

EDITORIAL

The papers in this volume were delivered at the Annual Conference of the Australia and New Zealand Regional Science Association International in Bendigo during September 2001. The theme of the conference, “*Excellence in Integration: Contemporary Issues in Delivering the Triple Bottom Line*”, has become an increasingly important policy issue in Australia in addition to many other parts of the world. This volume begins with a group of papers taken from the plenary sessions of the conference proceedings. These are the contributions of McManus and Pritchard, Pickernell, Brookshank and McGovern and Borooah. This is followed by a selection five papers that were delivered during the conference.

The first contribution, by McManus and Pritchard, examines the concept of the ‘triple bottom line’ as a regional policy framework while reviewing the debate on the appropriateness of regional policy interventions. These authors suggest that the triple bottom line of economic, socio-cultural and environmental benefits for rural and regional Australia, would provide benefits to rural and regional. The authors suggest that the way to do this is to formally introduce spatial planning into migration figures, economic growth aspirations, and so on. This spatial planning, in the form of a National Urban and Regional Development Policy, should be prepared and implemented in a way that is consultative, transparent and accountable. The authors argue that, without such a policy, calls for regional development will always be secondary to market and political forces which will result in flows of money to politically strategic seats rather than to areas where there may be greater need.

The second paper in this volume is by Pickernell, Brookshank and McGovern with the focus being on the National Economic Development Strategy (NEDS) of the Welsh national assembly. The authors note that regional economic development policy has had a long history in Wales, but despite this, GDP per capita has remained well below UK averages. Furthermore, large areas of Wales now qualify for EU objective one status (i.e. the highest level of assistance), because they have GDP levels per capita that are less than 75% of the EU average. Additionally, Wales has recently obtained a measure of political nationhood with the UK wide devolution of power and the creation of a Welsh national assembly. A priority for this institution has been economic development and has seen the development of the NEDS.

Pickernell *et al.* examine this strategy along with a number of the external issues impacting on the NEDS, including the devolution of power, existing development policies and programs, and effects that are likely to result from changes in strategy direction. Finally, the issues that have been identified from the study as needing resolution are outlined. These include a lack of theoretical underpinning of the strategy, the fact that a large proportion of the resources devoted to economic development are already committed to projects initiated before the development of the strategy and the effect that the devolution process will have on the resources available to the Welsh National assembly.

The third paper in this volume is a contribution by Borooah and deals with

the issue of globalisation and its impact on economic development and social inequality. Borooah remarks that globalisation has effectively divorced the location of ownership from the location of production. In the process of effecting this separation, globalisation has laid to rest the belief that being on the periphery is a barrier to economic development with the important lesson from the recent past being that what matters is a country's location on the economic, rather than geographic map. In effecting these changes globalisation has dramatically raised the level of economic performance of which countries are capable, this has come about because of the free movement of capital between countries. Borooah also comments on the darker side to globalisation, in particular, with capital searching for the highest returns, it appears that economic development has become more like a 'winner take all' type of contest. A few countries, most notably in Asia, have attracted a considerable amount of investment while large parts of Africa and Latin America have been totally ignored. Additionally, Borooah observes that globalisation has not only increased inequality between countries, it has increased inequality within countries. The problem is that globalisation induced outsourcing of low skilled manufacturing jobs to developing countries has reduced demand for low skilled labour in industrialised countries. As a consequence Western Europe has seen millions of low skilled male employees thrown into unemployment while in America low skilled employees have taken wage cuts that have seen their living standards fall below what they were a quarter of a century ago to remain in employment.

The next group of papers has been taken from the conference proceedings and consist of papers presented by O'Hagan, Killerby and Smith, Trendle, Wall, with the final contribution by Yilmaz, Haynes and Dinc.

The contribution by O'Hagan received the Paper of the Conference Award. This paper explores the economic growth of eleven Victorian Statistical Divisions between 1980 and 1998 utilising the analytical framework of the Solow-Swan neoclassical growth model. O'Hagan uses the neoclassical model to analyse the factors that have contributed to the observed variation in per capita income in Victoria. This is the first study to use this approach at a sub-state level in Australia. The author finds that, in terms of β -convergence, there was a slight convergence of per capita taxable incomes between regions during this period with the amount of σ -convergence varying with the prevailing business cycle. The interpretation placed on this evidence is that the problem of regional inequality in Victoria is more about the regions lagging behind Melbourne, than about increasing dispersion between the regions. In terms of β -convergence, the analysis of the economic growth of the eleven Victorian regions confirms the convergence predictions of the neoclassical model.

The following contribution by Killerby and Smith describes the transition in New Zealand from the central government's traditional top-down approach to governance and economic policy, through to its post 1984 policies of decentralisation and non-intervention through to its recent bottom-up approach to regional development. The paper argues that the central government's new Regional Partnership Programme has significant potential for raising New Zealand's long-term rate of economic growth based on the fostering of local

commitment to developing activities and initiatives.

This is followed by a contribution from Trendle in which a time series version of the economic base model is developed for the Far North Queensland Statistical Division. The author suggests that while this model cannot supply impacts at the disaggregated sectoral level as in input-output analysis, the economic base framework has the potential to allow an evaluation of the dynamic response of the regional economy to an exogenous shock and for this reason could be considered a useful complement in the regional analysis process.

The next paper in this volume consists of the contribution of Wall in which he develops an affine long-run production cost function. While this is a convenient cost function for modelling the production costs of a plant in spatial model building, it has the problem of not being unambiguously a short- or long-run function. Elementary economic theory postulates that a short-run cost function should have an explicit capacity limit, and there should be no fixed costs in the long-run. Wall develops a long-run cost function by extracting the fixed cost component of the function. In addition, Wall shows that the marginal cost in this function is a useful proxy for the unit value. The author also argues that the standard location theory model which attempts to explain the density of plants or the market size of plants benefits from the inclusion of this variable.

The final paper in this series is a contribution by Yilmaz, Haynes and Dinc. Their study explores the contribution to economic growth of the telecommunications industry using State data from the U.S. As well as dealing with the contribution of this sector at the aggregate level, these authors look at its contribution to growth across different sectors in the economy. Variation across sectors would be expected because different industries have different input structures and different levels of requirements for telecommunication services. The authors find that telecommunications capital stock has had a significant impact on output growth in the wholesale trade, retail trade, finance, insurance and real estate (FIRE), and services sectors.

The nine papers in this volume represent a diverse collection of contemporary thought on modelling and public policy within a regional context, thus providing some indication of the many areas of interest covered by the field of regional science. The strength of the work provided in this and earlier conference volumes present an indication of the health of this topic of research within Australia and New Zealand and suggests that this area is diversifying into a broader range of modelling types and policy issues. In moving in this direction, the study of regional science in Australia is supplying a broader range of insights into the specific problems being faced by regional communities and thus becoming more widely accepted by regional policy makers.

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Editorial

248

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