

# Section 2

# **Economic and Business Development in the North**

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## **Context**

Economic and business development, particularly through large infrastructure projects, seems to be the current focus of the agenda for northern development. The chapters in this section provide a set of preliminary approaches that nuance this agenda. Each has a particular subject matter, but the five together in no way encompass the complexities of the economic development of the north—instead, they add further elements to a northern development debate that will occur over the coming years. In sum, they warn against over-centralised approaches and stress on-the-ground analyses.

## **The Five Chapters**

The five chapters in this section propose a theory of northern economic development, a perspective on an important northern industry (tourism), an interpretation of one of the persistent problems of northern development (equity) and a new ‘ground-up’ approach to Aboriginal economic development (the mixed-market).

## **Gerritsen: Pulse and Pause in Northern Development**

Gerritsen provides a synoptic view of northern development, which he sees as occurring in ‘pulses’ and ‘pauses’—sudden booms being followed by long periods of stasis. He traces the history of these pulses from the mid-nineteenth century through to the recent resources boom. As in

Belich's (2009) 'Wests', these booms are exogenously derived and dependent upon capital inflows but reflect a changing economic geography both coincident with and consequent upon that process. Gerritsen stresses that the most recent resource pulse has created a suite of world-class Australian resource logistics and construction companies and also signalled the rise of Perth as the antipodean epicentre of this development. He points—as does Stoeckl (Chapter 7)—to the likelihood of persistent Indigenous disadvantage within this developmental framework.

## **Prideaux et al.: The Future of Northern Tourism**

This sombre chapter focuses on what the authors call the 'market failure' of the northern tourism industry. They demonstrate that this industry has stagnated and even declined since 2000. The authors are forthright about the industry's failures, both to recognise that its product needs rejuvenation and that simplistic appeals for more governmental expenditure on marketing is no answer to the industry's woes. They propose that the two areas of supposed northern competitive advantage—nature and the Indigenous experience—are not working on the demand (push) side of the tourism market. Similar to Stoeckl et al. (2014), they are critical of the centralisation of decision-making (not just with governments but also the private sector, viz the airlines, unreliability with routes and scheduling).

## **Stoeckl: Equity and Major Development**

Stoeckl explicitly rejects the 'trickle-down' theory of northern development and argues for a more nuanced approach. This recognises the prevailing inequities and that they have racial and gender elements. This builds on her earlier work about the distributional impacts of government program grants (Stoeckl et al., 2014). Equity is important because inequity vitiates economic development. Stoeckl identifies a syndrome that Wolf (1979) would describe as non-market failure. She proposes policy processes that would ameliorate this by ensuring that large-scale projects would be better connected to the communities within which they operate.

## **Lovell and Zoellner and Zoellner and Lovell**

These two, interlinked chapters seek to explore the interstices between what is happening on a range of Aboriginal communities in central Australia and what official statistics indicate is happening. They develop upon on a highly original model (Lovell et al., 2015) of what is described as mixed-market

activity that is different from both Altman's 'hybrid economy' (Altman, 2001) and Gerritsen's (Chapter 5) nascent formulation of a multiplex economy. Using Wolf's (1979) formulation, Lovell and Zoellner propose that their form of mixed-market modelling reinterprets local capacity and 'advantage' and how these interact with contemporary markets. They have an essentially optimistic view—for them, mixed-markets can assist to overcome non-market failure (Wolf, 1979). The methodology these authors develop is unique, interesting and useful.

In the first chapter, Lovell and Zoellner argue that non-market interventions are not achieving their intentions in Aboriginal communities but that a locally based non-market sector persists, largely unrecognised by government. They point to neoliberal agendas that seek to individuate Aboriginal people and call for recognition of local socioeconomic systems.

The second chapter, Zoellner and Lovell, demonstrates in forensic detail how national data systems—such as household surveys (HILDA), youth labour markets (LSAY) and disadvantage measures (SEIFA)—do not represent remote Aboriginal community realities. This is especially the case with non-market activities. They propose a reorganisation of data systems, which they claim can aid the development of fit-for-purpose public policy. This would particularly target the pathology that the dominant non-market sector directs its economic gains away from the Aboriginal systems within which they occur and, thus, reduces the financial resources available to local economies. This conclusion augments Stoeckl's paper.

## Conclusion

This section is a collection of subjects that are of interest to us or we are fortuitously researching. It is not a strategic sample leading us ineluctably to 'solutions' for the problems of Northern Australia's skewed development and ongoing problems of disadvantage entrenched in particular localities.

For example, one of the economic problems of northern development is that, arguably, there is no Northern Australian economy. There is a series of regional economies, usually with their supply lines and bureaucratic/political command chains to different metropolises. In a sense, Northern Australia mirrors Australia before World War I when each colony/state economy was based on its metropole, each of which had its strongest direct economic relations with Britain and not other Australian capital

cities. A ‘national’ economy did not begin to emerge until after World War I. Northern Australia operates like a pump—money comes in, mostly in the form of investment and governmental transfer payments of various kinds. Capital accumulation from the profit of the economic activities this ‘investment’ generates is repatriated via bank deposits, superannuation and housing investment, so the north disinvests (this happens also with the large resource corporations). This is the larger scale of the Zoellner and Lovell analysis in this section. We need to systematically investigate how to keep more money in the north and how to tie its regions together for economic development that is designed and implemented in place.

## References

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