects (Yergin and Stanislaw 1998: 10).

The conventional wisdom referred to was the earlier conviction that central planning and government intervention could readily solve economic and social problems. Governments, for example, routinely sought to “demand manage” the macro-economy using Keynesian instruments, particularly fiscal policy. However, the focus has subsequently shifted from a concern with resolving “market failure” to the recognition of “government failure”.

This is suggestive in terms of the decline of balanced development. Balanced development was part of the earlier “conventional wisdom” about the role of government in society, since criticised, discredited and largely abandoned. Balanced development has the feel of an idea from another ideological generation, when governments had a far greater belief in their capacity for guiding economic and social change, including the belief that they could indeed alter the settlement pattern.⁵

New ideas have come to the fore since the 1970s relating to the role and purposes of government. The emergence of new ideologies has been the result of an ongoing “battle of ideas”. The larger canvas of ideas provides an important context for policy debates in specific areas of policy such as regional development. The key battle of ideas of the last century has been the role of the State in the economy, between government and the marketplace. Yergin and Stanislaw have described in detail the way these key ideas have intersected with policy and political processes, and conclude that this is “remaking the modern world” (Yergin and Stanislaw 1998):

The decamping of the state from the commanding heights marks a great divide between the twentieth and twenty-first centuries (Yergin and Stanislaw 1998: 13).

They talk about a “fundamental shift in ideas” underlying the dramatic political changes of the last two decades (Yergin and Stanislaw 1998: 14). Referring to Keynes’ 1936 view that it is “... ideas, not vested interests, which are dangerous for good or evil”, they claim that:

The dramatic redefinition of state and marketplace over the last two decades demonstrates anew the truth of Keynes’ axiom about the overwhelming power of ideas (Yergin and Stanislaw 1998: 14; see also Whitwell in Stephen Bell and Head 1994; Painter 1996).

The essence of the battle of ideas concerned the relative capacity of markets and governments to deliver better standards of living to citizens.⁶ In liberal democracies, the triumph of the new thinking has been seen variously (to a greater or lesser extent) in the embrace of privatisation or corporatisation, deregulation, lower levels of taxation, new ideas in public sector management service delivery and the emerging belief in balanced budgets (Hood 1994).⁷ These ideas and policy preferences have formed the essence of neo-liberalism.

The battle of ideas between pro-market or neo-liberal forces and supporters of state intervention in the economy has had an impact on most, if not all areas of government policy. In the broad battle of ideas between market-oriented ideologies and interventionist approaches, the idea of balanced development occupies a relatively minor place. However, as an idea resting upon considerable government intervention in market processes, balanced development has become inextricably linked to much

broader policy debates. Balanced development was an idea caught in a larger, changing mix of ideas and circumstances.

The Impact of “Economic Rationalism” on Governments and Policy in Australia

There is a general consensus that there has been a dramatic shift to neo-liberal economic policies in Australia in the last twenty years. Andrew Beer has stated that “Australia’s recent political history has been dominated by a philosophy of economic rationalism” (Beer 1998: 53). Coleman and Hagger assert that “... Australia has come to be haunted by two words: Economic Rationalism”, which is “... an enduring feature of Australian debate about economic policy” (Coleman and Hagger 2001: 1). The extent of the changed policy mindset in government has been captured by Bell:

For a country with relatively statist political economy traditions, the transformation in political economy along neoliberal or “economic rationalist” lines that has occurred in the last two decades marks an extraordinary turnaround (Stephen Bell 1997: 1).⁸

Or, according to Maurie Daly:

A virus reached Australia in the early 1980s. It had travelled from Britain to the USA and thence to Australia. Anglo-Saxon societies appeared to be particularly prone to its impact, and in the South Pacific, New Zealand and Australia offered themselves as willing victims. The virus had a name: economic rationalism (Daly in Rees et al 1993: 72).⁹

If such a fundamental shift in policy thinking has occurred, it is unlikely that regional policy, and, in turn, the commitment of governments to balanced development, could have remained unaffected.

Definitions of Economic Rationalism or Neo-Liberalism¹⁰

There has been considerable debate over the meaning of “economic rationalism” (Coleman and Hagger 2001: 147). According to Stilwell, economic rationalism:

... is based on the twin tenets that: (i) economic issues have priority over other social goals, whose achievement in the long run depends on improved

economic performance; and (ii) the market economy generally produces more efficient outcomes than government “intervention” and planning (Stilwell 1992: 4-5).

Economic rationalism is seen as a mindset or attitude within government that encompasses certain attitudes towards intervention in the economy. The more controversial position attributed to economic rationalists, reflected in the views of observers like Stilwell, Jenny Stewart, Argy and Pusey (quoted in Coleman and Hagger 2001: 151, 198), is that economic management is more important than other societal values. Neo-liberals might take issue with this claim (see Coleman and Hagger 2001: 199).

Economic rationalism, or neo-liberalism, has had a number of elements noted by Hood above, and a wide range of policies have been introduced under the label. The Australian debate has included all these elements, particularly focusing on financial deregulation, and the issue of internationalising the Australian economy through tariff reductions and free trade policies, the contracting out of public sector functions, user pays principles, and, more recently, competition policy.

The Commitment of Governments to Neo-Liberalism Since the 1980s

There is considerable debate over the extent to which governments from the late 1970s have been committed to economic rationalism. Catley has claimed that economic rationalism changed Australian politics (Catley 1996: 65):

During the following decade [after 1983] the issue at the centre of Australia’s politics ceased to be: how can government intervene in economic life to create desirable social outcomes? By the 1990s it had been reformulated as: how can government create competitive market situations to ensure world-best practice is pursued and international standards are achieved (Catley 1996: 65).

One of Pusey’s key (and controversial) contentions was that policy in Canberra was increasingly dominated by economists in the bureaucracy (Pusey in Carroll and Manne 1992: 39; see also Stewart 1994: 175-202), and that these “econocrats” were increasingly captive of the new neo-liberal orthodoxy. The extent of the commitment of governments to neo-liberalism, whatever its critics have argued, cannot be assumed. Hood has posed the question whether the “policy dinosaurs” (Keynesian

macro-economics, regulation, high taxes and public ownership) actually have become “extinct”. Quoting Whitehead, Hood notes that the policy shifts in Britain, particularly the impact of privatisation, amounted to “... less than meets the eye” (Hood 1994: 142-43). The record in terms of policy outcomes has been mixed. As Wanna has argued:

No matter how rhetorically committed to “economic rationalism” governments have sounded, they have still shown a propensity to hit the panic button when confronted with harsh economic data or if required to salvage political credibility. Thus, when elections fall due governments resort to conventional forms of political expediency offering immediate policy concessions (Wanna in Stephen Bell and Head 1994: 236).

However, overall, Norton, who is sympathetic to the neo-liberal position, has argued that significant progress has been made since the early 1980s (Norton in Nethercote 2001: 240-42).¹¹

On a government-by-government analysis, the Hawke Government at Commonwealth level led the way, commencing with financial deregulation in 1983. Yet according to Norton, progress under Hawke was slow, with Labor “inching” towards a more open economy (Norton in Nethercote 2001: 237). By the standards of the governments that preceded and followed Hawke, his Government was, on balance, in the neo-liberal camp.¹² At State level, the Greiner Government has been the most committed to challenging the status quo in economic management and moving towards a smaller government ethos (Laffin and Painter 1995).

While the commitment of governments to neo-liberalism has been uneven, there has been a clear movement towards “smaller government” at both State and Commonwealth level in Australia, and this dates from the election of the Hawke Government in 1983. Fundamentally important economic reforms have occurred, and many of the reforms have been lasting due to the bi-partisan nature of their support.¹³ Clearly, the period of neo-liberalism has coincided with the changes in regional policy described in Chapter Five. The question becomes whether these two events are connected, and in what ways.

Is Neo-Liberalism the Enemy of Regional Policy and Balanced Development?

While the impact of neo-liberalism on regional Australia itself is generally agreed to have been substantial and sometimes negative (Pritchard and McManus 2000; Gray and Lawrence 2001), the task here is to isolate the impact of neo-liberalism on regional policy.¹⁴

The key issue is whether governments' commitment to neo-liberalism has made it impossible for them to support the kind of intervention required by balanced development. In practice, the argument involves both direct and indirect links between the adoption of neo-liberalism and the rejection of balanced development. Three arguments are considered here – that regional policy generally has been rejected because of adherence to neo-liberalism; that the direction of regional policies has been determined by adherence to neo-liberalism (the direct arguments); and that the pursuit of free market approaches in non-regional policies has given rise to greater imbalances between city and country.

On one view, regional policy and economic rationalism are mutually exclusive, since any assistance to regions or companies seeks to go beyond what the market alone would deliver. All regional policies are intrinsically interventionist to an extent. As an internal DBRD paper pointed out:

... regional economic policy has always been driven by social and political imperatives which are impervious to an economic-rational calculus (DBRD 1993 unpublished).

There is clearly a strong view among regional development advocates that economic rationalism is the enemy. The 1996 Country Summit in Tamworth gave birth to the derogatory term “eco-rats” to describe economic rationalists, and in effect named them as the enemies of balanced development.

Beer (1998) has attributed the abandonment of regional policy by particular governments (Howard and Kennett in Victoria) directly to their neo-liberal philosophies. This view is relatively widespread in the literature, especially among critics of neo-liberalism (see various contributors to Pritchard and McManus 2000;

Gray and Lawrence 2001). Yet the drivers of regional policy are far more complex than this, and the Beer argument does not explain why regional development came back into favour so strongly under Howard two years later. This reversal could have resulted from a modification of the earlier “ideological” view (following Hood and Wanna), or could have resulted from other (perhaps electoral) motivations.

It is not clear, therefore, that the adoption or rejection of regional policies is necessarily linked to adherence to economic rationalism. Governments like those of Greiner and Carr in New South Wales have pursued approaches that in some areas held closely to neo-liberal principles, while simultaneously pursuing regional policies.

There is also the argument (the second “direct” argument) that the content of regional policy has been dictated by adherence to neo-liberalism. To an extent, recent regional policy has been clothed in neo-liberal language:

... there is often an unresolved tension in regional policy between an *industry policy* focus on efficiency and competitiveness and a *social policy* focus on employment and job creation (DBRD 1993b unpublished: 8).

Regional policy in the 1990s has applied the language of rational economics and “international competitiveness” to spatial policy, which has become more limited and generally does not seek to overturn market outcomes. Yet it remains intrinsically interventionist, albeit in this limited sense. For example, regional competitive advantage can be “created”. Certainly, the adoption of certain regional policy positions has involved elements consistent with adherence to neo-liberalism, for example the notions of sustainable development, regional competitive advantage and the community self-help principle. The question becomes whether governments adopted these positions because they also held neo-liberal views. According to the McKinsey report:

The role of governments is shifting from “doer and director” to change leader in regional and economic development (McKinsey 1994: 8; see also Osborne and Gaebler 1992).

In essence, the change in regional policy thinking has been largely about the embrace of market forces. Also, in the area of local economic development, government acts

as a “facilitator” rather than a director of development. The bottom up approach generally has been seen as a communitarian phenomenon. However, it is also very much in line with market based approaches to regional development. Another example of the encroachment of market thinking has been in relation to “economically sustainable” development and to the pursuit of “regional competitive advantage”. These notions tie the future of non-metropolitan regions directly to the market, based on the view that only private sector investment in competitive industries will ensure the longer-term viability of regions.

One prominent example of the direct impact of neo-liberal thinking on balanced development within government was the Fahey Government’s attitude to the CMA’s *Strategy* noted in Chapter Four. Here there was a rejection of balanced development because it was not based on economic realism but on the need for substantial intervention. Again, the Government of the day stated that it did not intend to “... counteract large-scale economic ... trends” (NSW Government 1993: 9).

Other examples abound. Open ended tax concessions to aid regional industries have been rejected, at least partly because of fiscal discipline, and because they could have the effect of subsidising poorly located or poorly managed industries. The notion of ongoing assistance to firms to “compensate” for their country location has been rejected, lest it encourage a mendicant mentality. On this view, location should be based on sound economics. Assistance is given to firms relocating only if they are seen as potentially contributing to the region’s competitive advantage. The response to crises in regional towns is to attract new, viable industries; not to try to save the declining ones. As in many other OECD countries, Australian and New South Wales governments have rejected big spending approaches to regional problems (see Hugonnier 1999). This is linked to the neo-liberal desire of governments to avoid budget deficits and to achieve good value for the taxpayer. The policy language of facilitation and partnerships is fully in accord with market outcomes. Finally, regional strategies are left by governments to local communities and regions to determine, again, in accordance with notions of regional competitive advantage.

Neo-liberal thinking has influenced the shape of current regional policy thinking (just as regional policy has influenced broader government thinking). But it has not been

the sole influence. Governments have adopted these “post-balanced development” approaches for reasons other than their adherence to neo-liberalism. For example, much of the thinking about community economic development has been heavily influenced by communitarian approaches in North America (see Collits 1997b).

In relation to the adoption of sustainable development, governments and regional policy-makers have simply come to the view that that intervention on a scale sought by balanced development supporters cannot deliver long-term, sustainable growth to non-metropolitan regions. This is at variance with the view put by Roy Powell and others that governments believe market forces will “deliver” regional development (Powell terms this one of the “myths of regional development”; Roy Powell 1999). Rather this approach reflects more a conviction that governments cannot deliver regional development than being an expression of unbridled faith in markets. Hence the second argument that neo-liberalism has led to the abandonment of balanced development is plausible but does not provide a complete account of balanced development’s rejection by government.

There is also the argument that holding neo-liberal views has indirectly contributed to the decline of balanced development as a policy objective. Powell has written extensively about the impact of policy adherence to economic liberalism (Roy Powell 1996; 1997a and b; 1999). He argues that markets are centralising, and deliver only greater imbalances in the space economy (see Chapter Six). It follows that policies that support greater market power can only worsen the position of non-metropolitan regions at the expense of the city (Roy Powell 1999: 2). Powell claims:

A regional development policy which aims to achieve “balanced” development (at least in a spatial sense) will involve interventions to over-ride market forces.

Market-driven economies seek to advance economic efficiency and so global competitiveness (Roy Powell 1997a: 1).

On Powell’s view, adherence to neo-liberalism has involved acceptance (and the encouragement) by governments of globalisation and economic restructuring (see Chapter Eight). The latter has necessarily led to greater centralisation, hence to greater metropolitan primacy.¹⁵

On this view, the logic of the adoption by governments of neo-liberal approaches to economic policy has led, indirectly, to their rejection of balanced development. By pursuing policies that led, even indirectly, to greater primacy, it is argued that economic rationalism has led governments to abandon balanced development. Again, there is merit in this claim. It is consistent with Lindblom's point that policies can "happen" without being intended (Lindblom 1968: 4).

One of Sorensen's persuasive arguments (see Chapter Five) is that governments no longer have the capacity (if they ever did) to influence regional processes and thus effect balanced development. Argy has an interesting argument in relation to whether globalisation is a process or a policy, and this has implications for the argument about the power of governments to intervene. Argy claims that:

A further important factor inducing many economists to accept economic liberal ideas is that globalisation, coupled with policies of deregulation and small government, is perceived to have considerably weakened the ability of governments to intervene effectively in the economy.

In a sense the implementation of economic liberal policies in the 1980s and 1990s has generated a self-fulfilling cycle. Governments have reacted to globalism by shrinking the size and role of government and strengthening the power and influence of markets. This in turn has limited the future potential for successful government intervention in the economy, impacted back on the evolution of professional economic thought and back again on policy (Argy 1998: 216).

On this view, it has as much been government policy as inexorable global forces that has driven the opening of the Australian economy, and governments have effectively given up their capacity to influence (for example) spatial outcomes. If Argy is right – then the acceptance by government of the neo-liberal mindset can be seen as contributing significantly to the demise of its own capacity to achieve balanced development. For balanced development is, above all else, about governments intervening massively in the space economy by overturning the "level playing field".

It is likely that both Sorensen and Argy are correct. Governments can no longer create balanced development – if they ever could – because of the tyranny of the macro (Chapter Five), but they themselves have taken policy actions in other areas

that have effectively reduced their capacity (and the desire) to achieve balanced development.

Summary

Clearly, the ideologies driving governments in Australia shifted dramatically in the 1980s, and this has had a profound impact on the style of policies enacted since then. These ideological shifts were grounded in the emerging battle of ideas over the respective roles of markets and governments in society. However, the shifts in ideology also reflected the experiences of Australian governments. They were not simply learned from textbooks, from neo-liberal philosophers, from overseas governments, or even from think tanks in Australia. They were rooted as well in the experience of economic management in the 1970s where increasing evidence was emerging about the failure of previous, more interventionist policies, including those such as the centrally planned approaches to regional development. Shifts in ideas are important, but they do not provide a complete explanation for policy shifts (Galbraith 1958: 15; Hood 1994; Painter 1996).

In terms of the impact of the paradigm shift to neo-liberalism, the evidence is mixed. It is likely that the influence of neo-liberalism on the decline of balanced development has been exaggerated. (The same may be said for the impact of neo-liberalism on regional Australia, but that is another debate). Rather, it is possible that economic rationalism and the decline of balanced development are simply both the outcomes of a reassessment by governments of the capacity of interventionist solutions to achieve regional development. That is, they both have a common cause.

Certainly, the evidence of the Fraser Government's non-acceptance of neo-liberal policies noted above establishes that the initial rejection of balanced development clearly pre-dated the arrival of the neo-liberal approach in Australia. The Wran Government, which also rejected balanced development, did not especially embrace neo-liberalism. Hence clearly not every government that rejected balanced development did so on the basis of adherence to neo-liberalism.

Yet the dictates of neo-liberalism have clearly helped to shape the regional policy debate, with market driven concepts and programs coming to the fore. The embrace of neo-liberalism has also accompanied the demise of balanced development. That one has contributed to the other is clear. To what extent exactly is less clear. It is apparent that the idea of balanced development is plainly incompatible with a commitment to market outcomes, and it could not be expected that a government believing in freer markets would be willing to commit to the degree of intervention required by a balanced development policy.

At one level, the commitment to markets has meant that governments were rejecting centrally planned policy responses and massive intervention as a matter of course. However, it is more likely that the reasons why governments embraced neo-liberalism were the same as those that ruled out balanced development. Hence there was a common causation of the two phenomena that were occurring simultaneously in Australian politics. Many of the answers thus lie in the conclusions reached in Chapter Five – that governments simply rejected the idea of balanced development because it was seen as an ineffective strategy for regional Australia.

The Impact of Changing Political Priorities on Balanced Development

Governments' actions are not always the result of ideology. Not only have governments taken on new conceptions of their role in society, they have also since the 1980s pursued economic agendas and a range of policy objectives that have either conflicted directly with the pursuit of balanced development, or have simply removed it from government policy agendas. This has applied equally at State and Commonwealth levels of government.

These new priorities have sometimes related to new problems, such as the impacts of globalisation, restructuring and recession (macro-economic management, industry policy, micro-economic reform); or have followed the arrival of new ways of dealing with old problems (urban consolidation); or have involved objectives that all governments feel inclined to follow (investment attraction to capital cities, greater

environmental regulation); or simply have emerged as a manifestation of the policy preferences of particular governments (industry policy).

While the first set of priorities has an indirect impact on the content of regional policy (because Government A has a priority “x”, it is less likely to consider “y”), the second set of priorities has a more direct impact (because Government A does “x”, it would not contemplate doing “y”). Both classes of policy priorities have had an impact on the desire or capacity of governments to pursue balanced development.

Commonwealth Government Policy Priorities

Commonwealth governments have had policy priorities that have contributed to the absence of balanced development from policy agendas. Three governments, the Fraser Government, the Hawke and Keating Governments, and the Howard Government, each had various agendas that excluded balanced development, and for long periods, regional policy generally.

Commonwealth governments have had a very different relationship to balanced development from governments at State level. Whereas State governments (not only in New South Wales) have consistently enacted regional policies since the 1970s at least, but as a relatively low priority, the Commonwealth has largely removed regional development altogether from the policy agenda.

It is not so much that there have been particular policies in Canberra that have clashed very specifically with balanced development, as has been the case in Sydney, but rather that regional policy has been of peripheral interest to successive Commonwealth Governments. So much so that Commonwealth interest in regional policy since 1975 has been the exception rather than the rule. None of the isolated times at which various governments have taken any interest in regional policy – the Hawke Government in 1986-87, the Keating Government from 1993 to 1996, and the Howard Government after 1998 – have been able to ignite any acceptance of balanced development as a policy objective. In the case of conservative governments the reason for the sidelining of regional policy has been quite specific. It was a matter of

generally believing that regional policy properly belonged to the States. In addition, the need to cut government spending proved to be the initial driver in having regional development programs cut or removed. The need for successive Commonwealth governments to remain focused on macro-economic management has reflected the presence of serious recessions and structural changes in the economy.

State Government Policy Priorities

Traditional State Government concerns of policing, transport, community services, health and education have generally dominated the political agenda in New South Wales since the 1970s. The policy priorities of successive governments in New South Wales since 1976 have not been helpful to the pursuit of balanced development. First, there has been a strong and increasing focus on fiscal prudence from the time of Wran. In Wran's case, there was a perceived desire to distance the Government from perceived Whitlamite extravagance (Bennett in Hogan and Clune 2001). In Greiner's case, there was a neo-liberal focus on running the State like a corporation (New South Wales Inc) with a strong focus on the bottom line (Laffin and Painter 1995). This has continued under Egan, though with the emphasis on fiscal prudence in order to provide better public services.

Second, increasing unemployment since the 1980s following two severe recessions and substantial industry restructuring has led successive State Governments, preoccupied with basic popular concerns, to concentrate on jobs and investment. Further, the task of just helping to create new jobs has increasingly taken precedence over where those jobs are located.

Third, governments have increasingly focused on environmental protection, and this has meant modifying perceptions of how much development, and what kind, can properly take place in regions of interest to balanced development advocates.

Fourth, each government has faced its own internal crises and political challenges, whether through dealing with corruption allegations, facing narrow majorities or even a minority situation, or simply meeting the increasing expectations of voters in

relation to service delivery, that have served to distract governments from less pressing priorities. Such political distractions, or what Painter has referred to as the increased problems of “steering the modern state”, necessarily increase the attention required to be given to day-to-day political management (Painter 1987; see Chapter Nine).

In a range of texts on State politics since 1976, it is perhaps not surprising that regional development, other than in the context of the electoral contest, is rarely mentioned (for example, Parker 1978; Steketee and Cockburn 1986; Laffin and Painter 1995). In order to achieve balanced development, regional policy would have to assume the status of a major priority in government. In New South Wales, this has simply not occurred.

In addition, there have also been a number of policy priorities shared by all three State Governments during the period under review that have affected the pursuit of balanced development directly. The two key areas here are investment attraction to Sydney and the management of metropolitan growth. It is arguable that these commitments have had more of a specific negative impact on the pursuit of balanced development than any of the policy priorities of governments referred to above.

Competitive Federalism, Interstate Competition and Investment Attraction to Sydney

Governments have consistently courted potential investors, industry project proponents and major events in an effort to secure jobs and investment in New South Wales, as elsewhere. Premiers and ministers look for every opportunity to report increased investment, and Sydney has proven to be a large and growing source of opportunity for governments to claim “wins” for the State. Hence, the support for increased economic activity in Sydney has been an enduring objective, and a high priority, of NSW governments.

Policy-makers recognise the propulsive role of cities in State economic development. The size of Sydney and its domination of the State’s economy ensure that Sydney provides the majority of new investment opportunities. Globalisation has increased

investment flows and direct foreign investment, providing an incentive for State governments to participate in “bidding wars” against other jurisdictions. Due to agglomeration economies and the emergence of new economy industry sectors, most of the mobile investment locates in global cities. Hence, even though the objective of governments is to attract investment to the State as a whole, the very activity of investment attraction generally and naturally favours Sydney.

The desire to attract investment and the tendency to participate in bidding wars has been shared by all State and Territory governments. According to Sandercock:

The desirability of continued economic growth in the Sydney region has never been questioned by the Labor or Liberal Parties. Instead each has tended to compete with the other for the credit of promoting the faster growth rate (Sandercock 1990: 232-33; see also Sandercock 1975; Industry Commission 1996).

And the participation in investment attraction activities is not new. Sandercock quotes Phil Day, who stated (even in the high tide period) that:

We are out to increase the efficiency of private enterprise and remove inhibitions upon industrial expansion and development generally ... Decentralization can only succeed if we have a sound basis of development here in the metropolitan centre. *Sydney can put on a few more millions* (Sandercock 1990: 232; her italics; also quoted by Harrison in Parker and Troy 1972).

The ongoing desire of all State governments to attract investment, and to engage in interstate competition to do so, has been a feature of Australia’s competitive federalism, and, indeed, one of the primary functions of State governments. As Warhurst et al point out:

The rhetoric of “development” and “growth” has been widely cultivated by governments intent on gaining electoral rewards for being seen as successful promoters of their state economy (Warhurst et al in Galligan 1988: 197).¹⁶

Manifestations of State investment attraction activities are numerous, and include bringing major events to the State; attempting to secure large industrial plants such as aluminium smelters; attracting regional headquarters of multinational firms (RHQs); attracting “new economy” activities such as producer services, for example

information and communications technology (ICT) firms and finance industry firms; and securing investments in industries such as the film industry that will deliver further spin-off benefits (recognition for the State and marketing) beyond the initial investment and jobs.¹⁷

Programs such as the Industry Assistance Fund (IAF) in New South Wales have provided substantial financial incentives to inbound investors (Public Accounts Committee 2001: 4; the Fund generally has been around \$3 million per year). Financial assistance packages can be substantial and include payroll tax rebates and other exemptions from government charges, grants, loans, provision of infrastructure, relocation assistance, reduced utility costs, and free or subsidised land. However, other non-financial assistance is also provided, including assistance with regulatory approvals and the provision of information and advice from the relevant agencies (Public Accounts Committee 2001: 23-25).¹⁸

Successive governments have sought to take advantage of globalisation, and have actively encouraged the development of the “global city”. The active, ongoing promotion of Sydney as a global city, pursued by governments since the 1980s, has enhanced metropolitan primacy and sidelined balanced development as a policy priority.

The global city focus has led both to the greater promotion of Sydney as an investment destination and to an industry focus within DSRD and its predecessors on those sectors most likely to locate in Sydney. For example, Wran’s Investment Corporation and the financing of advanced technology encouraged investment location in Sydney (Searle 1998: 14). Two of the key investment strategies of the 1990s have focused on ICT firms and RHQs of multinational firms (the RHQ Program costs around \$2 million per year; Public Accounts Committee 2001: 4). As Searle points out in relation to the ICT focus:

It came as telecommunications investment was growing rapidly with technological advances and government deregulation, and took advantage of Sydney’s position as Australia’s international communications hub and main producer of computer software (Searle 1998: 16).

One of the recent manifestations of Sydney's success as an inbound investment destination has been the city's ability to attract RHQs. The RHQ program that was commenced in 1993:

... took advantage of the emergence of the Asia-Pacific region as a third global economic bloc and of regional headquarters ... to service it. It is built on Sydney's national commercial leadership and its dominance of Australia's international air connections, and on Sydney's low business costs in comparison to Asian cities. ... Sydney was soon capturing two-thirds of all RHQs setting up in Australia (Searle 1998: 16).

Several case studies demonstrate the ways in which investment attraction has affected the pursuit of balanced development. For example, the 1989 decision by the Greiner Government to abandon the CIPTRS, the pursuit of the Olympics and the attraction of call centres each highlight the policy priority of investment attraction.¹⁹ These were all cases where investment attraction efforts contributed to increasing Sydney's economic domination of the State. While the efforts of NSW governments have been modest (Public Accounts Committee 2001), the serious pursuit of inbound investment has had a negative impact on balanced development and suggests that decentralisation has been downgraded as a government priority.

The participation of States in "bidding wars" has been the subject of considerable debate and criticism on a number of grounds.²⁰ Most relevant here, Powell has argued that the decision of successive governments actively to attract overseas investment to Sydney, through financial incentives and subsidies, only adds to an already "tilted playing field" (Roy Powell 1997b: 4; see also Chapter Five). According to Powell:

Urban areas offer the locating businesses the advantages of agglomeration economies, AND add financial incentives on top (supposedly to compete with other countries) (Powell 1997b: 4).²¹

Powell believes that, whatever the real motivation of governments here, the effect has been to advantage Sydney in relation to the country, in effect to entrench metropolitan primacy. Governments, of course, deny having any intention to entrench Sydney's dominance. Investment attraction is justified in terms of State-wide benefits, not only benefits to Sydney.

However the decision to pursue investment attraction has effectively inhibited governments from the pursuit of balanced development. This is because to pursue genuinely a policy of balanced development, for example through enforcing punitive measures to force industry out of Sydney, would risk making Sydney less attractive to potential businesses and investors, and would therefore be incompatible with the attempt to attract more jobs and investment to Sydney. Hence no contemporary government would (or could) repeat the efforts of the 1970s where a message of “urban crisis” was promulgated in the name of decentralisation.

The tensions between the pursuit of balanced development and investment attraction are not new, and have long been recognised by government itself. Phil Day claimed as far back as 1969:

... the Department wears two hats ... If overseas industry will not go to the country, we will try and secure it for Sydney rather than let it go to Brisbane, or Adelaide – or that other place (Day quoted in Hurley 1989: 309; Hurley also discusses this point; see also Linge 1967: 54).

This suggests a fundamental contradiction between investment attraction and balanced development. Stilwell sums up the point well, writing in 1974:

Most States have implicitly put most weight on the objective of maximising total economic growth, so that when this is in conflict with the decentralisation objective, then the latter is invariably the one to be sacrificed. Given that the various States are in keen competition with each other for industrial expansion, no one State can impose locational constraints on firms for fear of losing the development. For example, a firm wishing to establish a new plant may be told by the NSW Government that it is welcome only if it selects a decentralised location. If it then threatens to go to Victoria, the outcome is likely to be that the NSW authorities allow it a Sydney location. In this way, interstate competition for development vitiates against effective decentralisation (Stilwell 1974: 158-59).

Hence the very nature of competitive federalism has limited the capacity and the willingness of NSW governments to attempt to alter the spatial pattern of economic activity. Moreover, investment attraction efforts have increased since the 1970s with intensifying globalisation. Hence Searle has referred to the State’s investment attraction efforts as “global opportunism” (Searle 1998). The Industry Commission

suggests that the investment attraction activities of State governments have, if anything, increased in recent times (Industry Commission 1996: 16-17).

State governments see Sydney largely as being in competition with other global cities, and to a lesser extent, with other State capitals, rather than in competition with the rest of the State. The attraction of footloose investment capital is seen as being a separate and more important task than the actual location of that capital (and its attendant jobs) within the State. No government has been willing to forego the benefits of “global opportunism”, and governments wish to be seen to be abetting the process of investment attraction. In this way, balanced development has been well and truly relegated to minor status within the overall priorities of government.

In summary, four points can be made. First, New South Wales has been an eager participant in attracting investment. Second, both globalisation and the efforts of governments keen to take advantage of it have contributed to the growth of Sydney’s dominance. Third, Sydney’s increased dominance would have happened anyway without government investment attraction efforts, due to the forces identified in Chapter Six. Fourth, and most importantly for the argument here, investment attraction has been a strong priority of all recent NSW governments.

Managing Sydney’s Growth Through Urban Consolidation

A second ongoing priority of successive NSW governments in conflict with the pursuit of balanced development has been the recent attempt to manage Sydney’s growth more effectively “from within”, which effectively has sidelined decentralisation as a means of curbing Sydney’s growth. Urban consolidation (increasing population and/or housing densities; DEP 1984: 1) has been, according to Spearritt and de Marco, a “foundation stone” of successive metropolitan strategies in the post-balanced development period (Spearritt and de Marco 1988: 33).²²

Governments have recognised the cost, both in economic and social terms, of urban sprawl (DEP 1988). From its adoption as policy in 1981 (DEP 1984: 4), urban containment and the achievement of a more compact city have been the overarching

metropolitan planning objectives (DOP 1995a: 4; Holliday 2000). According to DEP, writing in 1984:

... The stated objectives of the urban consolidation policy ... were to reduce the rate at which the cost of housing was rising, to contain the cost of urban expansion by the utilisation of spare capacity in existing social and physical infrastructure in established areas ... and to reduce the rate of urban sprawl, as the opportunities for peripheral growth are not unlimited in Sydney (DEP 1984: 1).

There have been a wide variety of measures introduced by both State and local government to implement urban consolidation (DEP 1984: 24-25). Urban consolidation has also had its critics, both within and beyond Sydney (see, for example, Stretton 1989: xli-xlvi; Troy 1995), despite its successes (Holliday 2000). It was also taken up at Commonwealth level by Minister Howe, and formed one of the policy planks under the Building Better Cities Program (Hamnett and Freestone 2000: 150-51).

Urban consolidation has been a “policy competitor” of decentralisation. This was recognised by the DCNSW in 1982 in its important review of the BODC, shortly after the policy was first introduced:

The adoption by the State Government of a policy of urban consolidation of Sydney is likely to reduce expected infrastructure pressure on its development. [This] was one of the key arguments for selective decentralisation. This, coupled with the lower than expected population growth of Sydney, has reduced the validity of this argument (DCNSW 1982: 27).

While governments have concluded that decentralisation will never solve Sydney’s growth problems (see Chapter Five), it is equally apparent that, in urban consolidation, governments believe they have found a solution to Sydney’s growth problem.²⁹ Hence the adoption of “within Sydney” strategies for containing urban growth problems has undoubtedly been an important contributor to the decline of balanced development. Again, this is partly simply a rejection of the idea that balanced development could be a solution to Sydney’s growth problems. But it is also a reflection of government priorities. NSW governments have placed a far higher priority on making Sydney more livable than on decentralisation.

Summary and Conclusions

This chapter has demonstrated that both ideologies and policy priorities have changed in important ways since the 1970s. First, neo-liberal ideas have generally assumed greater prominence within government and informed the direction of policy, including regional policy.

Second, governments have been busy pursuing other policy objectives that have either conflicted either directly or indirectly with balanced development, or have simply sidelined regional policy. At Commonwealth level, the key economic objective has been the achievement of international competitiveness and the key policy focus has been macro-economic management. This has generally lessened the interest of governments in the location of economic activity. At State level, a variety of other policy concerns has caused governments to ignore demands for balanced development, although regional policy more broadly has remained on the agendas of every government to a greater or lesser degree. These State government priorities have been powerful counterweights to balanced development, and have affected it directly. The willingness of all NSW governments to involve themselves in investment attraction has been a powerful disincentive to pursue more balanced development. It has been both a cause and a consequence of the decline of balanced development. The impact of urban consolidation has been equally profound.

Yet the view that balanced development has been rejected by governments simply because they have chosen economic rationalism instead must be treated with caution, for two reasons. First, the ascendancy of neo-liberalism has not been total within government. Governments with a neo-liberal agenda in some areas have been more interventionist in others. And governments have also weakened their economic liberalism during their period of office.

Hence blaming economic rationalism for the decline of balanced development is not a complete explanation. Governments' views about their proper role in regional development and about the proper direction of policy have been shaped by a learning

process over several decades, and the acceptance by governments of neo-liberal principles (to the extent that they have been accepted) has been merely a part of that learning process.

On the other hand, neo-liberalism has been consistent with many of the regional policy ideas that have found acceptance within government, and the latter have been acceptable to governments at least partly because they fitted in with overall government thinking. Yet, even if the move towards neo-liberalism were to be reversed, it is unlikely that balanced development would again be attractive to governments in the way that it was in the 1960s. The new regional policy paradigm is too entrenched.

There is no question that substantial ideological shifts have occurred, and that these have had an impact on policy across the board. Yet these are only part of the internal-to-government reasons why balanced development has declined. Government institutions and policy processes too have shaped regional policy, and these are discussed in Chapter Nine.

End Notes

1. This conclusion – that the movement of governments towards a rejection (non-acceptance) of balanced development only occurred over time – has important implications for a consideration of the drivers of policy change. It requires much more than an analysis of individual decisions by governments, though these can assist in an explanation of broader trends and forces. Identifying the drivers of policy change necessitates an examination of larger forces within and outside government.
2. The decision to choose Albury-Wodonga for the first growth centre reflected the Government's desire to push the constitutional boundaries of Commonwealth-State relations. The ideology of DURD has often been commented on, and is described in detail elsewhere. The Department was a reflection of the Whitlam approach to government generally and to centralist planning in the Coombsian tradition of the Department of Post-War Reconstruction (Coleman and Hagger 2001: 193), and was granted substantial reach in its brief.
3. As will become clear, much of the reason for the prominence within government of regional development (and urban issues in the case of Whitlam) can be put down to the absence of the economic crises that would be faced by later governments. Chapter Six noted the benign economic conditions of the time, as observed by the Vernon Inquiry (Commonwealth of Australia 1965), and the relative absence of region-specific problems.
4. Governments since the 1980s have embraced free markets to a much greater extent than previously. This is not to say that supporters of free markets are entirely happy with the extent to which governments have embraced their preferred policy models. As suggested above,

governments are pragmatic and liable to policy shifts large and small, for example in response to changing conditions and interest group pressures.

5. The change in government thinking about its own role in the economy and society has coincided with, and been influenced by, the rise of globalisation (noted in Chapter Six). Globalisation has opened markets, exposing towns and regions as well as regional firms to international competition. There are new threats to traditional industries and ways of doing business, as well as new opportunities. The regional problem has come to be couched in terms of helping communities to deal with rapid change. Ministers such as John Anderson emphasise this repeatedly, and few have disagreed.
6. There was also a fundamental clash of values between freedom, defined “negatively” as the absence of coercion, and equality (Hayek 1960), and between the rights of individuals against the State (Nozick 1974; Kukathas in Nethercote 2001). The ideas that formed the basis of the neo-liberal thinking that came to prominence in the 1970s and 1980s were not new, but derived from earlier “classical” liberal thinkers stretching back to Hume, Locke, Smith, Burke, Acton and Mill (see Hayek in de Crespigny and Cronin 1978; Kukathas in Nethercote 2001). For example, Smith’s fundamental idea of the power of the “invisible hand” of the market to deliver outcomes beneficial to society, and his critique of mercantilism in *The Wealth of Nations* (Smith 1776; 1982) resonated with what modern liberals saw as the advance of big government. Some of the more recent standard texts of the new thinking included Hayek’s *The Road to Serfdom* (1944) and *The Constitution of Liberty* (1960). One of Hayek’s most important contributions to the evolution of thinking on free markets related to his view of the limited capacity of governments to know how best to guide economies and solve social problems. He rejected central planning at a fundamental level, developing instead the idea of “spontaneous order”, wherein market outcomes were the product of human actions but not of human design (Hayek in de Crespigny and Cronin 1978: 58; Hayek 1979: 35-54; de Crespigny in de Crespigny and Minogue 1976: 49-66; Kukathas 1989: 86-105). The monetarist ideas of Milton Friedman and the Chicago School, which emphasised the role of a free market system in delivering political freedom and, more specifically, the importance of keeping inflation under control as a policy priority, also influenced governments such as those of Reagan and Thatcher (see, for example, Friedman and Friedman 1962; 1980; 1984; Hood 1994; Thatcher 1993; 1995). A third source of ideas for the emerging consensus was the public choice school of economics and public policy, whose principal advocates included Tullock and Buchanan (1962), Downs (1967), Tullock and Perlman (1976) and Olson (1971 and 1982). The public choice school emphasised the motives of politicians and bureaucrats in public policy outcomes and the capture of bureaucracies by interest groups. Olson sought to explain long-term economic decline by reference to the strength of interest groups successful in “rent seeking” behaviour (Olson 1982; Hood 1994: 13). The public choice school provided both an explanation of “big government” and a powerful critique of it. The public choice school struck a chord with Australian critics of the old policy consensus because its analysis rang true in relation to the Australian case – its emphasis was on self-interested groups in effect doing deals with other groups to form coalitions to enact policies that would advantage the groups concerned but not necessarily the whole polity (also known as “pork barrelling”). Hence there was something of a convergence of ideas from different fields and traditions, which, taken together, helped to drive both the free market case in the battle of ideas and the debates at the policy level.
7. The extent of the victory of free market ideas can best be seen in their embrace by parties of the left. A number of social democratic governments that followed avowedly neo-liberal regimes, for example Hawke-Keating, Clinton and Blair, have either retained an emphasis on free markets, or indeed in some cases have extended it to new areas or have intensified it (or both). The bi-partisan nature of the new policy paradigm has ensured its survival beyond the life of any one government (Fukuyama 1992).
8. See also Pusey 1991; Carroll and Manne 1992; Capling and Galligan 1992; Rees, Rodley and Stilwell 1993; James, Jones and Norton 1993; Stewart 1994; Bell and Head 1994; Catley 1996; Quiggin 1996; Bell 1997; Argy 1998; Coleman and Hagger 2001.
9. The assumption of an economic rationalist takeover of policy is so widespread, and the significance ascribed to it so great, that it qualifies for what Thomas Kuhn termed a “paradigmatic shift” (Kuhn 1970).

10. Also known variously as the “new right”, economic liberalism, economic libertarianism, neo-liberalism, neo-classical economics; laissez-faire; belief in small government, and belief in the “level playing field”; while economic rationalism is the term most widely used in Australian debates, neo-liberalism is generally referred to here. The term economic rationalism first came to be used in the early 1970s. Schneider has discussed the history of the use of the term “economic rationalism” in Australia. He points out that the term was used as early as 1973 (Schneider 1998: 48), and traces the way it moved from a neutral descriptor of certain policy approaches to a term of abuse (Schneider 1998). Barry Hughes, for example, used the expression in the context of the Hayden (Commonwealth ALP) Budget in 1975 (Hughes 1980: 114). However, the debate over economic rationalism has largely been a 1990s phenomenon.
11. A case-by-case analysis demonstrates the extent of the small government approach. Competition policy, initiated by the Council of Australian Governments (COAG) in 1995, has been painfully slow in some areas and its impact uncertain (Collits 1998), certainly in proportion to the rhetoric it has generated among its non-metropolitan critics. On the other hand, tariff reductions have been substantial in some key regional industries, for example textile, clothing and footwear. Governments have almost universally accepted that budget surpluses are preferable to deficits over the business cycle. Privatisation in Australia, apart from Telstra, Qantas and the Commonwealth Bank, has not proceeded at the same pace or intensity as Britain. At State level in New South Wales, there has been little privatisation other than the State Bank and the construction by the private sector of various toll roads. Deregulation has been mixed. New areas of regulation have emerged, such as in relation to rural water allocations and land clearing. Tax law has become inordinately more complex and voluminous with the introduction of A New Tax System, including the Goods and Services Tax, in 2000.
12. The Fraser Government did instigate the Campbell Inquiry into the financial system in 1979, but did not act on its 1981 recommendations for a freeing up of the system; see Norton in Nethercote 2001: 233; the Keating Government did instigate the Hilmer review of competition policy in 1992, and with the States moved to implement the competition policy agreement signed through COAG. While the Coalition remained out of office in the 1980s in Canberra, it came to be a firm supporter of the ALP’s embrace of the market, and the dries were largely responsible for this. The most prominent dries were John Hyde, Bert Kelly, Peter Shack and Jim Carlton, and they used broadsheet newspaper columns and other devices to spread their ideas more widely (see Bert Kelly 1981). A strong link to the future Greiner Government in New South Wales was established through Greiner’s chief policy adviser, Gary Sturgess (see Kelly 1992: 34-53).
13. The only criticism of the Liberal led Opposition in the 1980s to Hawke initiatives was that they did not go far enough, or quickly enough. Current ALP State Minister Michael Costa contributed to a collection of essays praising economic rationalism; see Costa and Duffy in James et al 1993. There has been significant debate over the impacts of neo-liberalism on the economy, with some critics such as Quiggin (1996) persistently questioning the supposed benefits of the reforms.
14. It was argued in Chapters Five and Six that many of the causes of decline in regional Australia were quite specific and pre-date the arrival of the current policy settings by a wide margin (see also Collits 2001: 28; PC 1999a). In at least the case of more stringent environmental regulation, for example land clearing and water policy, it is more rather than less regulation that has curtailed development in inland areas. Moreover, to the extent that lower interest rates are the result of tighter fiscal policies, neo-liberalism has delivered farmers and others substantial improvements in living standards and opportunities for economic development (see Anderson 2001). The coming of a more competitive currency that has followed financial deregulation in the 1980s has certainly delivered regional Australia greater competitiveness. And the ending of the long period of manufacturing industry protection with the tariff reductions of the 1980s and 1990s might well be regarded as the removal of a substantial subsidy of the cities by the non-metropolitan regions.
15. Certainly, while governments have provided some assistance to regions affected adversely by restructuring, they have been willing to see regional industries (and regions) exposed to international competition, whatever the outcome. It has been the same with competition policy, the avoidance of budget deficits, the lowering of tariffs, and the privatisation or corporatisation of

GBEs. Through (non-regional) policy actions, governments have exposed non-metropolitan regions to the negative consequences of globalisation and restructuring.

16. Indeed, as far back as 1960, Davis had stated that “development” was the “timeless theme” of politics in all States (quoted by Warhurst et al in Galligan 1988: 197). What might be termed “developmentalism” has become a feature of interstate economic rivalries. State premiers and Territory leaders typically wear their investment wins like a badge of honour, something they have in common with local government leaders. As Chaples et al have pointed out: “They sell themselves and their states with skill and fervour. State development has been a primary policy objective for all, and they have competed with one another in seeking to attract investment. They have been super-salesmen for their states, undertaking diplomatic missions and bargaining by offering attractive concessions to prospective investors” (Chaples et al quoted by Warhurst et al in Galligan 1988: 208).
17. The investment wins for a State feature in election campaigns. State agencies as a matter of course analyse the worth of events or the arrival of new firms in terms of direct and indirect jobs and investment dollars “won” for the State. States have long sought to augment the national role of the Australian Trade Commission (Austrade) by sending regular trade missions overseas and/or through having a presence in key foreign cities (London and Tokyo).
18. In terms of the size of the commitment, the Industry Commission estimated in 1996 that the States and Territories spent \$2.5 billion on general and selective assistance to industry in 1994-95, and \$3.2 billion in taxes foregone. The NSW Government figure was \$807.4 million, not the highest figure across Australia by any means, but still around the national average (Industry Commission 1996: xxv, xxvi). While these figures might be disputed, they demonstrate the seriousness of the commitment. In addition, the Public Accounts Committee has noted that New South Wales is less profligate than some other jurisdictions (Public Accounts Committee 2001: vi, viii). The intensity of the efforts of governments to attract outside investment tends to increase in inverse proportion to their States’ natural advantages. Sydney is a natural magnet for investment with its locational and other competitive advantages, which have only grown as the city has grown – the Asian time zone, multi lingual population, stable political system, temperate climate, the quality of business services, and so on. The efforts of NSW governments have therefore been relatively modest in comparison to those of some of the other States.
19. The 1989 abandonment by the Greiner Government of the CIPTRS and its replacement by the RBDS represented the triumph of investment attraction over decentralisation. The Greiner Government had announced the SEDP (referred to above) to attract large investments to the State, and needed to find around \$20 million to finance it. The solution was to abandon payroll tax concessions for regional industries, which coincidentally cost around \$20 million per year (see Legislative Council 1991). While there was considerable merit in the decision to end open-ended payroll tax concessions (see Chapter Six), the decision does demonstrate the way in which investment attraction has been a greater government priority than balanced development. A second case study is the Olympics. The State’s investment attraction efforts reached a peak with the 2000 Olympics. The Olympics afforded the State Government an opportunity to promote Sydney (in particular) and the State as an investment destination. While the overall investment outcomes from the Games remain unclear, the size of the effort was enormous, both in terms of the direct infrastructure spend and in terms of the focus of the key agencies over the period from 1993 to 2000. This included DSRD, which devoted considerable resources to ensuring that the Olympics delivered new investment to the State. The focus of the Government’s efforts was naturally on Sydney, despite attempts to placate regional New South Wales with good news stories about contracts given to regional firms and about the regional tourism opportunities afforded by the Games. Regional interest groups seldom resisted the temptation to describe the Olympics as mainly a win for the capital city, and to bemoan the impact of Olympics spending on regional infrastructure and regional services. Following the Atlanta example, the NSW Government created an organisation called Investment 2000 to maximise the investment outcomes from the Olympics (DSRD 2001). The Government, along with the Commonwealth, also created Business Club Australia to act as a conduit for business events during the Games. The focus of these organisations was generally on Sydney. A third example relates to attracting call centres to New South Wales. Most have come to Sydney, despite the efforts of government to disperse them through actions such as the Regional Call Centre Attraction Program. Sydney’s natural

advantages, particularly in relation to international call centres, reflect multilingual skills in addition to Sydney's other advantages. Other examples abound, including international tourism, where investment attraction efforts merely reinforce metropolitan primacy.

20. See Kennedy 1994; Industry Commission 1996; Kasper 1996; Public Accounts Committee 2001. Criticisms include the charge that, in terms of national interest, investment attraction is a "zero sum game", that it bids up the cost of industry assistance, that it breaches competitive neutrality, and that, in many cases, it is subsidising firms that would have come anyway (for a discussion of this "deadweight effect", see Collits 2001). According to the Industry Commission: "Interstate rivalry or 'bidding wars' for investment projects or major events is an area of increasing concern in Australia. There is concern, even amongst States and local government authorities, that financial transfers from taxpayers to selected individual firms or organisations are neither efficient nor effective" (Industry Commission 1996: 2).
21. See also the Public Accounts Committee's argument that IAF funding should be discontinued for investment attraction to the metropolitan region (Public Accounts Committee 2001: 38). The Committee, which included noted balanced development supporter Richard Torbay, noted that in 1999-2000, 54 % of the IAF went to non-metropolitan projects (Public Accounts Committee 2001: 4).
22. The pursuit of urban consolidation has been adopted by governments of all persuasions and has been strongly supported by DUAP and its predecessors. New developments have been of medium density, and housing developments have been linked to public transport nodes. To some extent "urban encroachment" has been an issue for local councils and traditional industries, and DSRD briefly investigated this phenomenon and its potential for decentralisation (DSRD 1997). However, the pressure on industry to move out of some urban areas has not translated into a new decentralisation policy focus.