ANZRSAI Newsletter

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REGIONAL RESEARCH
Papers in Regional Science: Abstracts 89/4 (Nov 2010)

Pages 691-710
The effects of future retail developments on the local economy: Combining micro and macro approaches
Eveline S. van Leeuwen

The aim of this research is to evaluate future retail developments in a medium-sized town and the indirect effects of individual behaviour on the local economy. Therefore we combine a spatial microsimulation model with a conditional logit model estimating the spatial shopping behaviour of households to simulate the effect of future retail developments. Then, we estimate the macro effects of these developments, mainly the effects on the retail sector, with help of an interregional SAM on town level. This analysis shows how different locations for retail developments have different impacts on households and firms in the local economy.

Pages 711-734
SMEs and economic growth in the Brazilian micro-regions
Túlio A. Cravo

This paper examines the relationship between the small and medium enterprise (SME) sector and economic growth for a panel of 508 Brazilian micro-regions for the period 1980–2004. It investigates the importance of the SME sector size measured by the share of the SME employment in total employment, and the level of human capital in the SME sector measured by the average years of schooling in SMEs. Furthermore, it examines how these aspects of SMEs influence growth in regions with dissimilar level of development. The empirical findings show that the presence of SMEs is not positively correlated with growth and SMEs’ human capital is more important for growth in more developed regions.

Pages 759-776
Factor productivity differences and missing trade problems in a regional HOV model
Andrés Artal-Tur, Carlos Llano-Verduras and

Recent empirical papers testing the performance of the Heckscher-Ohlin-Vanek (HOV) model suggest the need to relax its restrictive assumptions in order to reconcile the theory with the data. This paper examines whether introducing factor productivity differences could help to improve the performance of the HOV model in a regional setting. Using a new dataset of 17 Spanish regions and three different HOV specifications, this paper seeks the existence of Hicks-neutral (HN) or factor-augmenting industry-neutral (FAIN) technological differences. The data support the existence of HN technological differences, which contributes to a remarkable improvement of the regional HOV performance since the so-called missing trade problem largely disappears.

Pages 801-818
An empirical analysis of district external economies based on a structure-conduct-performance framework
Marco Bellandi and María J. Ruiz-Fuensanta

Since its appearance, the concept of the Marshallian industrial district has attracted growing interest which has manifested itself in a large body of theoretical literature. However, empirical research with statistical methods applied to the inner working and performance of districts is scarce, probably due to the difficulty associated with the measuring of some of their intrinsic elements. The aim of this paper is to show the feasibility of empirically testing the internal dynamics of the Marshallian industrial district. To this end, we specify a model which is based on a structure-conduct-performance framework with multiple feedbacks. This model, which consists of three equations, is then estimated using data from a sample of 45 industrial districts located in the Spanish region of Castilla-La Mancha for the years 1999 and 2004.
Restructuring economic development in the Auckland region
James E. Rowe

The purpose of this article is to investigate the pending deterritorialisation of the local government structure in the Auckland region and the creation of a supercity as a result for the Royal Commission on Auckland's Governance. This research examines the literature and the theory behind the suggested governance changes. Various local and regional economic development delivery models are also evaluated. The literature indicates that the responsibility for crafting an Economic Development Strategy and policies remain with the proposed supercity and service delivery (implementing the strategy) be assigned to a regional Economic Development Agency (EDA) and its satellite local EDAs. The Royal Commission suggests that the responsibility for delivering economic development services should reside with a regional EDA. Nevertheless, many local stakeholders are advocating for the establishment of a larger external EDA as a Council Controlled Organisation (CCO). This analysis indicates that a "hub and spoke" operational structure for both the new regional entity and the regional EDA CCO with three sub-regional offices would be an efficient delivery model. A "hub and spoke" model enables close contact with the business communities in the various sub-regions.

What Region is This?

The autumn colours and the Council member profile should give you a clue.

This is Armidale.

On Friday 21 January 2011, released a report, ABARES Special Report: the impact of recent flood events on commodities

In this report, an attempt is made to assess the impact on Australian commodity production of recent floods in eastern Australia. While it is still too early to determine the full impact of the floods, this assessment is based on information sourced from industry organisations, including major grain handlers, marketing organisations, agricultural and mining companies, state departments, transport authorities, the Bureau of Meteorology and satellite imaging.

As observed in other major natural disasters, significant damage to property and infrastructure has occurred, which has resulted in disruption to economic activity in the flood-affected regions. While there have been widespread reports on flood-related disruption, no attempt has been made in this report to quantify these short-term impacts. The situation can be expected to improve gradually as rebuilding starts and gathers momentum in the near future.

While the focus of this assessment has been on the aggregate effect on a state or national basis, there will be significant financial hardship for individuals and businesses who have experienced substantial crop or livestock losses and damage to their property.

ABARES will release its next Australian crop report on 15 February 2011, which will contain its updated estimates of major summer (grain sorghum, rice, cotton and sunflowers) and winter crops (wheat, barley, canola and pulses) on a state and national basis for 2010–11. The next quarterly edition of Australian commodities is to be released on 1 March 2011 and will include forecasts of the value of Australian commodity production and exports in 2010–11, as well as medium-term projections. The report is available from ABARES web site http://www.abares.gov.au/publications

Forthcoming title


Northern Australia; Politics & Society; Environment & NRM; Business & Law
A diverse group of experienced scholars of northern Australia examine the distinctive operating processes and crucial issues which affect northern development, and demonstrate the need for new approaches which are more sensitive to the environment, society and economy of the north.

**ANZRSAI Annual Conference Keynotes**

The 34th Annual Conference held at Rydges on Swanston, Melbourne, from 7-10 December 2010 was a great success. Particular congratulations go to our two Pauls, President Paul Dalziel and Conference convenor Paul Collits.

This note reviews the keynote presentations from Professor Brian Dabson of University of Missouri on Rural Regional Innovation; Professor Bob Stimson of University of Queensland on Australia’s Changing Economic Geography Revisited; and Dr Daniel Rutledge of Manaaki Whenua Landcare Research, Hamilton, NZ on The ‘Creating Futures” Regional Science Project.

Dabson and Stimson each review the drivers, the outcomes, the analytical tools and problems of regional policy-making: Dabson gives a policy perspective for the United States and Stimson gives a historical economic geography for Australia. Rutledge describes a comprehensive process for engaging regional communities in planning their environmental and economic futures.

**Professor Brian Dabson**

**Rural Regional Innovation: A response to metropolitan-framed place-based thinking in the United States**

Brian Dabson is Vice President of the Rural Policy Research Institute (RUPRI), Director of the RUPRI Rural Futures Lab, and Research Professor at the Harry S. Truman School of Public Affairs, University of Missouri, Columbia. He is Board Chair of the RUPRI Center for Rural Entrepreneurship and a member of the Community Affairs Advisory Council at the Federal Reserve Bank of St. Louis. He has over 30 years of experience in public, private, and non-profit sectors and is recognized nationally and internationally for his work on entrepreneurship development, particularly in a rural context.

Regional policy making is made challenging by the wide variety of rural lives and how they are measured, by the variety of perceptions of the national contribution of rural communities, and by the variable quality and performance of public investments in rural America.

Place-based strategies have current policy support. They tend to classify places as if they were cities: by urban or rural, by population size and density and by access. This fails to take account of the geography and diversity of functions which regions fulfill.

A result of this urban-based classification is top-down policies which may do more harm than good. Successful regions may be left to take care of themselves and failing regions may be treated as backward or underserving. Amenity rich communities attract younger workforce, while declining resource dependent regions age and lose their young workers. The chronically poor and amenity poor regions rely on transfer payments.

Urban-based policy makers may be unwilling to invest in declining and poor places and may view the benefits of small places as mythical.

The paper describes the main components of US thinking about rural regional innovation and the implications for regional science.

Discussion has turned regional innovation systems as ways of fostering innovation and of achieving economic development. Regional innovation clusters usually require geographic proximity and a social structure of thick networks. (Porter; Mills, Reynolds and Reamer)

Clusters tend to be framed from a metropolitan and economic perspective. Clusters are a framework for economic development. (Brookings)

Innovation or the search for ways to improve people’s lives is not restricted to cities. Every regional community can and does innovate as they search for improvements in incomes and quality of life.

US policy also takes a metropolitan world view to place-based investment by promoting coordination with broader regional initiatives. The vision is of a conglomerate of regions requiring planning and collaboration across jurisdictions.

OECD and others focus on the natural and cultural amenities and seek to preserve the unique characters of regions, and resist reform of agricultural policy. EU regional policy seeks to address persistent inefficiency and persistent social exclusion.

Professor Dabson defined the challenge as to define a truly rural component of place-based policies which provide a counterpoint to the metropolitan-framed regional innovation cluster approaches. This should provide a contrasting intellectual framework for rural policy and programs.
Porter provides some regional themes. Regional productivity arises from how a region competes. Enduring prosperity is created, not inherited and depends on the productivity of all the industries of the region.

Cortright offers an alternative view of regional clusters in which groups of firms, building on the unique strengths of regions in dialogue with other economic actors, use different strategies to encourage new clusters to emerge.

Rosenfeld recognizes three kinds of rural clusters: Distinctive clusters brand a place; Competence clusters in a diversified economy, and Opportunity clusters have growth potential.

Dabson offered the following 5 propositions:

1. Clusters do not critically depend on proximity
2. Rural-urban interdependence has national benefits
3. Low density, limited capacity and resources require cross-jurisdictional and cross-sectoral approaches.
4. Persistent poverty requires rural places to create and retain economic, social and environmental wealth
5. Resilience requires innovative attitudes and strategies

Research is needed to develop tools to define and capture currently invisible rural clusters, the accumulation and loss of rural wealth, and economic, social and environmental assets.

**Professor Robert J Stimson**

**Australia’s Changing Economic Geography Revisited**

Professor Bob Stimson is Professor of Geographical Sciences and Planning at the University of Queensland. He was the Convenor of the ARC Research Network in Spatially Integrated Social Science from 2004 to 2009. Bob is an analytical human geographer and regional scientist, specialising in urban and regional analysis, development and planning and research into human spatial behaviour. Bob was elected a Fellow of the Academy of the Social Sciences in Australia in 2007 and was elected a Fellow of the Regional Science Association International in 2010, the first Australian to be honoured with this prestigious award.

His address provides an overview of Australia’s changing economic geography over the last two to three decades, highlighting the changing nature of the socio-economic divides that have occurred, and speculating on what might lie ahead. It extends to 2006 the 1986 to 1996 trends identified by Kevin O’Connor, Robert Stimson and Maurice Daly in Australia’s Changing Economic Geography: A Society Dividing (Oxford University Press, 2002).

**1986 to 1996 Period**

The benefits of the structural reforms of the Hawke-Keating Labor Government were spread unevenly across regions as industries restructured and the services economy expanded from 1986 to 1996.

The changes in work and economic activity led to changes in the geographic distribution of economic activity. Services industries located where their workforce or customers wanted to live. The sunbelt and the coast were winners, as well as those regions with endowments of sea born coal and minerals. However, regional policy and programs tended to address only population trends, exacerbating the unevenness of the distribution of the benefits of reform.

Queensland and Western Australia increased their share of population in the period to 1996, while all other states declined. They enjoyed high levels of inwards migration from all states, particularly from Victoria, New South Wales and South Australia. New South Wales and Victoria continued to grow their shares of the new global producer services industries supported by immigration flows.

By 1996, the big cities (Sydney, Melbourne, Brisbane, Perth and Adelaide) accounted for almost 70% of population, 60% of tourism employment and 80% of property and business services employment. Sydney led in banking, finance, media and telecommunications and Adelaide languished. Melbourne led in research and development, technical services, logistics and advanced manufacturing. The inner cities began to grow in population but the middle and outer suburbs continued to capture the dominant share of population, housing and business growth.

Some smaller coastal cities far from the major cities grew in Queensland, New South Wales and Western Australia. Most inland cities declined with some exceptions.

Inland rural Australia and areas housing formerly protected manufacturing or older mines suffered a loss of share of both jobs and population. That is, the adjustment of regional cities and towns depended on their functional economic role. In the period 1991 to 1996 towns specialising in Construction and mining, Manufacturing and
government administration, Tourism and government, High tourism and recreation, Tourism and community services, Agriculture and forestry, Defence and government administration, and Regional centres with high manufacturing all experienced growth of population and workforce. (Beer, 1999) Some larger towns operating as regional service centres were able to grow while many smaller centres became vulnerable. (Baum, S., Stimson, R., O’Connor, K., Mullins, P. and Davis, R., 1999)

1996 to 2006 Period

The subsequent decade under the Howard Coalition Government saw further reforms of labour markets and deregulation and changed again the distribution of benefits across regions.

Sydney and New South Wales fell behind relative to Australia in share of population and share of economic activity, particularly after the 2000 Olympics. Queensland and Western Australia continued to grow and Victoria enjoyed employment growth. The decline of Sydney during the long boom has been attributed variously to the ‘dot com’ crash of 2001, drought and poor governance. [Madden (RSA Newsletter, 2010) has shown that the Sydney Olympics resulted in a $2 billion loss of economic activity in subsequent years. Ed.]

A shift-share analysis shows that the five capital cities lost jobs in aggregate and Sydney lost 113,000, almost as many jobs as Brisbane, Melbourne and Perth gained in aggregate. Most of this shift effect on Sydney was in manufacturing, construction and retail. All 5 capital cities lost manufacturing jobs. Adelaide and Perth gained construction jobs.

Australia lost jobs in manufacturing, agriculture forestry and fishing, and in wholesale trade. Construction, retail, health care and social assistance all rose.

Population decline was widespread across the non-metropolitan Local Government Areas. Coastal regions and regions adjacent to capital cities tended to grow, as did regions with larger populations. Regions experiencing change in industry specialisation or growth in the qualified workforce also tended to experience growth in population.

Industry specialisation tended to be associated with remoteness, but coastal regions were increasing their specialisation and rural heartlands were diversifying.

Drought and mismanagement of the Murray-Darling basin has driven farmers to innovate and adapt. The wool clip fell 30 per cent and dairy cow numbers fell 25 per cent. Government assistance encouraged fewer weaker and inefficient producers to remain in farming. Farm debt doubled from $30.2 billion in 2000/01 to $63.5 billion in 2010. Water trading has lifted production in the southern Murray-Darling basin.

Major structural changes may follow. Small farms less than 100 hectares and those with gross sales under $100,000 per annum are at risk or must rely on off-farm incomes. The average age of farmers is in the late 50’s and many may retire and sell. The reduction and reallocation of water consumption rights in the Murray-Darling Basin will be a substantial structural change. So will continuation of the mineral commodities boom, sustaining a two-speed economy and shifting the competitiveness of manufacturing, farming, tourism and education.

The extraordinary pace of change in the Pilbara region of Western Australia is underpinning growth but is also overwhelming local housing, social infrastructure and services. More workers fly-in and fly-out than live in the region. Housing is very expensive but building workers can earn more in the mines.

Globalisation and technological change will continue to change the societies and economies of Australia. Australia’s multi-factor productivity growth rate has declined to the weakest level on record. (Productivity Commission). Sustaining national productivity growth will continue to require changes in the specialization of regions and shifts in industries. The impact on regions will be highly uneven.

Australia cannot afford to return to agrarian protectionism. Managing regional disparities in population, employment, growth, income and social welfare will become more and more important to cohesion. To date Australia has achieved regional differences in inflation and unemployment which are lower than in Europe.

Driven by agglomeration larger cities continue to grow and contribute to productivity growth. They will require increased investment in infrastructure to sustain this productivity growth.

Economic development is always unevenly allocated. Population is a poor guide to allocation of funds in a comprehensive regional strategy. Well performing places need help with infrastructure; poorly performing places need help with relocation and adjustment. Booming regions will require a co-ordinated urban development effort.
In January Bob retired from the University of Queensland. He had been involved in teaching and research in various universities in Australia and overseas for 45 years. However, in February Bob will take up a contract at the University of Melbourne to direct the newly-established Australian Urban Research Infrastructure Network (AURIN) which is funded by the federal government. AURIN will facilitate the development and integration of diverse databases and build e-research capability for researchers to access and interrogate digital information to enhance Australia’s infrastructure capacity for urban and built environment research.

UPCOMING CONFERENCES

22nd PRSCO Conference, Seoul, Korea
3–6 July 2011.
The overall theme of the conference is NEW TRENDS AND CHALLENGES – GREEN GROWTH OF THE REGIONAL ECONOMY AND HIGH TECH DEVELOPMENT & JOB CREATION. The organizing committee invites papers on topics in regional science for presentation at the conference.
The indicative timetable is as follows:
15th March 2011: Submission of abstracts
6th April 2011: Final date for early bird registration
20th May 2011: Final date for conference registration by paper presenters
15th June 2011: Final conference program on website
3rd July 2011: Start of the conference

For more information see www.prasco2011.com
Chairperson Jichung Yang: jcyang@snu.ac.kr

Third Global Conference on Economic Geography, Seoul, Korea 28 June – 1 July 2011
Themes:
• Global Financial Crisis
• Green Growth and its Spatial Implications
• Aging Society and Economic Space
• Urbanization and Economic Development
• Local Development in a Globalized World - Issues and Implications
• Creative Cities and Regions
• Regional Innovation Systems
• Regional Economic Resilience
• Remapping the Global Production Space
• Digital Convergence and Spatial Reorganization
• Revisiting Industrial Cluster Policies

Abstracts 31 January 2011
Registration 31 March 2011
Travel award application due 28 February 2011

Conference website: http://www.space-economy.org/conference

Fifth World Conference on Spatial Econometrics
Spatial Econometrics Association
Toulouse Capitole University, 6-8 July 2011
Themes, include:
• Economic growth and convergence
• Human capital
• Inequality
• Knowledge diffusion
• Agglomeration of economic activity
• Foreign direct investment
• Labor markets and migration
• Education and migration
• Environment and sustainability
• Externalities and spillovers
• Flows of goods, people and ideas
• Land use, real estate, and housing markets
• Exploratory spatial data analysis
• Spatial regression models
• GMM estimators for spatial models
• Spatial panel data models
• Continuous-time spatial econometrics
• Space-time aggregation
• Spatial and social network effects
• Spatial filtering

Abstracts due by 25th of March

ABOUT ANZRSAI

Councilor Profile
Tony Sorensen: Past President and Treasurer, incoming joint Editor of Australasian Journal of Regional Studies and continuing treasurer.

Here pictured on the Mount of Olives, Israel

Tony Sorensen has been a member of ANZRSAI for 30 years, including a stint as President in the 1990s. He is also a Fellow of the Institute of Australian Geographers and a Corporate Member of PIA. Although retired for three years, he is...
currently Adjunct Professor at the University of New England actively researching Australian regional development processes. Themes include small business innovation, community resilience, the adaptive capacity of farmers and rural society, the psychology of regional development, forecasting rural economy and society, and even the relevance of quantum mechanics to regional science. Putting on his urban planning cap, he also dabbles in the ebb and flow of property prices across Sydney’s suburbs and the impact of neoliberalism on the management of Australian cities.

This frenetic activity, Tony’s membership of two IGU Commissions, and frequent overseas or Australia-wide travel, make for an exciting retirement. Mind you, life is not all about work. Tony is a Life Master in contract bridge and Chief Director of the Armidale Bridge Club; he also rides furiously to his university office each day on a bike. So, Tony confirms that there is life after cardiac arrest and he has just celebrated his third re-birthday!

**Annual General Meeting**
9th December 2010

The meeting confirmed that the period of membership of the Association is the calendar year. Your membership expired on 31 December 2010 unless you have renewed it.

The Association faces challenges to build membership and the value we offer members in all walks of life, to sustain an independent Annual Conference, to maintain and grow the ranking and value to members of both our publications, and to sustain our awards to students and early career researchers.

The Association is solvent and has adequate reserves. The AGM appointed Bosco Accounting as Auditors.

Professor Christine Smith, Griffiths University retired as Editor of *Australasian Journal of Regional Studies* (ERA Rank B). The President’s report noted the great contribution of Professor Christine Smith to ANZRSAI. This was honored by an award at the Conference Dinner, at which she received a standing ovation.

The meeting appointed Professor Tony Sorensen and Dr Sonya Glavac from University of New England to be the new editorial team for Australasian Journal of Regional Studies and made provision for an annual contribution to expenses of $3,000.

It was noted that David Fuller has indicated his wish to stand down as Secretary/Public Officer, but there was no other nomination and David has kindly continued in this role.

Paul Dalziel remains President and was nominated to the RSAI Council to fill an upcoming vacancy for the Pacific Regional Science Conference Organization.

Tony Sorensen stood down as Treasurer but remains on Council as NSW Council member. Tony O’Malley was elected as Treasurer and Ralph McLaughlin was elected to Council as SA Council member.

John Martin stood down as VIC Council member and Ann Hodgkinson was elected to this position having vacated the NSW Council member position due to a change in residential location.

Bill Cochrane stood down as NZ Council Member and the position was left vacant.

Marilynn Horgan stood down as WA Council member and Fiona McKenzie was elected to Council in this position.

The meeting recommended that the 2011 ANZRSAI Annual Conference be held in Canberra, and if this is not possible then it should be held in Sydney.

The meeting gave a Vote of Thanks to Paul Dalziel for his leadership and contribution to the success of the conference.

**Benefits of Membership**

One of the challenges for Council in 2011 is to grow the membership of ANZRSAI. You can help by approaching regional policy makers, managers, advisers, researchers and teachers.

What are the benefits of membership?

ANZRSAI and its parent body, the Regional Science Association International (RSAI), offer members the evidence, research and smart ideas they need, namely:

- An accessible, deep and peer reviewed evidence base,
- Continuing new research on emerging issues for regions, and
- Access to the best regional analysts and thinkers for advice and professional development.
ANZRSAI Newsletter

Simply by joining ANZRSAI, you gain access to:

- Four on-line regional development journals and their decades of archives on every conceivable regional topic.
- A regular newsletter on matters relevant to regional analysis, policy and practice.
- The ANZRSAI Annual Conference, and the Pacific region and international conferences put you in touch with some of the best regional analysts and thinkers.

Did you know? How could you make these benefits of joining ANZRSAI better known?

We could we make these benefits more accessible to regional organizations like RDA or NRM Boards, or local and State government Departments by offering a corporate membership.

ANZRSAI could partner with agencies in joint projects to improve services to regional managers. Some suggestions include:

- Improving the search capability to ANZRSAI’s on-line archive of *Australasian Journal of Regional Studies* and *Sustaining Regions*, and the RSAI journals *Papers in Regional Science* and *Regional Science Policy and Practice*;
- Developing *Sustaining Regions* as the best source of practical ideas for the people who lead, manage or transform regional communities;
- Building a Regional Innovation Network in your region, linking local managers with experts in the field based on our working model in South Australia;
- Finding research partners for applications for Australian Research Council and others for funds for specific research and development projects; and
- Extending practitioner contributions to ANZRSAI’s Annual Conference.

Council is considering offering incorporated agencies such as RDA Boards a corporate membership rate of $240 providing their members and staff with access equivalent to individual memberships. What do you think?

Please comment by email to anzrsai@anzrsai.org. This proposal may expand the membership and reach of ANZRSAI or lead to an erosion of individual memberships. How else could we expand membership and improve ANZRSAI? For information on RSAI see www.regionalscience.org.