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Stephen Jones

University of Queensland

Brian Dollery

University of New England

Bligh Grant

University of New England

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A Generic Approach to Conceptualising Economic Development in Australian Local Government

Abstract

Australian local government faces severe financial distress. Several solutions have been suggested to this problem. However, the potential of local economic development to strengthen local government sustainability has been neglected in the Australian context. Given both the immense diversity characteristic of Australian local government, as well as the complexities inherent in local economic development, mainstream theoretical approaches do not provide a satisfactory conceptual basis upon which to consider the potential contribution of local economic development to local government sustainability. This paper seeks to address this conceptual shortfall by presenting an approach to the complexities and paradoxes in local economic development in the Australian institutional context by developing an augmented and modified series of metaphors adapted from Bingham and Mier (1993).

Keywords

Local Government; Economic Development; Metaphors

Cover Page Footnote

Address for Correspondence: Stephen Jones, UQ Business School, University of Queensland, Brisbane, QLD, 4072 Australia. Email: s.jones@business.uq.edu.au

1. Introduction

In comparison with local government systems in other developed countries, Australian local government delivers a much narrower range of services, often parodied as roads, rates and rubbish (Dollery, Garcea and LeSage 2008, p. 8). However, over the past two decades, the traditional limited focus on services to property has given way to a much broader services to people orientation as local councils have expanded the variety of services they provide (Dollery, Byrnes and Allan 2007). The result has been a transformation in the nature of local government which has given rise to far greater complexity. Several factors have contributed to this process, not least amended enabling legislation which has given municipalities greater discretionary powers, but also relentless demands from constituents for improved and extended service provision (CGC 2001).

These developments have been accompanied by a growing financial crisis as local councils struggle to fund their operations on a very narrow property tax base, highly regulated fees and charges, and diminishing monetary transfers from higher tiers of government. Numerous official inquiries into financial sustainability have investigated the problem¹. Without exception, they have all concluded that the chief consequence of financial distress has been a growing local infrastructure backlog, which has now reached epidemic proportions.

Various solutions to the problem have been proposed. In essence, remedial policy recommendations can be grouped into two main categories: (a) policy proposals aimed directly at improving the financial basis of local government and (b) policies which approach this problem indirectly by focussing on enhancing the operational efficiency of local councils. Under (a), it is possible to identify three main approaches. In the first place, some of the official reports called for the establishment of a local government infrastructure asset fund, either at the national level (PWC 2006) or at the state level (WALGA 2006). Secondly, all of the inquiries recognised endemic inadequacies in local infrastructure asset management and most recommended that urgent steps be taken to rectify these shortcomings. Thirdly, Byrnes, Dollery, Crase and Simmons (2008) have developed a blueprint for a designated local government bond issue on the Australian capital market to fund local infrastructure investment.

In terms of (b), two major approaches have been adopted. Firstly, state governments have periodically instituted programs of structural reform involving compulsory council amalgamation. Thus over the past fifteen years South Australia, Victoria, Tasmania, New South Wales and, in 2007, Queensland have all witnessed extensive municipal restructuring, with a radical municipal consolidation program presently underway in the Northern Territory. Secondly, growing scepticism over the unsatisfactory outcomes of council amalgamation

¹ At the state level, we have seen the South Australian Financial Sustainability Review Board Report (FSRB) (2005) *Rising to the Challenge*, the Independent Inquiry into the Financial Sustainability of NSW Local Government (LGI) ('Allan Inquiry') (2006) *Are Councils Sustainable*, the now defunct Queensland Local Government Association's (LGAQ) (2006) *Size, Shape and Sustainability* (SSS) program, the Western Australian Local Government Association Report (WALGA) (2006) *Systemic Sustainability Study: In Your Hands - Shaping the Future of Local Government in Western Australia* and the Tasmanian Local Government Association Report (LGAT) (2007) *A Review of the Financial Sustainability of Local Government in Tasmania*. At the national level, we have seen the Commonwealth House of Representatives Standing Committee on Economics, Finance and Public Administration ('Hawker Report') (2004) *Rates and Taxes: A Fair Share for Responsible Local Government* and the PriceWaterhouseCoopers Report (PWC) (2006) *National Financial Sustainability Study of Local Government*.

programs has seen a rapid growth of interest in shared service models as an alternative means of improving the operational efficiency of councils (Dollery and Akimov 2008).

However, in addition to these putative solutions to the ills of contemporary Australian local government, it is possible to identify other policy options that seem promising. Chief among these alternatives is local economic development which *inter alia* can address financial stress through stimulating local growth and thereby the revenues accruing to local councils. Figure 1 illustrates the contribution of own-source income in general to local government revenue across Australian jurisdictions, and the funding gap estimated by PriceWaterhouseCoopers (2006) as a mid-case scenario:

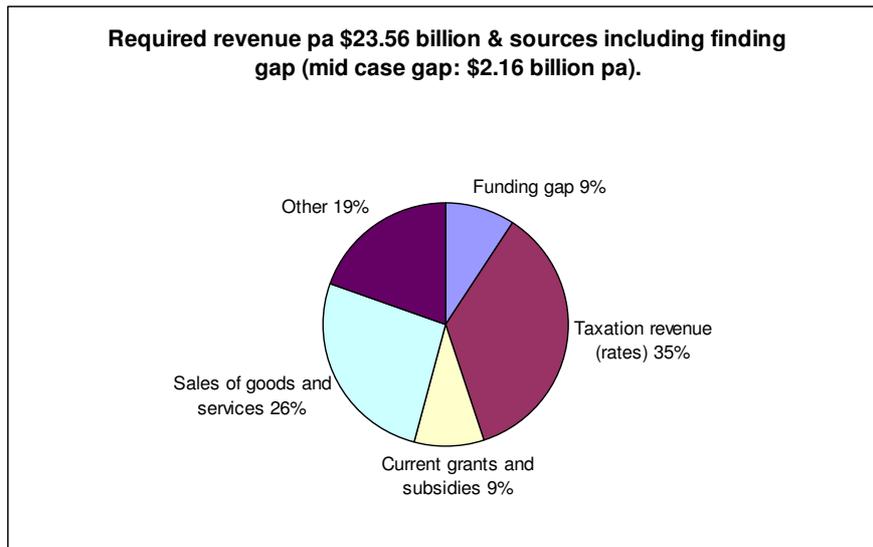


Figure 1: PWC (2006) mid-range funding gap for local government in Australia and sources of local government revenue
 Source: PriceWaterhouseCoopers, 2006, p. 14.

Taken together, the categories taxation revenue, sales of goods and services and other, ie, own-source funding, constitute 80 percent of local government's revenue base in Australia. On this basis, local governments can be expected to accrue greater revenues in conditions of economic prosperity through an increase in developer charges, which at present form a significant element of income for some local governments (Productivity Commission, 2008, p. 130), an increase in revenue from water and waste-water charges in jurisdictions where local government enjoys ownership of these services, an increase in other fees for the usage of other services (for example, parking facilities) and most significantly, the capacity to raise rates as land values increase commensurate with general prosperity. While it may be reasonably expected that the cost of providing some services will increase for local government in conditions of economic prosperity, the 'mid-gap' scenario drawn by PriceWaterhouseCoopers in Figure 1 (9 percent) is potentially addressed, and at the very least alleviated, by local economic development. Further, while the Rudd Federal Labor Government announced in late 2008 and early 2009 that it would seek to address the infrastructure backlog in local government to the amount of \$800 million as part of its Community Infrastructure Program (CIP) (DTIRDLG 2009), both the extent to which this level of funding is sustainable, and the extent to which this kind of funding is constitutionally possible, are open to question (Government News 2009). Moreover, the funding of local government by the federal tier by way of occasional cash injections reinforces the view of

local government as the ‘Cinderella’ of government tiers in Australia (Aulich 2005) rather than encouraging the potential of local government to contribute to municipal sustainability. It also ignores detailed policy proposals in other advanced economies that emphasise the leading role councils can play a local economic development, such as the proposals developed for ‘place-shaping’ in England (Lyons 2007; Dollery, Grant and O’Keefe, 2008). It is thus vital that approaches to local government move to embrace sustainability by way of local economic development.

While a useful embryonic Australian literature exists on the question of local economic development, perhaps most notably Garlick (1997), Martin (2001), Lennon, O’Neil and Spiller (2003) and Jones (2008), it can be argued that this body of work has under-conceptualised the various (and often contradictory) forms local economic development can take and the aims it is intended to pursue. For example, Jones (2008, p.24) has observed that ‘local economic development in Australia has been viewed as regional development’ rather than local economic development *per se*.

This paper seeks to address this neglect by presenting an approach to the complexities and paradoxes in local economic development in the Australian institutional context by developing an augmented and modified series of metaphors adapted from Bingham and Mier (1993) to explore the nuances of local economic development. In this sense it broadly follows the cultural-theoretic method adopted by Christopher Hood (2000). It is hoped that this approach will enhance Australian discourse on local economic development and contribute to an understanding of its intricacies.

The paper is divided into three main parts. Section 2 provides a synoptic description of the advantages inherent in a metaphorical approach to complex social questions. Section 3 outlines the eight metaphors developed in the article. The paper ends with some brief concluding comments in section 4.

2. Conceptual Considerations

Our approach is based on the proposition that metaphors can act as valuable lenses through which greater understanding of complex social phenomena can be achieved. This view of the utility of metaphors in social analysis is widely shared. For instance, in an assessment of how allegories allow narrators to shape social science data, McCloskey (1990, p.63) observed that ‘in the hardest as in the softest science the choice of metaphor reflects a worldview and the evidence to be examined’. Similarly, Hood (2000, p.181) noted that metaphor is ‘a familiar and indispensable tool for thought as well as explanation’. Moreover, in public management, as in political science more generally, cultural frames and preferred metaphors go together.

Metaphors thus have the potential to provide a clearer understanding of local economic development that is deficient in the standard tripartite conceptual approaches to the problem, typically depicted as the ‘market approach’ (Kantor and Savitch 1993), the ‘growth machine approach’ (Reese 1997) and the ‘public-private partnership approach’ (Pagano and Bowman 1995). It is argued that a metaphor-based approach can more accurately explain the often complex and paradoxical situations that characterise this area of public policy.

Acting in the spirit of this approach, Bingham and Mier (1993) refined the work of Marris (1987) to propose seven metaphors of economic development: Economic Development as Problem Solving; Economic Development as Running a Business; Economic Development as Building a Growth Machine; Economic Development as Preserving Nature and Place; Economic Development as Releasing Human Potential; Economic Development as Exerting Leadership; and Economic Development as a Quest for Social Justice. Given the manifest complexity of Australian local development, it is useful to consider the explanatory light the Bingham and Mier (1993) system can shed on local economic development policies pursued by Australian local government jurisdictions. However, as we shall see, in order to make the analysis in this paper more comprehensive and compensate for deficiencies in the Bingham and Mier (1993) typology, an additional metaphor is developed in this paper in the form of 'Economic Development as Political Expediency', since this appears to be a dominant feature of Australian local economic development initiatives.

3. Metaphors for Local Economic Development

3.1. Economic Development as Problem Solving

This metaphor incorporates the work of Herbert Simon (1976) and his concept of satisficing. In essence, it is argued that organisational decision-making is usually based on incomplete information about possible courses of action and potential outcomes. As a result, most decision makers operate under bounded rationality where decisions are adequate, but not necessarily rational, since not all relevant information has been considered. According to Bingham and Mier (1993), this shapes the way development needs, opportunities and potential actions are conceived through problem definition, problem solving and the order it imposes on solutions. Economic problems are therefore defined according to a biased set of criteria of the dominant regime. Solutions, in part, become the result of the interpretation and identification of the problem as well as the skills and resources available.

Following an analysis of American and Canadian local government decision making, Reese (1993, p. 503) concluded that local economic development policies are not likely to result from a rational, systematic weighing up of costs and benefits. Instead policies are 'heavily influenced by bureaucratic or professional actors and based on decision rules or procedures rather than rational analysis' (Reese, 1993, p. 503). Accordingly, economic development practitioners are more likely to be reactive rather than pro-active and have a tendency to filter what they regard as undesirable project proposals.

Consequently, this raises questions about the usefulness of formal economic development plans that outline the long-term strategic objectives for local economic development activities. If economic development practitioners - as Reese (1993) suggests - are more likely to satisfice, then the purported rationality of economic development policies based upon documented economic development strategies, the use of systematic procedures for the evaluation of policy alternatives, linear programming and the evaluation of policies after implementation are all open to question.

Economic Development as Problem Solving recognises the bounded nature of local economic development decision-making and directs the analyst to conceptual approaches that consider its consequences. The key aspect of this metaphor is that satisficing results in the rejection of elements that decision makers cannot measure, know or understand (Bingham and Mier 1993). This rejection affects decision making in three ways. In the first place, in terms of

problem definition, economic development practitioners tend to view economic development through conceptual lenses, based on their own backgrounds and training or on an accepted economic doctrine that determines what kind of knowledge is useful in identifying economic and social problems. Secondly, process definition, refers to the problem solving process in which the search for solutions will be placed. Finally, Bingham and Mier (1993) refer to the use of prospective sets of problem solutions, where institutionalised frameworks determine which responses to economic problems are appropriate. In this context, the most common solutions are developed through market-based approaches or through public-private partnerships. Bingham and Mier (1993) suggest that the most useful aspect of the problem-solving metaphor is the order it imposes. It provides established actions that are within reach of decision makers and it has an artificial tidiness thereby creating the impression that something is being done.

Bachelor (1994) has taken this argument further by pointing to evidence of solution sets being used as a form of regime maintenance. According to this view, local government economic development policies emphasise political benefits and policy convenience. Solution sets are derived from established standard procedures and practices that will be followed to minimise delays and reduce the uncertainty of outcomes. These are followed as a matter of course, often without consideration of the idiosyncrasies that are evident in individual cases. As a result, local government may continue to implement initiatives, such as offering financial incentives, simply because it is what they think all companies expect, despite the long-term costs to the community and the failure of these incentives to promote economic development.

Bachelor (1994) suggests that local economic development policies are particularly susceptible to the institutionalisation of past policy processes because of time constraints, lack of information and the political and economic benefits associated with major development projects. He also stresses the close association between the reputation of a given political regime and economic development policies. Thus the institutionalisation of policies helps to ensure ongoing success and the preservation of political influence. In the Australian context, solution sets are typically found in local economic development policies that are pursued through town planning initiatives and infrastructure works. These solutions assist in maintaining the dominance of the existing organisational arrangements for planners and engineers within local governments.

The usefulness of viewing economic development through the problem solving metaphor is multi-faceted. We are alerted to the bounded nature of rationality, the expedient nature of decision-making procedures, the rejection of particular considerations due to them not fitting into established procedure, and the overall tendency toward regime maintenance through resolution bias toward particular solution sets. This tendency to fall back onto what is known may stifle innovative approaches to economic development.

3.2. Economic Development as Running a Business

This metaphor involves a view of government that draws on organisational rather than economic doctrines. According to this metaphor, the role of local government is secondary to local business. A local council must therefore reflect a business bias in its activities and become more entrepreneurial in its efforts to promote economic growth. By viewing development through this metaphorical lens, Bingham and Mier (1993, p. 292) assert:

...the importance of capital investment and growth, the sanctity of private markets, the value of elite partnerships with government in a supportive role, the necessity of overcoming barriers to progress, and the beauty of dispassionate, 'professional', problem solving approaches.

According to Drucker (1973, p.364), 'the need to think through the business-government relationship is not, in the main, the result of a crisis in business', but rather 'the result of a serious crisis of government'. In their examination of 1,400 US suburban communities, Schneider and Teske (1993) conclude that business leaders found it easier to negotiate with politicians and to translate their preferences into policies when pro-growth entrepreneurs were present. Similarly, Osborne and Gaebler (1993, pp. 19-20) contend that 'we must turn bureaucratic institutions into entrepreneurial institutions, ready to kill off obsolete initiatives, willing to do more with less, eager to absorb new ideas'.

Following this view, public administration must reflect the management practices and purported efficiencies of the private sector. Indeed, concerns about efficiency and effectiveness in the public sector have dominated debate on government since the 1980s (Simms 1999) and seem to have led directly to the development of New Public Management with its emphasis on private sector techniques.

In policy areas such as local economic development, the needs of business to achieve rapid and low-cost outcomes often conflict with the need to apply development controls and protect local amenity. However, for many Australian local governments the vigorous adoption of business practices has been promoted at both the political and executive levels (Dollery and Marshall 1997; Jones 1993). For instance, mayoral candidates often stress the need to reform council administration according to business principles in order to develop a customer focus responsive to community demands. According to this view, local government should not act as a barrier to development but forcefully promote the growth of the local economy.

3.3. Economic Development as Building a Growth Machine

Economic Development as Building a Growth Machine has as its central tenet the penetration of the black box of the relationship between the political process and the process of urban growth. Protagonists of this view argue their analysis breaks local economic development into its component parts to allow for the identification of the key elements that determine economic development. Bingham and Mier (1993) point out that systems analysis has been used to examine the complexity of local economic development. In a similar vein, microeconomic analyses embracing input/output models and other models designed to measure regional economic capture, shift-share and location quotient factors are now commonplace (Blakely 1989). These tools provide useful insights into the structure of regional economies and their change over time (Roberts and Stimson 1998).

Despite the application of these sophisticated analytical methods to local economic development, Economic Development as Building a Growth Machine emphasises the complexities involved in the local growth process. For instance, Agranoff and McGuire (1998, p.68) observe that 'public management is now thought of as involving the operation of bureaucracies plus connections with other institutions through the process of governance'. Moreover, they suggest that in terms of local economic development, this implies 'mutually reinforcing trends like fiscal decentralisation and localisation of policy responsibility [and]

increasingly manag[ing] their affairs through collaboration' Agranoff and McGuire (1998, p.68).

In the Australian local government context, Roberts and Stimson (1998) stress the inadequacy of focusing on quantitative assessments at the expense of qualitative techniques. They argue that non-quantifiable factors, the so-called statistical residuals, are difficult to measure. Key elements for consideration include community attitudes, local research competence, business risk acceptance, entrepreneurship and the quality of life. These factors all have a direct bearing on local government economic development activity and thus form the basis for most economic development policy. The emphasis invoked by this metaphorical lens thereby resides in recognising the difficulties involved in quantifying local economic development.

3.4. Economic Development as Preserving Nature and Place

The metaphor of Economic Development as Preserving Nature and Place draws attention to factors that contrast with the earlier metaphorical perspectives. Full consideration is given to natural resource limits, the notion of sustainability and the ecological paradigm. Marris (1987, p. 137) describes the emphasis of this perspective as 'social responsibility against economic autonomy; decentralised, democratic control against remote, concentrated, corporate hierarchies of control; and understanding the whole against the abstraction of partial relationships'.

The concept of sustainable development has become one of the most celebrated elements of many contemporary government programs for economic growth (Selman and Parker 1999; Redclift 1991; Haughton and Hunter 1994). Often depicted as an extension of the Limits to Growth thesis, sustainability is widely regarded as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development 1987, p.3).

In essence, sustainability represents an attempt to deal with the often uneasy relationship between economic development and the protection of the environment (Haughton and Hunter 1994). However, what has emerged is a degree of confusion over the measurements of the success of sustainability. It is argued that policy initiatives based on current accepted economic indicators should be replaced by broader measurements of national or local well-being (Eckersley 1998). In the local government milieu, measures of happiness or quality of life, frequently referred to in local government economic development plans, such as Brisbane as the 'most liveable and progressive city in the Asia-Pacific region' or 'Melbourne as the world's most liveable city', are notoriously difficult to measure. The concept of sustainability in local development programs like Local Agenda 21 (Kupke 1996) has thus become a problematic component of local government policy. The nub of the matter resides in the fact that solutions capable of implementation (are) much more difficult to define. This is primarily because these proposed solutions often involve a schizophrenic attitude on the part of many people who can agree there is a problem (eg traffic congestion), but do not see themselves as contributing to it and therefore not part of any proposed solutions.

Bingham and Mier (1993) add the additional caveat that this metaphor can become rigid in its emphasis on locality and human agency. As a result there is often a bias towards preserving the *status quo* and 'a rejection of emphasis on social justice and equity, particularly as equity questions cross territorial or social boundaries' (Marris 1987, p. 135). Nonetheless, the metaphor continues to have relevance because it highlights those perspectives especially important for local communities when pursuing an economic development agenda. These

perspectives include local initiatives, the balance between growth and amenity, the value of public intervention, the necessity of broad-based partnership with the community, overcoming barriers to public participation and the role of passionate debate over public issues (Bingham and Mier 1993).

3.5. Economic Development as Releasing Human Potential

The use of local public policy to maximise opportunities for local economic participation has been a common theme in local economic development debates. Local entrepreneurship, training, employment opportunities, racial integration and affirmative action all form part of both theory and practice. In contrast to the previous metaphors, Bingham and Mier (1993) contend that Economic Development as Releasing Human Potential highlights people as agents of social change. It also stresses the potential injustice brought about by privileged access to resources and the danger of exclusion of enclaves of socially and geographically disadvantaged people within a particular locality.

Policies undertaken under this metaphor often adhere to the work by the Organisation for Economic Cooperation and Development (OECD) and others that focus on the capacity building aspects of local economic development. According to the OECD (1985, p. 14) local policies should focus on the development and fostering of community skills – planning, financing and managing – to generate and support local economic development. Further, the OECD asserted that ideally under this approach, ‘local government and interested groups, unions and other levels of government will co-ordinate the provision of technical support, expertise, specialist services and training, rather than just capital grants and loans. Greater local economic self-sufficiency is the primary goal’ (OECD, 1985, p. 14).

During the 1990s the concept of the learning economy began to take on a greater significance in economic development literature (Lundvall and Johnson 1994; Welsh Development Agency 1998). According to this view, investment in education and training are the most important and effective policy instruments for strengthening economic capacity (Lawson and Lorenz 1999). The importance of knowledge in the post-Fordist economy has heightened the significance of learning for economic prosperity at both the community and individual level (Fasenfest 1993). Following the work of Eisinger (1988), momentum gathered for local economic development policies to adopt a more endogenous focus. His comparison of demand-side and supply-side policies emphasises the importance of initiatives that attempt to strengthen the local economy from within. Policies that emphasise resource attraction from outside the area tend to produce short-term results when compared to developing existing resources that have a commitment to the locality (Wilson 1996). According to this endogenous approach, the encouragement of entrepreneurship takes on significant importance in transforming local economies from declining activities to new and prosperous activities (Henton et al., 1997).

In a learning economy an information-rich environment is crucial to ensuring entrepreneurial vitality. The components of this environment include:

- the education and training system in a region;
- the quality and intensiveness of the information flows between firms and entrepreneur;

- the cycle time between need and delivery of information; and
- the technical culture and progressiveness which determine the innovative potential of a region (Sweeney 1987).

Economic Development as Releasing Human Potential gives support to the importance of individuals as agents of social and economic change. It also helps to identify elements of exclusion; that is, which groups are restricted in their participation in the economy and which policies can include or exclude these groups in the local economic development process. Cultural factors have an important role to play in developing the conditions of social co-operation and creativity. Putnam's (1993) pioneering work with Italian communities highlights the importance of social capital in promoting the conditions necessary to encourage innovation.

Cooke and Morgan (1998) focus on the importance of cultural variables in their work on firms in a number of European countries and their willingness to collaborate through partnerships that promote innovation. Research conducted during the early 1990s showed that Australia was lacking a strong culture of business enterprise and entrepreneurialism. It also showed that poor management skills, coupled with a conservative approach to risk and venture capital, contributed to significant failure rates for new small businesses (Karpin 1995).

3.6. Economic Development as Exerting Leadership

The importance of the contribution of leadership to local economic development has attracted considerable scholarly attention (see, for example, Wallis, Dollery and McLoughlin 2007). Local governments have been encouraged to take the leadership role in facilitating and co-ordinating the resources that promote economic growth. Bingham and Mier (1993, p. 298) thus posit:

...the role played by the leadership metaphor as providing the subject of success stories by and about civic boosters, investors, developers, policymakers, elected officials, practitioners and academics. The result has been the elevation of successful investors, developers, and corporate executives to near cult status.

The exercise of the formal power of the local government mayor is critical to the leadership role taken by local governments. In Australian local government, this role is largely determined by the legislation prescribing local government activity in each state. The majority of Australian mayors tend to fulfil ceremonial or symbolic functions and focus on responsibilities that require little in terms of leadership through new policy initiatives. This has been the case particularly in Victoria where the office is chosen by the council and rotated amongst the councillors.

By contrast, mayors elected by popular vote - as in Queensland, Western Australia and New South Wales - have the additional formal and informal leadership capacity that is an outcome of their enhanced democratic legitimacy. The Mayor of Brisbane is a quintessential example of this type: research by Tucker (1993, p.57) on the mayors of the Queensland capital suggests that the 'actual' power of the position depends largely on the 'energy, vision, political skill and electoral appeal of the individuals concerned'. According to one typology, powerful mayors can exercise both executive and entrepreneurial leadership through their

ability to push reform initiatives that significantly impact their locality (Kotter and Lawrence 1974).

However, there are recognised limitations on the role of leadership, including the need for a more structured and formalised response to idiosyncratic problems, an unfortunate concentration on flamboyant economy-saving projects and a narrow focus on the production of wealth. More recently governments have attempted to promote greater collaborative efforts that attempt to capitalise on the strengths of the leadership model while emphasising communities of interest. New forms of co-operative leadership through task forces, networks and partnerships attempt to build on the resources of local business and community leaders who are willing to become part of the public policy process. Unfortunately, often these mechanisms are unable to deal with self-interest, and the social divisions between participants often undermine grass-roots action (Bingham and Mier 1993).

3.7. Economic Development as a Quest for Social Justice

The economic development policies adopted by local governments have long listed employment growth as one of their most important outcomes (Beer and Maude 1996). This is unsurprising. A survey of 12 Queensland regions conducted in 1995 that focussed on the question of subsidiarity asked respondents to determine the most appropriate level of government to deal with a range of issues. Local government was regarded by 53 percent of respondents to be the most appropriate level of government to deal with community development and human services. Similarly 47 percent agreed that local economic development and employment initiatives should be a council responsibility (Local Government Association of Queensland 1995).

Fears of negative symptoms generated by unemployment – like drug abuse and juvenile crime - are seen to threaten the desired liveability of a local government area. Economic development programs have thus often come under the responsibility of the Community Development division in local councils' corporate structure, with quality of life issues regarded as fundamental to the attractiveness of a city for capital investment. Equity issues form part of wider community life policies, where a key objective is to foster and promote equity for local residents. Examples include programs focusing on affordable housing, the preparation of social progress indicators, and youth programs that examine suicide and substance abuse.

Community development programs typically adopt equity-based principles founded on collaboration and participation (Fasenfest 1993). These in turn traditionally focus on involving the broader community in economic development programs. Participation can be achieved by both specifically targeting groups that face more serious social and economic problems than the general population and by assisting self-created programs that adopt a 'boot-strapping' approach. The key to the success of these programs rests at the local level because it is only there that expertise and support of public, private and voluntary sectors can be integrated through local policies (OECD 1985). However, these policies also have disadvantages in that they can often be regarded as a cynical approach to gain consensus where only apathy exists.

Economic development projects are promoted for their contribution to growth and the number of jobs they will provide, often to the exclusion of all other desirable objectives. Bingham and Mier (1993) argue that this adopts the rhetoric of justice but more often leads to the promotion

of one set of interests over another. By contrast, social justice complements and amplifies several of the other metaphors. In particular, its emphasis on localism and the improvement of the position of the disadvantaged individual helps this metaphor add an element of fairness to local economic development policies.

In sum, we have demonstrated that the taxonomy of metaphors provided by Bingham and Mier (1993) is a useful heuristic system for the description, analysis and conceptualisation of local economic development policy alternatives in the Australian local government milieu. However, we assert that this system is made much more realistic if the category of Political Expediency is added to the taxonomy. After all, in the Australian local government context, highly visible development projects often play an important role in garnering political support (Feiock and Clingmayer 1992).

3.8 *Economic Development as Political Expediency*

This metaphor focuses on the distributional consequences of local economic development policies. When public support for economic development is high - as it often has been in those instances when it is promoted as the only means of dealing with issues such as unemployment - incentives are often organized, given and implemented in an *ad hoc* fashion. Wolman and Spitzley (1996) refer to the political calculus of economic development policies in which local politicians view these matters as being for the public good, but that ultimately contribute to their own electoral success. Similarly, Petersen (1981, p. 29) has observed that 'by pursuing policies which contribute to the economic prosperity of the local community, the local politician selects policies that redound to his [sic] own political advantage'.

Thus policies often assume a symbolic rather than practical or achievable value. In this way, these policies also provide as many blame avoidance as credit claiming opportunities. Winning a local election is the prime concern of local politicians, and local economic development provides useful material to highlight the inadequacies of opponents in contrast to the perceived success of new partisan proposals. In this regard, (Feiock and Clingmayer, 1986) observe that:

[W]hether a development actually provides tangible benefits is perhaps relatively unimportant. However, what is important is that the use of these policies provides politicians with something for which they can claim credit.

The Economic Development as Political Expediency metaphor stresses the symbolic elements of local economic development activities. Many economic development policies lend themselves to credit-claiming opportunities. For instance, the use of financial incentives, such as rate holidays, free land, access to information, grants and low interest loans, can be easily justified as necessary to development. Without them, proponents argue, local development would not occur. Accordingly, any development that results through such measures is seen as a policy success (Wolkoff 1992).

These policies also pave the way for criticism, as existing local business enterprises resent incentives being offered to other entities to either remain in the locality or move to it. This can lead to the questioning of the policies and their overall cost to the community. Despite this, local economic development activity remains attractive, particularly in local government areas facing economic problems where councillors are under public pressure to do something about economic growth. Wolman and Spitzley (1996, p. 116) argue that the competitive nature of

economic development activities for local government also places pressure on elected members since ‘even in non-stressed cities, the pressure to respond may be strong if other competitive jurisdictions are engaged in active efforts to attract economic activity’.

Within the local government context the actual costs of the promotion of economic development can remain relatively invisible. This lack of transparency can often add to the attractiveness of economic development initiatives for elected representatives. Political credit can be claimed for improving the amenity of a shopping strip with expenditure being spread through a range of programs, like roads and parks maintenance. The underlying intention remains the improved business opportunities in the locality. Highly visible projects remain as reminders of the capabilities of local politicians to improve opportunities for the local community. By way of example, Elkin (1987, p. 14) argues that ‘a major downtown mall or convention centre can be advertised as taking the city into the new metropolitan age’. Moreover, ‘such projects are also visible in a way that few other things that happen in cities are, and such a building is taken to be a sign that much else of note is going on in the city – even if it is not’ (Elkin, 1987, p. 14).

Dissent over such projects can be managed by being denigrated as anti-development and consequently anti-growth. Similarly, quality of life and social justice arguments are often set aside when debating the important contribution major projects will have on the future growth of a city (Caulfield 1995). In this way, the political expediency metaphor takes precedence over other metaphors when examining the economic development policy-making process in Australian local government. It is particularly relevant to so-called big events which consume considerable resources and set the parameters for future economic development activities.

4 Concluding Remarks

This paper presents an augmented variant of the Bingham and Mier (1993) taxonomy of metaphors of local economic development and demonstrates the relevance of this approach to contemporary Australian local government. As we have seen, the metaphor has traditionally been a means of making complex empirical phenomenon more accessible by grouping together phenomena under a label which can then form the basis of investigation and policy formulation. This is equally the case in Australian local government policy analysis and formulation as in any other field of inquiry. Bingham and Mier (1993) confess to the untidy nature of their typology of metaphors, where the boundaries between different categories are unclear. Nevertheless, the value of the system lies in its contribution to a wider contextual analysis of local government economic development policies.

As we have seen, three major conceptual approaches exist in the analysis of local economic development: the Market Approach, the Growth Machine Approach and the Public-Private Partnership Approach. However, critiques of these approaches emphasise the restricted nature of their application, an argument particularly pertinent to Australian local government. Meyer (1993) stresses the importance of considering different conditions, institutions, as well as political and social values. These factors are compounded at the local level, since not only do we need to consider local government jurisdictions but also spatial variations in their national, institutional, and other contexts. Herein resides the value of the metaphorical approach: if we recognise that no single conceptual approach can adequately capture the forces involved, then we can consider a broad range of characteristics and phenomena as exemplified by the use of metaphors.

These considerations are especially important in the Australian local government milieu for several reasons. Firstly, Australian local government is characterised by tremendous diversity. Local councils differ dramatically in population size, economic composition, spatial area, topographical conditions, and the like. Secondly, given the structure of Australian federalism and the fact that local government is a creature of state government legislation, different Australian state local government jurisdictions confer different powers and functions on local councils, invoke different local government grants criteria, and use different performance evaluation and other oversight measures. Thirdly, the financial circumstances of local councils differ markedly, not only within state jurisdictions, but also between jurisdictions. These and other complicating factors preclude a one-size-fits-all conceptual approach and the uniform policy making that will inevitably flow from its use (Worthington and Dollery, 2001). This makes the flexible taxonomy of metaphors especially useful in the analysis of Australian local government.

We have seen that Australian local government faces numerous challenges, the most serious of which involve ensuring ongoing financial sustainability and the restoration of depleted local infrastructure. Various solutions have been proposed, most of which, like a local infrastructure asset fund and a bond issue, remain at the level of conjecture. However, structural reform in the guise of forced amalgamation has been adopted by all state local government jurisdictions over the past two decades. While the consequences of compulsory consolidation programs remain controversial, the spate of official inquiries into financial sustainability have demonstrated beyond doubt that amalgamation has failed to remedy financial distress since financial unsustainability has remained a problem in all state systems, regardless of the extent of structural reform.

We argue that local economic development represents an additional policy option that can assist in addressing the problems confronting Australian councils. However, since these problems differ for different councils, local development strategies must perforce take local circumstances into account. Thus, whereas thriving councils might focus on growth management rather than growth maximisation, the converse might well be true for struggling councils. The main point is that a malleable, multi-faceted approach to local economic development is required. This in turn demands the use of a flexible conceptual framework of the kind advanced in this paper.

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