STATE SUPPORT FOR DEVELOPMENT INITIATIVES IN PERIPHERAL REGIONS

ENDURING POLITICAL CENTRALISM IN AN AGE OF GLOBAL LOCALISATION

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ABSTRACT

Set against the backdrop of increasing integration of the world economy, this thesis is concerned with the role the nation-state plays in supporting the development of sub-national regions. Globalisation has changed the ways nation-states manage their economies, while exposing sub-national regions to the influence of international competition. Variations in levels of development have always been found across sub-national regions. However, as national boundaries become more porous, localities within the world economy become more significant; global localisation has created new opportunities for the development of sub-national regions.

Political processes play a role in determining the capacity of sub-national regions to respond to global change. This thesis compares the approaches of two very different nation-states, Australia and Namibia, in supporting regional initiatives. It was hypothesized that major differences would be found and, in particular, that the wealthier state would exhibit greater local autonomy and initiative. Instead, the approaches were found to be remarkably similar. Variations were found in the resources and capacity of these nation-states to support regional initiatives, but both relied on centralised approaches to regional development. While there are clear differences in the capacities of the sub-national regions examined to take charge of their own development, little evidence was found of true partnership or collaboration between the nation-state and regional, governmental and non-governmental, actors in either nation.

The thesis contributes to a better understanding of the ways nation-states interact with sub-national regions. It demonstrates that globalisation is not transforming this relationship, at least as it concerns peripheral regions. It suggests (but does not demonstrate) that national-states might do well to make more use of the endogenous resources of their less developed regions.
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CHAPTER 1

INTRODUCTION

Picture this:

You’re a farmer. Let’s say, you’re a fruit farmer, living on land your family has worked for four generations. A unique microclimate allows you to grow quality fruit you can get to European markets, tens of thousands of kilometres away, a month before European producers. The fertile agricultural region in which you live is steeped in the traditions of self-help and community involvement. At different times you’ve been a member of the local council, the tennis club management committee and chairperson of the regional farmers association. Over the years you’ve had to improve the efficiency of your farming because there are no longer any tariffs or subsidies to rely on. You’ve had to mechanise spraying and harvesting processes and lay-off some workers you’ve known for almost a lifetime. But you’ve remained competitive and although your son and daughter have left the farm and the town – one to study, the other to work in the city 500 kilometres away – you’re happy with the rural lifestyle you enjoy.

But there are disturbing trends. The local branch of your bank closed last year, requiring you to travel two hours to the nearest regional centre to do your banking. When you’re there you do most of your shopping since the shops in your town have a poor selection of goods and are more expensive than those in the air-conditioned malls of the regional centre. The growing number of empty shops in your town and subsequent loss of local jobs over the years is a testament to the declining viability of retailing in small towns. The government is offering assistance to those who are hardest hit by these circumstances: the unemployed or those who are about to become unemployed. It is also talking about reorganising regional services and promoting competitive and sustainable communities.

The regional farmers’ association has a proposal on the table, which it thinks will address some of the problems the area is facing. By building a cold-storage facility, farmers will be able to freeze their fruit locally and create opportunities for damaged fruit to be processed into jams and preserves in town. This will reduce transport costs, add value to local produce, increase the competitiveness of this already competitive product and create the opportunity for new businesses to be established. The idea has strong local support and a feasibility study conducted by a consulting firm from the city indicates the idea is viable and could lead to other initiatives to generate a new local agriculture-based production industry. International markets are opening and it is clear that this proposal will
bring new economic opportunities to the region. But there’s a problem. Your region, while producing fruit for a specialised market, has not been designated fruit-growing region by the national government. Its main product is wool and sheep. Other regions with a much larger volume of fruit production have been targeted by the national government for regional industry assistance. There are simply no financial resources available from government for the cold storage facility because your region is not within a targeted priority area.

You’ve considered privately investing in the cold store as a group of local farmers, but the recent on-farm investments required of all farmers leave little in reserve and do not make this possible. A cold store could generate new jobs and maybe stem the tide of economic decline. But, for now, it is an idea that remains unsupported.

This story illustrates how many small rural communities are forced to contend with economic changes and political decisions well beyond their immediate reach. The removal of trade barriers and the opening of markets have placed new pressures on every economic activity, demanding participants in the world economy improve their competitiveness. These changes have required national governments to work with key industries and regions to help them adjust. How governments work with regional communities is the concern of this thesis.

This thesis examines the role the nation-state plays in supporting the development initiatives of sub-national regions. This chapter introduces the key concepts underlying these issues and sets out the research questions to be addressed. Globalisation is the backdrop against which the relationships between the nation-state and its regions are projected. A brief review of globalisation and its effect on the spatial dimensions of development is presented, followed by an overview of the kinds of development resources that can be found in regions. Both these topics are discussed further in Chapter 2 when the relevant literature is reviewed.

Having described the context of this study, along with its contribution to the understanding of development in sub-national regions, the ways these issues are investigated is laid out. Two hypotheses examined and tested in this thesis are described, along with the rationale and purpose of the research methods used. Finally, the organization of the thesis is described.
1.1 Research question

The thesis addresses the following research question: To what extent do nation-states support sub-national regions in their efforts to pursue new development opportunities in a more integrated global economy?

This research question reflects the twin challenges facing nation-states today – to apply new instruments that competitively position the nation’s economy within an increasingly globalised marketplace while helping sub-national regions make the adjustments required to remain viable. What governments fear most, whether they are national or sub-national governments, is that they will become irrelevant and dependent on the economic and political support of others. The scale of globalisation broadens the arena in which national and regional economies operate and threatens the capacity of small economies to take action. Globalisation has brought new threats to sub-national regions, but it has also opened up opportunities for local economies to engage in world markets.

Globalisation presents many challenges to nation-states and their regions. It requires states to liberalise their economies and open their borders to greater flows of trade and investment (Gunter and van der Hoeven 2004, pp. 9-16). While global influences have always affected national and local economies, these influences are now more intense and direct. Large-scale global shifts have changed national development frameworks and sub-national regions are now, more than ever, required to position themselves strategically in the world economy.

Drawing from current discourses concerning the use of regional resources for development, this thesis describes the ways national government policies affect the processes of development in sub-national regions. Globalisation has produced closer connections between the world economy and sub-national regions by making national boundaries more porous. However, while national governments have less direct control over the flows of international trade and investment, they still have the capacity to help sub-national regions deal with the challenges increased global engagement brings. National government policies and programs directly affect development opportunities in the regions. For example, consider the negative effect industrial adjustment and competition policies can have on rural employment and service provision. Formulated to enhance national competitiveness, these programs often result in a greater concentration of economic activities in urban locations. While nationally framed
regional development programs endeavour to redress rural and urban imbalances, many sub-national regions located in rural areas remain dependent on the support of national government.

This study examines how nation-states work with their regions to deal with the above changes. They may help regional communities adjust to external changes by simply lessening the impact of change on vulnerable groups, or they may identify comparative advantages they believe will create development opportunities for the region when compared with other regions. Alternatively, they may encourage regions to become more competitive and cosmopolitan in their outlook, empowering them to take initiatives to engage directly with the world economy in an effort to establish a sound market base.

The changing world economy requires nation-states to rethink their strategies for international competitiveness. They can no longer rely on policy and program instruments that were designed when national economies were more autonomous. Today’s interconnected global economic system requires nation-states to create the conditions for international competitiveness. Within this context, sub-national regions can either become further removed from the mainstream of economic activity (e.g., by a nation-state that mediates between regions and the international arena) or they can participate more fully in the world economy with the support of a nation-state that empowers, supports and facilitates these interactions.

This thesis argues that nation-states tend to apply dependency models to sub-national regions that undermine the potential of these regions to mobilise their own resources for development. They recognise that sub-national regions can be locations of disadvantage and need, but typically fail to see the resources found in these regions and how these can be mobilised to help the region benefit from greater engagement with the world economy. The restructuring of the nation-state in response to the processes of globalisation has promoted new efficiencies in public administration, but has done little to enhance the capacity of sub-national regions to successfully engage with changing national and world economies.

The term ‘regional’ has two general applications: there are sub-national regions (i.e., those found within nation-states) and there are global regions (i.e., trans-national regions). This thesis uses the term to refer to the former case, and shall specifically indicate when the latter situation is described. This is consistent with Simon (1990, p.
xiv) who refers to a region as ‘a sub-national division of space, delimited in terms of one or more criteria. Whatever these criteria, the delimitations reflect physical and/or socio-spatial diversity’.

1.2 Significance of the thesis
An examination of the nation-state’s support of regional initiatives is relevant today because the role of the nation-state in a globalised economy is under revision (Georges 1990, Giddens 1990, Brecher and Costello 1994, Ohmae 1995). As the global economy has become more integrated, nations have sought to ensure their economies are competitive. While much of the nation-state’s focus has been on national positioning within world markets, it has also involved the restructuring of national economies and the realignment of regional development efforts within the national framework.

This thesis is significant for two main reasons. Firstly, it addresses the contribution regions can make to national competitiveness by considering the regional resources that can be mobilised for development in an increasing integrated world economy. Globalisation creates new opportunities for regions to directly engage with the world economy. Indeed, regional and local actors can design and manage development initiatives that improve their development prospects. Secondly, it addresses the way nation-states support regions in their efforts to develop and more effectively engage the global economy. While much of the literature on globalisation considers the relationship between nation-states in the world economy (i.e., their relationship with trans-national corporations and international organizations), this thesis is concerned with relationship between nation-states and their regions (i.e., nation-states and their domestic constituencies). Through these contributions – described below in more detail – this thesis shows how nation-states can work with regions by building their capacity to more effectively engage in national and international markets, and by backing regional initiatives for development.

Globalisation has become something of a household term these days and, consequently, faces the danger of being used loosely and inappropriately. It is globalisation’s function of compressing time and space, resulting in the restructuring of social and economic relations that is of relevance for this thesis (Giddens 1990). This function has a new and important effect on local and regional economies. The expansion of individual, corporate and national horizons across the international arena
has led to a new appreciation of local social and economic relations and their influence on development.

Globalisation intensifies the geographical unevenness of development. Because the fates of regional winners and losers are connected, some regions prosper and others decline (Fujita et al. 1999, Walker and Storper 1980). In many cases, rural regions are declining as urban centres expand. Expanding realms of information around the globe have contributed to a shift in the patterns of political and commercial power (Giddens 1990, Strange 1996, Teeple 2000). These concentrations are largely found in highly urbanised locations and cities.¹ As a result, migration from rural to urban settings is at its highest rate ever (United Nations 1991). Global cities have emerged, exhibiting a power to influence both markets and politics on an unprecedented scale (Sassen 1994, Castells 1996). Fuelled by the decline of employment and services in their hinterlands and the new opportunities of urban environments, the growth of cities has created significant shifts in national demographics. Many rural communities throughout the world are struggling to maintain a viable existence.² The population profiles of rural communities are changing: urban migration, motivated by the search for jobs, education and a better quality of life, has left behind ageing communities that are in economic decline. While some regional centres are growing, smaller towns tend to be losing residents at a fast rate.³ The influences of national and international economies significantly affect the prospects of rural communities and raise questions regarding the efficacy of development policies in sub-national regions and localities. In the face of global concentrations and increasing competition, the plight of many rural regions appears more and more tenuous.

¹ Venables (2000, p. 58) claims there is a ‘shifting balance between concentration and dispersion’ of commercial activities around cities.

² See, for example, issues raised about rural communities in the USA in Korschning and Hildreth (1987), Luloff and Kranich (2002), and Flora, Flora, et al. (1992); in Australia see Australian Bankers Association (1998), McKenzie (1994), Hugo (1993), Haberkorn, Hugo et al. (1999), and Salt (2000); in southern Africa see Centre for Development and Enterprise (1996).

³ It would be too simplistic to suggest that changes in rural regions are uniform. Rural restructuring and the emergence of post-productivism in rural economies are significant trends in this regard (see Ibery and Bowler 1998). These issues are described in more detail in Chapter 2.
Globalisation has also ushered in a shift in the agricultural processes that have dominated rural economies. Fluctuations in global commodity prices and changes to the structure of primary industries have meant that small farms are, in general, no longer viable. If they are to survive, farmers must improve the quality of their produce, add value to them or find new avenues for marketing and sales. Concurrently, the emergence of environmental problems has provided additional reasons for producers to reassess their production and harvesting techniques. Some rural communities have fortuitously found themselves positions that are more powerful or influential than others – often a result of their proximity to natural resources or transportation nodes – but many have not (Marsden 1998).

Within this context, the first reason this thesis is significant is because it addresses the ways regions respond to globalisation. It contributes to a better understanding the link between the local, the national and the global. While regions and their local communities are often described as being at the mercy of a long line of global and national processes that determine their fate, this thesis considers the ways regions can mobilise their resources to benefit from fuller participation in the world economy.

The increasing integration of the world economy has created new opportunities for localities – referred to as ‘global localisation’. This new global-local nexus heightens the significance of localities within an increasingly integrated world economy as international influences converge on localities and affect the development opportunities of these places (Morley and Robins 1995). Giddens (1990) describes this as the mediation of the global by the local. Local and regional actors can mobilise resources through locally managed processes that address development concerns and reposition themselves within changing national and international economies. While global economic and political influences alter the opportunities of and threats to regions, this need not leave such regions in a completely powerless position.

4 Marsden (1998, pp. 13-30) describes the restructuring of rural economies as ‘post-productivist’, referring to the shift away from agricultural production to other uses of rural terrain that redefine ‘the relationships between town and country, placing rural space very much in its differential regional context’ (p. 15).
Hart (2002, p. 13) describes how the global is often equated with ‘dynamic, technological-economic forces restlessly roving’ the world, while the local is presented as passive, upon which global forces have their way. Hart’s claim is that globalisation should be reassessed in terms of the ‘multiple, divergent and inter-connected trajectories of social-spatial change’ (her emphasis). Local communities need not be seen as locations that are fully dependent on global forces. Instead, they can apply their own influences and forces of change.

Regional communities often instigate their own development efforts, challenging the passive model of spatial unevenness. Many regional communities see themselves as major stakeholders in achieving economic growth and are creating structures and processes to act as political and economic protagonists in the development process. They are attempting to create, sustain and build their base of resources to enhance their economic potential. While there is nothing new or unique about local development efforts – utopian socialists, communitarians and others have promoted these alternatives for a long time – their relevance within the world economy has been enhanced through the processes of globalisation.

The trouble is most development initiatives undertaken at local or regional levels are small in scale and appear insignificant when compared with broader global transactions. However, there is a growing body of international evidence to suggest that local development initiatives, when properly integrated and combined with, or complemented by national development modes, present a more substantial pool of resources than initial appearances might suggest. In a study on local development in its member countries, the Organization for Economic Co-operation and Development (1999) noted that local development is not just a range of different micro-initiatives operated locally, or a set of policies that seek to exploit endogenous resources. It is also a means of integrating different policies and programs at the local level, improving co-ordination and local governance by involving local people and networks in the formulation and delivery of policy.

5 Hart (2002) applies a gendered analysis of these binaries, referring to the masculine character of active global forces in contrast to the passive feminine character of the local that is dependent upon the male global. These binaries, she claims, contribute to the disabling elements of the global-local discourse.
However, regional response to global change can be affected by social and political processes, which include those defined as core-periphery relations. The notion of core-periphery relations, as used in political, economic and geographic contexts, describes international patterns of development as well as the distribution of resources, power and opportunities among sub-national regions. However, while different nation-states can be found along the core-periphery continuum, this concept can also be applied to sub-national regions. This concept is relevant because it describes the connectedness between different levels or states of development and how this influences the political power and economic potential of a given area.

Hart (2002, p. 13) suggests, there are enormous problems when applying such binary terms as core and periphery, as well as others, such as global and local. To illustrate this, a term that describes the middle ground between the core and periphery often has been used: the ‘semi-periphery’ refers to those areas in decline through deindustrialisation and those tending toward core status (Wallerstein 1978). Semi-peripheral regions are those economies that have achieved some level of autonomous economic growth and lie between the categories of core and periphery (Short 1993, p. 8).

Peripheral regions have limited control over their own directions and development. Amin (1985, p. 10) says peripheries are places that ‘do not have local control of the process of accumulation, which is therefore shaped by external constraints’. In contrast, the core is where a ‘bourgeois hegemony is formed, which controls the process of accumulation’. Through the process of accumulation, a region is able to harness the resources required to take control of its own development. Yet the

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6 When applied to the international division of labour, ‘core’ regions are defined as those with a highly skilled and mobile labour force, while the ‘periphery’ is characterised by its production of a single cash crop or other commodity. In simplest terms, says Taylor (1985, p. 17), ‘core processes consist of relations that incorporate relatively high wages, advanced technology and a diversified production mix whereas periphery processes involve low wages, more rudimentary technology and a simple production mix’.
unequal exchange between the core and the periphery means that a peripheral region is unable to control these resources.\textsuperscript{7}

In the current globalised economy it appears many peripheral regions are not necessarily exploited by world centres, but completely overlooked. Peripheral regions may be dependent upon political and economic cores for support, but the reverse is not necessarily true. Considering globalisation’s impact on Africa, for example, van der Veen (2004, p. 15), suggests the main problem is Africa’s failure ‘to get into the game’ of the global economy.\textsuperscript{8} The challenge for some peripheral regions is to remain relevant and in this context exploitation seems preferable to irrelevance.

While the concept of peripheral-core relationships has been contested (see Chapter 2 for more details), it is clear that industrialisation creates uneven outcomes. The relationship peripheral regions have with the centre influences their political processes. Such relationships may empower regions (through political processes and policy initiatives) to identify opportunities and strategies that enhance their development potential in the international arena; or they may control development in these regions with the possible result of constraining development potential.

This thesis contributes to a better understanding of the role regions can play in forging their own development. However, it also recognises the political processes that affect the potential of regions to realise their development aspirations. Chief among these processes is the role the nation-state can play in supporting regional initiative.

The second reason this thesis is significant is because it addresses the ways nation-states can support regions in their efforts to develop and more effectively engage with the global economy. Globalisation has required nation-states to broaden the canvas on which economic policy is formulated. In response to increasing international competition, they have created collaborative relationships with neighbouring states

\textsuperscript{7} Amin (1985) is at pains to explain it is not that peripheral regions are devoid of their own bourgeoisie or are stagnant economies, but rather that these regions demonstrate geographic variations to the development of capitalism on a national and global scale.

\textsuperscript{8} For example, foreign direct investment flows to developing countries have declined by 26 per cent since 1999. Sub-Saharan Africa continues to receive a very low and decreasing share of global foreign direct investment, falling from US$13 billion in 2001 to US$7.4 billion in 2002 (Foreign Investment Advisory Service 2004).
through the formation of organizations to promote international regional economic alliances. The European Union and the North American Free Trade Agreement are examples of alliances forged by nation-states to obtain, among other things, greater economic power within the international market place. However, because of their already disadvantaged position many sub-national regions are marginalised from the centre of political and economic decision-making, raising questions about their potential to develop in the face of larger economies. Many regional economies have been pushed farther out to the political periphery where their influence over government policies and programs and economic decision-making has been eroded by the growth of cities and the centralisation of political and economic power.

Nation-states can draw their regions into a process that strategically positions these regions in the international arena. They can foster a development dynamic that recognises the growing significance of local social and economic relations within a global setting. When considering the development of their regions, nation-states face a choice: they may require these regions and localities to take their place in a broader national grid – a place centrally allocated to regions by the nation-state according to their comparative strengths and advantages – or they may work in collaboration with the regions to help them chart their own course as they are exposed to international market dynamics. Sometimes nation-states will attempt to choose both these options but, as this thesis will demonstrate, it is common to find nation-states adopting a centralized approach that can further remove regions from political and economic decision-making.

One of the ways national governments have typically sought to redress development imbalances is through the use of regional development policies, programs and institutions. Regional development approaches emphasise the influence of natural and physical environments and combine this with a more holistic process that includes the use of area-based economic, social and cultural resources. Regional development models attempt to harness these resources in ways that reflect the comparative advantages of regions.

Regional development provides a useful framework for examining government interest in sub-national development, but such a framework differs from the bottom-up initiatives local or regional communities can undertake. Regional development concerns a broad cross-section of development fields such as environmental management, land-
use planning, industry development, labour market services, education and training, industrial relations, transport and communications, trade and investment promotion, and the provision of infrastructure and community services. Many of these fields are dealt with through nationally driven government processes and have little to do with development initiatives undertaken by regional communities. While this distinction will be made clearer in Chapter 2, it should be noted here that regional development policies, programs and institutions are a common response by national governments to the spatial imbalances economic development creates. However, it is argued that such responses are, on their own, inadequate.

Nation-states have contributed to the ‘peripheralisation’ of many regions by the way they treat these regions and respond to the challenges of globalisation. At a time when national boundaries have become more porous and when there are more opportunities for regions to participate in the world economy, nation-states continue to apply political power to perpetuate and exacerbate the dependence these regions have on those outside of it. Peripheral regions are seen as regions upon which the nation-state must apply its will and support. Rather than potential contributors to the national accounts and partners in the development process, peripheral regions are seen as a drain on national resources.

Globalisation creates the demand for a new relationship between the nation-state and its regions. Strange (1996) provides an interesting metaphor for this. In what she calls ‘Pinocchio’s problem’, she describes the transformation from the nation-state ‘puppeteer’ – who uses authoritative strings to guide people as Pinocchio was guided – into a real boy without strings. Pinocchio then had ‘to make up his own mind what to do and whose authority to respect and whose challenge to resist’. Just like Pinocchio, regions are now required to find their way amidst a ‘ramshackle assembly of conflicting sources of authority’, known as global governance. ‘In a world of multiple, diffused authority, each of us shares Pinocchio’s problem,’ says Strange (p. 199).

This thesis shows that the nation-state seems to be unwilling to cut the strings of puppet regions. Although nation-states are more likely to be familiar with the role of puppeteer than any other, the new world economy does not tolerate puppets. To be competitive regions are required to manoeuvre among global trade, investment and political networks. Connection to the nation-state is important, but not if it binds regions to centralised decision-making. By recognising that many actors in regions are
attempting to take charge of their own development, this thesis focuses on the role of
the national puppeteer. It examines the extent to which nation-states empower regions
for development by providing them with the political capacity to face challenges that
globalisation brings.

Ohmae (1995) questions the conventional roles of the nation-state in the rise of
international regional economies. Global localisation has provided new opportunities
that have to be recognised by national governments so they can adjust their practices
towards development in the world economy.

So long as nation-states continue to view themselves as the essential
prime movers in economic affairs, so long as they resist – in the name of
national interest – any erosion of central control as a threat to
sovereignty, neither they nor their people will be able to harness the full
resources of the global economy (Ohmae 1995, p. 136).

Uneven development and the restructuring of sub-national and national
economies affect all communities encompassed by the nation-state. Policy-makers,
development programs, investment advisers and support organizations are faced,
consciously or unconsciously, with a choice: recognise those political activities and the
development resources found within regions and, where possible, enhance or build upon
them or rely on centralised methods of program or development intervention that
require regions to fall into line.

Growing attention is given in the literature to the importance of institutions in
region economic development. The creation and expansion of markets within regional
economies is not just a result of the dynamics of area-based resources alone. It also
requires regional political processes that harness these resources. Regional and local
institutions, the involvement of state and non-state actors, and investments into state
building within regions have been recognised as important contributions to these
processes (Fukuyama 2004, Scott 2000, Storper 1997). Within this context, the role of
government in promoting development in the regions is supported and more sharply
defined. While some literature claims the processes of globalisation have stripped
nation-states of their authority and power, this thesis argues for government
interventions that promote social equality and security and stimulate market
development.

This thesis contributes to a better understanding of the roles states can play
within a globalised economy by examining the range of policies, programs and
institutions nation-states employ to respond to the impact of globalisation on regional economies. Many factors that shape the economic prospects of regions are exacerbated by economic and political imbalances that create regional winners and losers. Nation-states formulate national responses to global changes, but these often benefit centres of political and economic importance, placing other regions in a more vulnerable position. Glasmeier and Conroy (1999) describe how nation-states typically respond to globalisation through macroeconomic policies and investing in infrastructure and human capital. However, this alone is not enough. If specific measures are not taken to secure equality between all regions and groups in society, then ‘globalisation is likely to generate conflict rather than popular acceptance by anyone other than the undisputed winners’ (p. 53).

This thesis shows how nation-states largely focus on positioning the nation within the international arena in response to the external challenges and threats that globalisation brings, while ignoring or underestimating the contributions regions can make to this response. This oversight is especially damaging to regions given the emerging opportunities that stem from global localisation.

This thesis implicitly argues for a national strategic framework that incorporates local and regional development efforts, recognising the potential contribution global localisation can make to national development. Nation-states can create such a framework, but to do so they must recognise how their current approaches constrain development in the regions. A reframing of regional development based upon new global opportunities and the strategic realignment of endogenous resources is necessary.

In answering the research question presented above, this thesis makes a contribution to better understanding the manner in which nation-states help reorient their regions within the new global economy. It presents a way for understanding and undertaking regional economic development.

### 1.3 Hypotheses and research method

This thesis draws from the evidence found in two regions of different countries and assesses the relationships that exist between these regions and their nation-states. Australia and Namibia are the two nation-states examined in this thesis. They have been selected because they contain significant differences that are of comparative value.
They offer a diverse range of political processes that can be captured to amplify the
different kinds of relationships they have with their regions. This is consistent with the
‘most different system’ research design proposed by Przeworski (1970). Should the
varying political systems and national characters of these countries and their different
backgrounds, cultures, social and economic profiles lead to vastly different political and
development actions, then these can be captured and assessed. So, too, will any
common properties that may be found despite these variations. The discovery of
similarities in the way different nation-states support or hinder the development of
regions should demonstrate something general about the politics of development in
contemporary nation-states.

One region has been chosen from each of the two countries selected for this
study. The first case to be investigated is the Wheatbelt Region in the State of Western
Australia, a component of the Australian federation. This rural region is located east of
Perth, the Western Australian capital. It has an administrative centre in the town of
Northam and contains 44 local government authorities. Since the Commonwealth of
Australia is a federation, there are effectively two levels of national government: the
Federal Government and the State governments. Thus, for the purpose of this study
‘central’ government includes governments in Perth as well as Canberra. The
assessment of the national government’s relationship with the Wheatbelt Region
requires the review of Federal-State relations and the positioning of development
agencies within these structures. The Wheatbelt Region is largely overseen by a State
Government instrumentality known as the Wheatbelt Development Commission. There
are also a number of community-based organizations in the region. Parts of the
Wheatbelt are relatively isolated and reliant upon the success of its primary products –
mainly wheat and sheep.

The second case to be studied is the Omaheke Region in Namibia. Namibia, in
southern Africa, has a population of about 1.4 million people. It borders Botswana in
the east and, like the Wheatbelt, has a predominately agricultural economy. In 1989,
Namibia became the last African country to gain independence. It had been a colony of
Germany, Britain and then South Africa, the latter employing apartheid policies to
exclude the majority of the population from participating in the planning and
development of their economy. Sub-national regions were established along racial lines
and black Namibians, who were not allowed to vote or to establish businesses, were
required to live in urban townships or in regions known as ‘reserves’. Independence, the removal of apartheid and the installation of democracy have changed much of this. In 1992, three years after Independence, Namibia established a non-racial network of 13 regions and a new democratic system of local and regional government. The Omaheke Regional Council administers the Omaheke Region. Local and village authorities also operate here, giving the region a traditional and tribal character, which sits alongside the more formal administrative arrangements of government and the regional economy.

While this research has been designed with an understanding of the benefits of comparing two situations with different characters, it notes that the benefits of this kind of comparative research come at a cost (Sartori 1994). Comparative politics, says Verba (1967), has not produced the gains it originally promised, largely because of the problems of comparing two systems that may be found to be just as much alike as they are different; resulting in a conundrum that taints the value or significance of comparative research findings. This problem can be exacerbated when researchers conduct their work in the belief that the findings of such comparisons will uncover laws that can be applied to other circumstances, in the belief that their findings lead them to conclude that a similar result as that found in the research will reoccur – but only given the preconditions that lead to it. This leads to what Sartori (1994) calls ‘tendency laws’ – findings that are diluted by a series of exceptions to the point where they are of little predictive, replicable and even conceptual use.

These dangers are acknowledged. However, there are also advantages to comparing two different systems. By examining the relationships two ‘most different’ nation-states have with their regions, it will be possible to identify wide variations in the nature of these relationships and their functions. Because of the great differences in these cases any similarities in the way nation-states deal with their regions will be of interest. This thesis attempts to explain the similar features found within two most different systems in order to better understand the roles nation-states perform in the development of their regions. Consideration was given to comparing more than two cases in this investigation. However, while additional cases would generate more comparative information, there would be a danger that the detail or depth of analysis possible within a work of this size would be reduced, and would provide information that is too general and, therefore, of less comparative value.
The most different systems design used in this study reveals that – despite the tremendous variations in the structure of the nation-state, the level of development of the countries and regions investigated, and the capacity of the regions to initiate and manage their own development – nation-states apply a centralised approach to the development of their regions that restricts regional efforts to take charge of their own development and reposition themselves in the world economy. Nation-states of very different characters and backgrounds, operating in very different economic circumstances, perform similar functions in relation to the development of their regions.

Two hypotheses were formulated for this investigation. These were framed around two factors that affect the nation-state’s relationship with development efforts in the regions: the first factor concerns the extent to which national government policies, programs and institutions support development in the regions; the second factor concerns the degree to which national governments build on regional resources and support regional initiatives.

The first hypothesis claims that the level of development in each country will affect the relationship between the nation-state and the selected region. It is expected that in a developed country the nation-state will have more formal resources (i.e., institutions, programs and finances) to draw upon when supporting development in the regions, while in a less developed country there will be fewer resources of this kind available to the regions. As a result, it is hypothesised that the Australian case will provide evidence of a greater involvement of the nation-state in the development of its regions. This involvement will be measured by the amount of institutional, program and financial resources available to the regions in their efforts to promote and manage their own development.

Evidence to test this hypothesis comes from an investigation of the major frameworks nation-states establish to deal with development in their regions. This includes an assessment of the rationale behind the nation-state’s involvement in its regions’ development as well as the policies and institutions it uses to support such development. While this largely concentrates on the work of state actors, the degree to which development efforts of non-state actors are recognised, accommodated and supported by these frameworks is also of interest. Following this, the mechanisms and approaches the nation-state uses to support development in the regions are assessed. This involves a thematic review of government policies and programs toward
development in the regions, focusing on the evolution and identification of paradigms for development in the regions as well as on the roles the state has adopted in this regard.

The second hypothesis is that well-established regions located in mature and stable political systems of government operating in a developed national economy will contain more endogenous resources that can be mobilised for development; and that, in such circumstances, the nation-state will draw upon these resources to complement its own resources. There should be a greater capacity within the region of the developed modern economy to plan, initiate and manage development strategies. In comparison, a region within a less developed country is likely to have fewer endogenous resources and a lesser capacity for development initiatives. Therefore, it is hypothesised that the Namibian case will show fewer connections between the nation-state and development that is inspired and managed from within its regions than the Australian case. The Namibian case would be expected to display a more centralised, more directive style of development than in Australia. The Australian case, on the other hand, would be expected to show ample evidence of close collaboration between the nation-state and regional development agents.

To test this hypothesis the focus, purpose and challenges of development in the regions are assessed, along with the nature and extent of activities found within state structures in the regions. Recognising that regional resources alone are insufficient without a clear intention by the nation-state to build on these resources, this investigation looks for ways in which the Australian state works with the Wheatbelt to balance top-down national development agendas with bottom-up regional plans, capacities and resources. In contrast, it is anticipated that the Omaheke, because it has fewer resources of its own, would be more dependent on the directions and efforts of the Namibian state.

In summary, the first hypothesis is concerned with the resources national governments provide to development in the regions – especially to the support of development initiatives that are designed and managed by the regions. It is hypothesised that the extent to which nation-states support regional initiatives is dependent on the formal resources available to them. The second hypothesis is concerned with the way national governments work with their regions to build regional capacity for managing development and to support regional development initiatives. It is hypothesised that the
The character of the nation-state’s support for regional initiatives is determined by the quality of endogenous resources found in the region.

The following features demonstrate the degree of difference these two cases exhibit and how these differences will be used to test the above hypotheses. The Wheatbelt Region is a well-established region located within a stable, well resourced system of government. Omaheke, on the other hand, is a newly defined region in a newly defined nation-state. Namibia has a unitary system of government, compared with Australia’s federated system. Australia is considered a developed country and Namibia a developing country – understood in terms of relative wealth and size and sophistication of economic markets. A high proportion of Namibia’s population lives in ‘abject poverty’, as defined by the World Bank, whereas Australia has a significantly smaller proportion of poor people and a comprehensive social safety net. Namibia has experienced colonial rule and apartheid policies and practices that exploited the majority of the population whereas, in Australia, despite once being a colony, this could only be said of the indigenous people of Aboriginal and Torres Strait Islander descent who represent less than three per cent of the population. Finally, unlike Australia, Namibia has a high number of international donor agencies financing and supporting social and economic development. As hypothesised, it is expected that the efforts of the Government of the Republic of Namibia to promote and manage development in Omaheke will be quite different from that of the Commonwealth and State governments in respect to the Wheatbelt. Furthermore, the Wheatbelt is about twice the size of Omaheke with almost double its population.

There are, of course, some key similarities in these cases. Both cases can be considered peripheral within national and international settings. Peripheral regions were selected because these are the regions that are often considered the most vulnerable to globalizing market forces. They have very little national political or economic clout and even less influence on the decisions of international investors. Peripheral regions such as the Omaheke and Wheatbelt are in many ways dependent on the support they receive

It should be noted that a similar systems design, such as that proposed by Dogan and Pelassy (1990), has been rejected because this thesis has sought to uncover the potentially wide range of ways the nation-states interact with their regions. Similar systems would be expected to display similar forms of interaction.
from the nation-state. By choosing peripheral regions for investigation it was expected that the political relationships between nation-states and their regions would be amplified. The role of nation-states in supporting peripheral regions is of most interest because it is the capacity of peripheral regions to respond to global change and the preparedness of nation-states to build capacity within the regions and support their initiatives that addresses the central argument of this thesis.

Other similarities shared by these regions are the presence of formal local and regional government administrative structures, as well as community-based and non-government organizations involved in development work. Both regions are predominantly based upon agricultural production and, to varying degrees, have international linkages and trading partners.

Figure 1 draws from the most different systems design presented by Landman (2000, p. 28). It shows how the structure of the most different system design has informed the selection of cases and the formulation of hypotheses to explain nation-state support for regional initiatives.

The first hypothesis and anticipated outcome are concerned with the capacity of the nation-state to support the development initiatives of regions. The first hypothesis suggests the nation-state’s support for regional initiatives is determined by the formal resources available to it. In this case, it is anticipated that the Namibian state will be less able to support regional initiatives than the Australian state.

The second hypothesis and anticipated outcome are concerned with the capacity of regions to mobilise their own resources for development. The second hypothesis suggests that nation-states can only support initiatives where they are found, which implies the mobilisation of endogenous regional resources including development actors that take initiative. In this case, it is anticipated that the Omaheke Region in Namibia will exhibit fewer resources and initiatives than the Wheatbelt Region in Australia.
### Figure 1: Australia and Namibia: Most different systems study design

<table>
<thead>
<tr>
<th>Different Features:</th>
<th>Australia</th>
<th>Namibia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main feature:</strong></td>
<td>Developed economy</td>
<td>Developing economy</td>
</tr>
<tr>
<td></td>
<td>Federal state</td>
<td>Unitary state</td>
</tr>
<tr>
<td><strong>Secondary features:</strong></td>
<td>Established nation-state (1900)</td>
<td>New nation-state (1990)</td>
</tr>
<tr>
<td></td>
<td>Well-established sub-national regions (Case: Wheatbelt Region)</td>
<td>Recently defined sub-national regions (Case: Omaheke Region)</td>
</tr>
</tbody>
</table>

| Key Assumption 1: | Australian state possesses large formal resources to support development by the regions | Namibian state possesses few formal resources to support development by the regions |
| Anticipated Finding 1: | Australian state is heavily involved in supporting development in the regions | Namibian state has only limited involvement in supporting development in the regions |

**Hypothesis 1:** The extent to which nation-states support regional initiatives is dependent on the formal resources available to them

| Key Assumption 2: | The Wheatbelt Region contains a significant pool of resources, development actors and initiatives for the nation-state to partner with | The Omaheke Region contains few regional resources, development actors or initiatives for the nation-state to partner with |
| Anticipated Finding 2: | Australian state builds regional capacity and partners with regional actors in support of development initiatives that are owned and managed in the region | Namibian state gives centralised direction to regions and does not provide much support to regional initiatives |

**Hypothesis 2:** The character of the nation-state’s support for regional initiatives is determined by the quality of endogenous resources found in the region

Figure 1 above chart will be referred to in Chapter 5 when the findings from the two cases are assessed.

Comparing two different cases has required the use of a structured case-study method of analysis from which a general explanation of the behaviour of nation-states can be formulated in order to overcome some of the common pitfalls of comparative methods that arise due to differences in institutional and governing systems (Sartori 1994, George 1979, Levi 1997). The structures, institutions, political alignments and coalitions formed between the nation-state and structures located in the regions – including local state and non-state structures – are assessed. DiGaetano and Klemanski
(1999) described this as a modes of governance approach to cross-national comparative research.

The analysis of political activity within nation-states and the regions involves more than simply the efforts of government. Designing a framework for analysis has required an answer to Strange’s (1996) question, ‘What is political?’ Investigating the relationship between nation-states and their regions requires information on the policies, practices and institutions of the nation-state, as well as the development challenges and strategies that are found in the selected regions. While all levels of government are essential to this framework, so too are civil society organizations, local public authorities and local residents. Strange (1996) argues the study of international political economy has been colonised by an over-emphasis on state authority, which ignores the power of non-state agents. Such investigations have been disconnected from the reality of current systems and structures of society. de Jouvenel (1957) describes a broad range of political actors that include those who participate in political parties or social movements with political objectives. He argues that an action becomes political whenever the help of other people is required to achieve a desired aim. Hence, any kind of association formed to achieve an agreed purpose can be considered political, ranging from the organization of a community childcare centre to the lobbying of pressure groups, the signing of petitions, or the organization of sporting clubs. The examination of political relationships between nation-states and their regions requires an assessment of associations and organizations that are well beyond the bounds of the state because these are often the initiators of development activity in the regions. Thus, both state and non-state actors are critical to this investigation, and the roles of community-based and non-government organizations, and various kinds of regional development organizations are significant.

The political systems that encompass regions require investigation to determine exactly how these systems promote or constrain the success of development that is initiated and managed within the regions. While it is not possible to measure the success of any single initiative, the actions themselves and the motivations behind their design are of interest. Development initiatives are an embodiment of the drive and commitment of residents and other actors. They display the way regions conceptualise the need for development. In some cases, this will reflect the opportunities national government make available, in other cases the motivations will be more autonomous. Regional
structures or processes may be established to conform to the expectations of national government or external agencies (such as international donors in developing countries). These actions are indicative of how national policy-makers believe the region should perform as a component of a national development plan. Alternatively, however, there may also be structures or processes found in regions, which are a largely unforced expression of the development aspirations by residents.

In short, the most different systems approach used in this thesis produces an assessment of the extent to which nation-states enable their regions to take charge of their own development. It identifies common features of nation-states’ involvement with regions in these different cases, while capturing the range of different institutions and approaches they use. To this end, it determines the extent to which nation-states enable or restrict the development capacities of their regions, within an increasingly integrated world economy where national boundaries have become more porous.

1.4 Central argument

The central argument presented in this thesis is that the relationship nation-states have with their regions, in most cases, reduces the capacity of these regions to respond adequately to the opportunities and threats of globalisation. While development in peripheral regions is most obviously affected by the size of accessible markets and their capacity to compete within those markets, nation-states may undermine the potential for development in the regions by limiting the scope of these actions. Nation-states can erode the potential of regions to find a strategic position in the world economy by establishing centralised structures and procedures that are tied to national priorities and interests, compounding the dependency these regions already experience. Nation-states have perpetuated many of the political processes that make regions peripheral. They direct development opportunities from their own distant decision-making centres and limit the range of regional development opportunities they are prepared to support.

For a variety of reasons, many regions have been marginalised from the mainstream of national political and economic decision-making, leaving them dependent on the favour of the nation-state. Rather than encouraging regions to take control of their own development and find new opportunities (i.e., consumers, investors) in the world economy, nation-states direct their regions to fall into line with national frameworks that centrally ascribe their specific functions. Casting their eye
towards the global theatre, nation-states see little value in turning their attention on empowering the regions. Regional development and decentralisation is used to address development imbalances and make government more accountable at the local level, but these initiatives mainly serve the interest of the nation-state.

Because regions fall within the jurisdiction of nation-states they are required to turn to the state to determine the parameters of their possible response to the challenges created by globalisation and the transitions of their own economies. Many regions, for example, will not be able to raise revenue for development activities through taxation (even if this were financially feasible) because they do not have the constitutional or legislative powers to do so. This means that funds for development in these regions must be sought from the national treasury in competition with other regions. Nation-states devise their own centralised mechanisms and criteria for the distribution of funds among competing regions.

Nation-states may speak of policies and initiatives that enhance regional capacities for engaging the world economy, but they continue to relegate many of these regions to the categories of welfare and disadvantage. Development in the regions becomes more about the delivery of services, than the pursuit of strategic economic sectors. Partnerships between the public and private sector are usually framed in terms of creating greater efficiencies in the delivery of social services. Rarely do nation-states form equal partnerships with local communities in sub-national regions, preferring to control the development agenda according to their own political priorities. As a result, nation-states can undermine the potential of peripheral regions to engage the world economy – and all its opportunities and threats – by maintaining the patterns of development that have often made these regions peripheral in the first place.

1.5 Organization of the thesis
The thesis has five chapters. Chapter 2 reviews the literature that establishes the theoretical and conceptual context for this investigation. It describes the character of peripheral regions within the context of globalisation and the problems confronted by many regions. It identifies the challenges facing nation-states due to international and intra-national influences, and the restructuring they undertake to meet such challenges. It reviews the literature on political actions undertaken by state and non-state agencies
within peripheral regions, including a description of the role social capital building and civil society play in development.

Chapters 3 and 4 are case studies of the politics of development in the selected peripheral regions in Australia and Namibia. These chapters present the research findings used to test the hypotheses.

Chapter 3 deals with the Australian case. This begins with an explanation of how rural inland regions have become peripheral to political and economic decision-making since Federation and identifies some of the issues affecting peripheral regions. It presents the relevant themes underpinning regional and rural development nationally and in the State of Western Australia. The Wheatbelt Region and its historical, social and economic base are then described along with issues associated with the development of the regional economy. Key stakeholders (including government, local and regional non-government organizations and community-based agencies and private sector organizations) are identified and their roles and functions described. The issues affecting development in the region are described along with an analysis of the structures, relationships and activities of the key actors.

Chapter 4 deals with the Namibian case. The key national and regional government institutions are described along with contemporary policies influencing development in the regions. The Omaheke Region is introduced, as are the roles and functions of the key stakeholders in development, including government (village, local and regional), non-government and community-based agencies.

Chapter 5 draws comparative findings from the two case studies and applies these to the hypotheses presented in this chapter. It formulates a number of characteristics of the relationship between nation-states and their regions based on common and contrasting findings in Chapters 3 and 4 and concludes by identifying the key outcomes of this research. This chapter examines some of the main reasons why nation-states continue to control the development in peripheral regions in a centralised way despite the opportunities that emerge from global localisation.

The story that opened this chapter illustrated, among other things, regional development efforts proposed by local residents that were thwarted by the centralized policies of decision-makers who assigned comparative advantages to the region based on a national perspective. It showed how the unique opportunity for development in this
area, while having global relevance, did not match the industrial and development profile assigned to it by central government. By examining the role of the Australian and Namibian states in relation to development in the Wheatbelt and Omaheke regions, this thesis demonstrates how two very different nation-states respond to the challenges increasing integration of the world economy brings to peripheral regions. It considers the extent to which these two nation-states build capacity in the Wheatbelt and Omaheke regions to deal with these challenges and their preparedness to back development initiatives that are designed and managed from within the regions.
CHAPTER 2
GLOBAL LOCALISATION AND THE ROLE OF THE STATE

This chapter reviews the literature on the relationship between nation-states and their regions within the context of globalisation. It identifies the challenges facing nation-states and their regions and provides a framework for examining the role of the nation-state in supporting regional initiatives.

This chapter has three sections. The first reviews the literature on globalisation and its consequences in creating uneven patterns of development where there are clear winners and losers, according to location and other spatial factors. It is within this context that the concept of a peripheral region is introduced. Like globalisation, peripheral regions are created through political and economic processes. Many writers are divided on the impact globalisation has on the authority of the nation-state to manage its economy, yet there are a growing number of voices calling for new forms of intervention by the nation-state that promote security and inclusion. It is argued that supporting the development initiatives of peripheral regions is one way nation-states can reduce imbalances and maximise the opportunities created by global localisation.

The second section examines the capacity of regions to respond to global changes. The literature on various forms of bottom-up development models is examined with a view to determining which features of this type of development are relevant to an examination of regional responses to global threats and opportunities. This section highlights the influences informal resources and organisational mechanisms can have on the capacity of peripheral regions to undertake development initiatives.

The third section reviews the literature on the ways nation-states can support regional initiatives. Attention is first paid to the use of regional development policies, programs and institutions. However, it is important not to confuse regional development with the support of initiatives that are initiated and managed by development actors located in the regions. Regional development frameworks may create a more conducive environment for regional initiatives to take place, but do not represent the full scope of
potential government support to regional initiatives. This section shows how nation-states can help their regions address the impact of globalisation.

2.1 Globalisation and uneven development

This section reviews the concepts and features of globalisation and the contests these create for space, location and resources. It then examines the role of states and markets in a more integrated world economy, before considering the influence globalisation has on the creation of peripheral regions. Finally, the concept of global localisation is discussed.

2.1.1 Globalisation and its consequences

Definitions of globalisation abound, as do claims as to when it began.\(^{10}\) What is clear among these numerous definitions is that globalisation is not a new phenomenon. However, there are writers such as Hirst and Thompson (1999) who argue that the processes of internationalisation have too quickly been labelled globalisation. They claim the current trend toward the integration of national economies into one world economy is far from complete and that the term globalisation is therefore inappropriate.

Giddens (1990) describes globalisation as an extension of modernisation created by the compression of time and space. He refers to two formative processes of globalisation: ‘distanciation’, where ‘space and time are organised so as to connect presence and absence’ (p. 14) and ‘disembedding’, where social relations are lifted out of their local contexts and restructured across ‘indefinite spans of time-space’ (p. 21). In contrast, Robertson (1992) focuses on the growing consciousness of the world as a single place and the emergence of a ‘global culture’ (p. 113). He suggests ‘the concept of globalisation has involved the simultaneity and the interpenetration of what are conventionally called the global and the local’ (p. 30).

It is the political economy of globalisation that is of most interest in this study, particularly those processes that contribute to the move toward a more closely

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\(^{10}\) The history and stages of the development of globalisations is a contested issue; many writers present different views on when globalisation began and the stages it has progressed through (see Robertson 1992, Giddens 1990, Held et al. 1999, Oman 1996, World Bank 2002).
integrated world economy. These processes are embedded in the expansion of capitalism.

Castells (1996) describes globalisation as the development of an economy with the capacity to work ‘as a unit in real time on a planetary scale. While the capitalist mode of production is characterised by its relentless expansion, always trying to overcome the limits of time and space, it is only in the late twentieth century that the world economy was able to become truly global on the basis of the new infrastructure provided by information and communication technologies. This globality concerns the core processes and elements of the economic system’ (p. 396).

Globalisation facilitates the processes of international capitalism. There are a number of elements that contribute to this process. Strange (1996, p. 187) argues a ‘triangular model of markets, technology and politics’ when explaining the emergence of international organizations, changes in domestic policies and national economies, and the ways in which firms compete with one another in the market. Indeed, the notions of exchange and markets are central to the understanding of globalisation.11 Oman (1996, pp. 7-18) cites a similar set of influences on the emergence of globalisation: the deregulation of markets by governments, trans-national corporations and multilateral institutions (e.g., the World Bank, the International Monetary Fund and the World Trade Organization); the increased use of information technology in the process of production (e.g., computers and robotics); and a much higher turnover of financial transactions compared with other transactions in local and external markets.12

While globalisation has been lauded by some as a great achievement of the century (for example World Bank 2000), others raise concerns about the unfettered

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11 Thus, Oman and the Organization for Economic Co-operation and Development (1994) claim globalisation is more usefully understood as a micro-economic phenomenon that is driven by the strategies and behaviour of firms (e.g., new system of corporate and inter-firm organization variously referred to as ‘flexible’ or ‘lean’ production).

12 These processes are dramatically illustrated by data showing international trade and foreign investment. In their review of globalisation indicators, Gunter and van der Howeven (2004) cite evidence of significant increases in trade and investment. World trade more than tripled from US$2,300 billion in 1985 to more than US$7,800 billion in 2002 (p. 9) and while foreign direct investment, one of the strongest indicators of the globalisation of international capital, grew from US$58 billion in 1985 to US$633 billion in 2002 (p. 13).
push of markets that accompanies it. Globalisation has ‘perpetuated poverty, widened material inequalities, increased ecological degradation, sustained militarism, fragmented communities, marginalised subordinated groups, fed intolerance and deepened crises of democracy’ says Scholte (1996, pp. 53-55). More recent critics of globalisation such as Klein (2000) and Hertz (2001) describe the fall in wages in poor countries due to international competition; the flood of foreign products with which domestic producers cannot compete; and negative environmental and social impacts such as migration, pollution and unemployment. Stiglitz (2002, p. 6) describes how globalisation has failed to reduce poverty or ensure economic stability in developing countries, while Rodrik (1997) argues it intensifies tensions between global markets and social stability.

While markets and the adoption of neo-liberal trade and development policies is not a bad thing in itself, globalisation can, say Rodrik (1997) and Taylor (1996), creates winners and losers. The winners of globalisation, the so-called footloose citizens, are able to travel the globe in search of better opportunities while the losers are condemned to a life of poverty, unemployment and insecurity. Globalisation has also been blamed for promoting social exclusion and inequality. Carr and Chen (2004, p. 149) describe how global economic integration has led to a rise in unemployment and a reduction in job security, especially in developing countries. Wade (2001) shows how inequality in income distribution has resulted from increased global integration. Masson (2001, pp. 11-13) identifies two principal areas of concern resulting from globalisation: volatility and inequality. Openness to global capital markets tends to bring volatility in financial markets and has led to financial crises affecting individual countries and trans-national regions in recent years (e.g., Asian Financial Crisis). Inequality, says Masson, is found across and within countries, and has become a major reason for migration, be it migration from developing country to developed country, or from the countryside to the city.

Robbins (2003, p. 58) argues cogently that trade liberalisation and the removal of subsidies is a ‘blunt weapon’ designed to benefit the economies of developed countries at the expense of the developing world. He describes how the partial transition towards a fully integrated world economy creates disparities among nation-states that greatly disadvantage most developing countries. For example, many developed countries have lowered but not fully eliminated farming protection, yet they retained substantial subsidies (e.g., the United States and many European countries), while
developing countries have also lowered their trade barriers, but cannot afford to provide farm subsidies. This leaves agricultural sectors vulnerable to the exploitation of foreign firms.

Among the range of issues about globalisation, this thesis is particularly concerned with the spatial consequences of globalisation, i.e., the creation of regional winners and losers and the processes of globalisation that have created peripheral regions. Masson (2001, pp. 11-13) suggests that not all countries benefit the same from globalisation and inequality has also been found to increase within some countries. The reasons for this vary, but include the growing gap between skilled and unskilled workers and the impact of technological change.

Taken at face value, one would expect that globalisation offers new benefits to regions that are isolated by geography. The new forms of technology that helped usher in globalisation have resulted in claims of the ‘death of distance’ (see Gillespie et al. 2001). Advances in communications and transportation should mean that geographic positioning in the world economy becomes less important. On this basis, globalisation should reduce the constraints of distance. Anderson (1996, p. 32) claims global integration ‘abolishes the significance of geographical distance and makes all frontiers permeable’. Scholte (1996, p. 45) says globalisation contributes to a process that increases the density of contacts between locations worldwide and these contacts have now reached a point where they can be made almost instantaneously.

These views of globalisation deny the influence of political and economic forces on locations. As regions become increasingly engaged in the world economy they can experience adverse consequences, especially those living and working in less competitive markets and declining industrial areas. Prezzini (2003, p. 23) claims increasing integration in the world economy exposes regions to challenges for which they are often poorly prepared. As a result, the processes of globalisation intensify uneven development.

The political and economic dynamics that create these outcomes are discussed under sub-heading 2.1.3 when the literature on core and periphery regions is reviewed. However, at this point it is important to note that while the globalisation optimists espouse the benefits of freer international trade and information flows, the negative consequences of this are apparent. Peripheral regions are left behind in the process.
2.1.2 Role of states and markets in a more integrated world economy

Another consequence of globalisation relevant to this thesis concerns the role of the nation-state. Globalisation shifts the boundaries of influence, making national borders less important. National boundaries, says Anderson (1996, p. 126), are the ‘outcomes of political processes, the clash and compromise between values and interests’. In the clash and compromises brought about by globalisation, markets have challenged the relevance of national boundaries and the role of the nation-state in controlling the movement of goods and information across these boundaries has become more difficult. Georges (1990) claims globalisation has not erased national borders, but rather made them more permeable.

Nation-states have become subject to a greater array of external influences that constrain and redefine their parameters for growth and development. This produces a situation where nation-states, while retaining legal sovereignty, struggle with the loss of autonomy. States still have the policy instruments to use, but ‘are less able to use them in order to arrive at objectives which they have chosen’ (Keohane and Nye 1977, p. 353). Around the world, nation-states have changed their domestic policies in response to global changes. They have liberalised capital markets, reduced trade barriers and deregulated markets. In effect, they have relinquished many of the policy instruments they previously relied on to manage their economies. The handing over of these economic controls to the market has led many people to question the ability of nation-states to independently make policy decisions. Any policy changes that are not approved of by the markets will risk a rapid flight of mobile capital out of the country and toward more favourable environments. This has been described as the ‘hollowing out’ of the nation-state, a process in which the powers and authority of the nation-state are pushed downwards to local and regional bodies, upwards to supranational agencies and outwards to trans-local and trans-national networks (Peck 2000, p. 71). Strange describes this as a sideways shift of power from states to markets and, as a

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13 Anderson (1996) refers to frontiers as boundaries that limit political and jurisdictional authority. They are institutions established by political decisions containing four dimensions: those which protect and promote the interests of the government; those which control the movement of people, goods and information across its boundaries; those which promote a collective or recognisable identity; and those which are used to promote and define discourse (p. 2).
consequence, towards non-state authorities that derive power from their share of the market (Strange 1996, pp. 187-189).

Bauman minces no words when describing how he sees globalisation has undermined the authority of the nation-state:

All three legs of the sovereignty tripod have now been shattered. Arguably, the crushing of the economic leg has been the most seminal. No longer capable of balancing the books while guided solely by the politically articulated interests of the population within their realm of political sovereignty, the nation-states turn more and more into the executors and plenipotentiaries of forces which they have no hope of controlling politically (Bauman 1998, p. 65).

The idea that the authority of the nation-state is undermined by global events is not new (see Brown 1973, Deutch 1981). There are many fields of policy where nation-states are required to respond to global trends, changes or threats, while balancing these with their own self-interest and the interests of their constituencies. However, it is argued that the growth of trans-national corporations and the dominance of new international organizations such as the World Trade Organization and other Bretton Woods institutions have combined to force national governments to ‘cede much of their power to a “New Institutional Trinity” – the International Monetary Fund, World Bank and GATT/WTO [General Agreement on Tariffs and Trade/World Trade Organization]’ (Brecher and Costello 1994, p. 62).

In contrast to this view, Sassen (1994) claims the dilution of state sovereignty is the result of processes initiated by states themselves, and that these policies are the product of meetings and agreements between the leaders of independent states. Integration into the world economy requires nation-states to ensure their economies are competitive. Growing attention has been given to the role nation-states can play in promoting better investment climates for foreign as well as domestic firms, as shown in the most recent World Development Report (World Bank 2004a). This involves reducing any unjustified costs of doing business along with any policy-related risks and the removal of barriers to competition along with improvements to the regulatory framework for private sector development (see World Bank 2004b).

Governments have been influenced by increasingly liberal multilateral trade agreements, which have, in turn, encouraged further liberalisation within their jurisdictions (e.g., micro economic reform). Hence, nation-states have been influenced
by a particular view on the roles of states and markets. Fine (1999, p. 3) has described this as the microfoundations to macroeconomics, where ‘relative simple ideas at the microeconomic level are being translated into models of how the macroeconomy functions’ (his emphasis).

One of the most influential of these views has been the Washington consensus. This term was coined by Williamson (1990) to describe a specific package of reforms that most officials in Washington (i.e., International Monetary Fund, International Finance Corporation, World Bank, and the United States Government) thought would boost development in Latin America and other developing countries. These reforms included a greater emphasis on fiscal discipline, the redirection of public expenditure priorities towards fields offering high economic returns, the lowering of marginal tax rates and broadening of the tax base, the liberalisation of interest rates and trade, the creation of a competitive exchange rate, privatisation, deregulations, secure property rights and the liberalization of foreign direct investment inflows. While these reforms were manifest in the structural adjustment programs imposed on many developing countries in the 1980s and 1990s, the general thrust of what became known by some as market fundamentalism facilitated the progress of globalisation. This paradigm encouraged governments to give markets a freer hand and was a neo-liberal reaction to the Keynesian approach to development that dominated the 1970s (Toye 1993).

Giddens (1998) suggests globalisation ‘pulls away’ from the nation-state ‘in the sense that some of the powers nations used to possess, including those that underlay Keynesian economic management, have been weakened’ (p. 31). However, the retraction of state involvement in development processes and the increasing awareness of the negative consequences of globalisation have led to a questioning of the Washington consensus. In what has been called the ‘post-Washington consensus’ Stiglitz (1998) argues for more instruments and broader goals when ‘making markets work better’ (p. 4). A principal concern in his critique of the Washington consensus is the confusion over means and ends. ‘Privatisation and liberalisation were often taken as ends in themselves, rather than as means’ (Stiglitz 2004, p. 8). Stiglitz restates the importance of state involvement in development processes. ‘The post-Washington consensus recognises that there is a role for a market; the question is, to what extent do the neo-liberals recognise that there is a role for the state, beyond the minimal role of enforcing contracts and property rights’ (p. 2). In his critique of the post-Washington
consensus, Fine (1999, p. 2) describes how the state’s approach to markets has shifted from ‘anti-market, through market–conforming, to market-friendly’, and how the state is now seen more positively ‘if cautiously so’.

Globalisation need not reduce the role of the state so much as alter the means through which it intervenes. Just as Giddens (1998) identifies the way globalisation ‘pulls away’ from the nation-state, he also says this ‘creates new demands and also new possibilities for regenerating local identities’ (p. 31). Wade (2001, p. 26) says ‘stronger markets need stronger states, and stronger states need both stronger markets and stronger civil societies’. Thus, the nation-state has a role to play in an increasingly globalised economy.

Nation-states are positioned within this thesis as important actors in the development of peripheral regions. If left on their own, markets will create uneven development outcomes that disadvantaged peripheral regions, limiting their potential for successful engagement in the world economy. However, nation-states can intervene in national, regional and local markets to promote more desirable outcomes. The challenge is to determine the way states can make such interventions without overly distorting the benefits freer markets can produce.

When considering the role of the state, Gunter and van der Hoeven (2004, pp. 7-8) suggest it is useful to split the globalisation process into two parts. The first concerns the processes that have brought some economies and societies closer together such as trade, investment, cross-border production systems, information flows and communications. The second concerns the homogenisation of policies and institutions across the world such as the liberalisation of trade and capital markets, the dismantling of the welfare state and the standardisation of policies and practices that have promoted globalisation. While the authors consider the first part processes irreversible, the second

14 Merrett (2001, pp. 83-84) argues identities, like politics, are formed by geography: ‘identities can and have been created around the world to foster co-operative, egalitarian communities and societies’ and only a ‘better understanding of discursive formations and the social theory of scale will help to explain why local communities respond regressively in one place and progressively in another.’
part is the ‘result of policy choices’ (p. 8). Thus, despite the increasing integration of the
world economy, nation-states still have the authority and capacity to intervene in
markets in order to improve social outcomes (e.g., equity, security).

The report of the World Commission on the Social Dimension of Globalization
(2004), *A fair globalization; creating opportunities for us all*, calls for national
governments to manage the changes brought about by globalisation, ‘supporting
adjustment and new opportunities, empowering people through participation and skills
and protecting citizens from insecurity’ (p. 54). Indeed, the commission goes further
than simply promoting national responses to globalisation by giving emphasis to the
role of local communities. ‘Successful policies to respond to globalisation’, says the
commission, ‘need to start with local communities. Their empowerment is a central
element in any strategy for making globalisation work for the people’ (pp. 54-55).

A critical factor that has re-emerged in the literature concerning the role of the
state in development is the performance of institutions. In particular, the governance of
markets is recognised as an important factor in making markets work better. ‘There is
no consensus’, argues Stiglitz (2004, p. 10), ‘that rapid liberalisation, especially in a
country with high unemployment, will lead to faster economic growth.’ Clague (1997)
describes markets as economic institutions because they apply socially devised
constraints on individual action. These institutions set the rules of the game for the
economy.\(^{15}\) They organize the way market exchanges occur and are recognised by
members of the community who impose constraints on the actions of individuals (North
1989).

Gertler (2004, p. 359) suggests that a ‘new theory of firm practice’ at the
regional level is required – one that encompasses the social-institutional environment.
He draws on evidence from studies on the role of regional institutions and the
importance of dense concentrations of institutions which shape labour markets,
industrial relations, training, investment and industrial organization. These
concentrations forge linkages between firms in the same industry as well as with
external actors.

\(^{15}\) Also see Polanyi (1944).
Institutional economics encourages the regulatory functions of the state – the use of formal incentive structures and penalties to govern markets. States are encouraged to refine and improve these structures and to remove any distortions these structures may create. However, many developing countries lack the capacity to manage these structures effectively and it is within this context that support for state building is found. A critical issue facing poor countries, says Fukuyama (2004, p. 162) is their inadequate level of institutional development. ‘They do not need extensive states, but they do need strong and effective ones’.

One of the contributors to the improvement of institutions has been found to be social capital and civil society. The role local and regional communities can perform in generating and mobilising social capital assets for development will be reviewed in subsection 2.2.2.

Nation-states can mediate between global forces of the markets and regions. However, this requires different kinds of policies, programs and institutions than in the past. It also requires a better understanding of the processes that lead to uneven development outcomes. To this end, the literature on peripheral regions is reviewed.

### 2.1.3 Peripheral regions in global and national economies

There have always been disparities between regions, but the rise of globalisation has had a major impact on the processes that create these disparities. The processes that led to uneven development across nations and within them have been described as an outcome of world systems and the dynamics of a single global capitalist economy, where individuals, private companies and states compete with each other in an international arena in order to maximise their profits (Wallerstein 1974). It was from this analysis that the concept of core and peripheral regions emerged as a central argument of dependency theory. Initially, the core-periphery model was based on the notion that a lack of development arises as a consequence of involvement in the international economy (Short 1993, p. 7). Writers such as Frank (1967), Wallerstein (1974), Amin (1976) and Lipton (1977) argued a theory of underdevelopment and development whereby the less developed economies of the world have had their development prospects reduced as a result of the removal of surplus capital and the extraction of resources by developed economies. This unequal exchange means that underdeveloped economies have been subordinated to the needs of developed ones.
Rodney (1972), for example, describes how Africa’s underdevelopment is a consequence of its dependency on Europe.

Integral to this model is the notion that developed economies and their metropoles became the economic and political centres of the world – centres around which dependent and underdeveloped satellites are found. Political geographers (e.g., Taylor 1985, Short 1993), cognisant of the political, economic and social frameworks that influence development and underdevelopment, have since come to recognise the role of space and location within these contexts. They have taken the view that the forces that shape the peripheral nature of underdeveloped regions are more than geographic; they include economic or market forces, (e.g., the size of population, its demography and purchasing power), the extent of social and cultural uniformity or diversity, and their interaction with global markets.

Dependency theory has been broadly criticised on the basis that it ignores the role of class in capital accumulation and has offered little empirical evidence to substantiate the flow of capital away from the periphery to the centres. It has also been suggested that this model puts too much emphasis on economic factors and not enough on the political, military, social or cultural factors (Leys 1977, Brewer 1980, Strange 1994). However, dependency theory has been instrumental in identifying the roles of global structures in the uneven distribution of resources and surplus. Along with world-systems theory, dependency theory claimed that there were structures of power, systematic patterns of inequality and practices of dependency that make the notion of core-periphery relevant in the world economy today (James 1997, p. 63). As Frank (1984) wrote, ‘underdevelopment was and still is generated by the very same historical process that also generated economic development: the development of capitalism itself’ (p. 4). In response to these processes theorists such as Amin (1985) promoted the delinking of developed economies from less developed ones to weaken the hegemonic power of capitalist productive processes. This action was proposed in the belief that the global connections between developed and developing economies placed the latter in a weaker position and undermined their capacity for development.

While governments may theoretically decide to de-link themselves from the world economy in an attempt to avoid the dangers of globalisation, in practice most nation-states recognise they must remain relevant in the world economy (James 1997, p.
Writing in the *Financial Times*, Martin (1997) claims that a decision to opt out of globalisation would have an economic as well as a political price; it would lead to the extension of state powers and a loss of individual freedom as nation-states attempt to reduce their international trade.

According to Wallerstein (1978) the emergence of a world economy required three preconditions. The first was a common mode of production: capitalism. The second was the coverage of a number of political states to avoid the circumstance where one state can control the whole system. The third was a three-tiered political matrix that promoted political stability through the use of the semi-periphery which provides a buffer separating the extreme core and periphery.

Through the process of capitalist development, regions of the world have been defined in terms of the international division of labour. In core regions there is free labour working at skilled tasks. The periphery is characterised as producing a single cash crop or other commodity, often has a coerced labour force and was previously governed by a colonial power. In the simplest terms, ‘core processes consist of relations that incorporate relatively high wages, advanced technology and a diversified production mix whereas periphery processes involve low wages, more rudimentary technology and a simple production mix’ (Taylor 1985, p. 17). Between these two extremes, according to Wallerstein (1978), is the semi-periphery. This is made up of those regions in decline through deindustrialisation and those regions working toward core status. Southern Europe is often cited as being a semi-peripheral region.

It is clear from this discussion that the concept of the core and periphery need not be singularly applied to the international economy. Taylor (1996) suggests that any notion of the nation-state as a singular and homogeneous entity is limited when one recognises the multiplicity of sub-national states that are now integral to the meaning of modern states. There are contestations and conflicts within national-states that reflect

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16 This view is still encouraged. Mander (1996, p. 17), for example, argues that the solution for developing countries in a globalised economy is to ‘go in the direction of revitalized, local, diversified, and at least partially self-sufficient economies’.

17 Malecki (1991, p. 2) describes how sub-national divisions can be found in a number of developed countries, e.g., the North-South divide which began appearing in the United Kingdom during the 1980s, a ‘bi-coastal’ economy split by consistently stagnant rural regions in the
the international economy, albeit on a different scale and with the likelihood of other variables.

Bivand (1981) illustrates the divisions between the core and the periphery in Figure 2, below. These differences largely boil down to levels of linkage and access between core and periphery regions. In the core complexity, technology and control are the norm in economic, cultural and political life. They tend to be active, innovative and the leaders. Peripheral regions tend to be passive, traditional and dependent (Buswell et al. 1985).

Hart (2002, p. 13), among others, explains there are enormous problems when applying such binary terms as core and periphery to regions, as does Brohman (1996, p. 249). Neither core nor peripheral regions are homogeneous. Each contains historical and contemporary conflicts of power and class.

United States, and the ‘Third Italy’, between the industrialised north and the consistently backward south.
<table>
<thead>
<tr>
<th>Core</th>
<th>Periphery</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Geographical:</strong></td>
<td>Coupled to all transport, low absolute and relative contact costs, central part of the telecommunications network</td>
</tr>
<tr>
<td><strong>Economic:</strong></td>
<td>Finished wares and services produced, complex control systems, importers of labour, adaptable business community, control over capital, and contact with other economic agents.</td>
</tr>
<tr>
<td><strong>Cultural:</strong></td>
<td>Produces and spreads the symbol system, represents expertise, control the information media, rejects symbols from the periphery as irrelevant and/or unimportant</td>
</tr>
<tr>
<td><strong>Political:</strong></td>
<td>Control of strategic resources, concentration of elites, over-represented in formal administrative organs, low costs incurred in assembling and putting forward views</td>
</tr>
</tbody>
</table>

Source: Adapted from Bivand (1981)

The emergence and popularity of neo-liberal economic policies have helped create and maintain peripheral regions. This includes policies aimed at reducing the size of the public sector through privatisation, reduced public spending and user-pay principles, leading to the corporatisation of many public agencies and the privatisation of previously public functions. One spatial outcome of this activity has been the closure of public facilities, especially in rural regions, which has contributed to the decline of these areas.
While the notion of dependency is ‘no longer predominantly based upon the old lines of imperial exploitation and subjection’, it does ‘operate differently across various levels of social extension: local, regional, nation-state and global relations’ (James 1997, pp. 69-70). So, while the original theory and evidence regarding dependency and unequal exchange have been broadly denounced, the relationship between the core and periphery remains a dynamic that is made all the more relevant in an age of globalisation. Even if the dependency theorists were wrong about the causes of underdevelopment, says James (1997), ‘they pointed with passion to structures of inequality, exploitation and subjection that continue unabated’ (p. 78).

One of the most striking consequences of globalisation that reflects the uneven distribution of development has been the rapid growth of cities. The relationships and balance of power between cities began to change in the 1980s, coinciding with the deregulation of financial markets in many industrialised countries and transformations in the telecommunications industry. In this period, new technologies were predicted to be the catalyst for decentralisation, encouraging a mass migration from the congestion and high office rents of central cities. However, this has not been the case. While there are examples of companies moving some functions out of the central business district or to developing countries, these changes have been largely confined to process tasks. Instead, a select group of cities has experienced periods of strong growth. Increased capital mobility has generated a demand for types of production needed to ensure the management, control, and servicing of this new organization of manufacturing. ‘These types of production have their own locational patterns; they tend towards high levels of agglomeration’ (Sassen 1994, p. 3).

Kellerman (1993, pp. 98-103) classifies cities into four types: domestic, world, regional, and global. Each displays varying degrees of control over their hinterlands and the centralisation of economic and political power. Three cities can claim to be global cities: New York, London and Tokyo. They serve as world cities for a continent or sub-continent, are tightly interconnected with each other and serve as the top level of a global hierarchy. These cities are tied to global economies – often more tightly than they are to their own national economies. They contain a highly specialised workforce and ‘function as one trans territorial marketplace’ (Sassen 1994, p. 327). They cover all time zones for the purpose of financial trading and work largely as a unit in the same system of endless transactions (Castells 1996). Highlighting the spatial imbalances that
arise from these economic concentrations, Sassen (1994, p. 4) says that ‘alongside these new global and regional hierarchies of cities is a vast territory that has become increasingly peripheral, increasingly excluded from the major economic processes that fuel economic growth in the new global-economy’.

As cities grow, the concern for the sustainability of peripheral regions mounts. People leaving regions of disadvantage in search of employment and lifestyle opportunities in the city or growing regional centres have largely fuelled the growth of urban centres. Pedersen (2003) argues for attention to be given to small and intermediate cities in an effort to link peripheral regions to the economic opportunities that emerge from globalisation.

While globalisation and advances in communications and transport appear to offer opportunities for a greater dispersal of economic activity, the outcome appears to be greater centralisation of economic power. Increasing urbanisation and the growth of cities creates a concentration of economic and, ultimately, political power that appears to be further removed from the peripheral regions that surround them. Yet, the growth of cities in an increasingly globalised economy reflects a local dimension to global dynamics. It illustrates a link between global movements and local conditions and it is this link that is considered below.

2.1.4 Relevance of global localisation
With the breaking down of national trading boundaries, local and regional economies have become more exposed to international economic forces. As previously described, this process can lead to many unwelcome effects, especially in peripheral regions that lack the political and economic clout to effectively deal with these global influences. However, there is a growing body of literature that highlights the local dimension of globalisation and the influence local conditions and assets (e.g., local financial, physical, human and social capital) can have on global market opportunities (see Taylor and Flint 2000, Storper 1997, Ohmae 1995).

One form of the new localism brought about by globalisation has been termed ‘global localisation’. This refers to a production and management process that has been adopted by many trans-national corporations (e.g., IBM, Coca Cola, Sony, Honda, Ericsson) where flexible responses to local market changes are incorporated into global-
market strategies. The term ‘glocalisation’ also has been used to describe this trend (Robertson 1995).

‘The local’ and ‘the global’ are commingling in new ‘glocal’ modes of production across and outside of national boundaries… Borders today are highly porous and the preserve of global flows of goods and services are continually eroding them ever more every day… The modelling of their behaviour in production and consumption is more glocal than national… The notion of ‘national interest; has less and less meaning in these glocal webs of interdependence (Luke 1995, p. 101).

Despite its name, glocalisation appears to offer little in terms of development prospects for regional economies. Rather than presenting a window of opportunity for development initiatives undertaken within regions, it is an extension of the global reach of trans-national corporations through local culture and social systems. On the other hand, Morley and Robins (1995) claim globalisation is associated with the dynamics of re-localisation and the achievement of a new global-local nexus that links local and global spaces.

Interaction between the local and the global may be possible through the combined use of macro and local resources. Local development contributes to large-scale development in a way that complements and supports the macro policy agenda while ensuring the communities in which these initiatives are based are able to maximise local benefits. Localities, say Taylor, Watts et al. (1995) are not inert population aggregates. Rather they are made up of people and social networks that devise practices to attract, retain and otherwise ameliorate forces that seem to be beyond control. Stoker (1996, p. 204) claims ‘it is at the local level that the chances of an effective blend of governmental and non-governmental forces emerging are enhanced’. Whether, says Stoker, ‘it is over economic growth strategies or issues of social justice, the local arena has much to offer’. Ohmae (1995, p. 14) is more strident in his assessments. Because of the way it erodes the significance of national boundaries, globalisation has given more significance to regional and local realms. In this context, Ohmae (1995, p. 15) says, ‘the global economy has a local home’.

Localist optimism is questioned by those who suggest that global capitalism and the development dynamics of communities are at odds with one another. Daly and Cobb (1989, p. 166) observe that the ‘dominant patterns of economic development throughout the world have been quite the reverse of community development. They have consistently and systematically destroyed existing traditional communities.’ So, while
globalisation is concerned with the fragmentation of society into classes and the accumulation of capital for the further expansion of capitalism, local development attempts to build on the strengths of community life. This dichotomy of development creates a number of significant problems for policy-makers and questions the place of local initiative amid increasing global industrialisation.

The Marxist perspective on the emergence of capitalism suggests communities are powerless in the face of global change. Local initiatives act as a palliative to addressing the social ills of industrialisation; simply providing a means whereby communities can cope with the transitions of structural change. Unemployment and poverty are examples of the by-products of industrialisation around which development initiatives are organised to relieve the pain industrialisation creates. Thus, local development can do little more than ameliorate the problems of advancing industrialisation.

While globalisation has changed the roles nation-states play in managing the economy, regions have become more exposed to international competition. The political and economic processes that create peripheral regions are intensified through these processes and, while new opportunities for development emerge, it is the political and economic character of peripheral regions that can undermine any efforts to benefit from greater participation in the world economy. Local or regional initiatives can be thwarted by the more pervasive power of economic and political systems. However, Scott, Agnew et al. (2001, p. 28) claim world systems involve an economic and political configuration that is quite different from the ‘old centre-periphery model’. Instead, there is evidence that diverse institutional and political responses to globalisation are emerging at different geographic levels from the global to the local. The changing role of nation-states in the global economy and the increasing significance of local development processes appear to offer new opportunities.

This section has presented globalisation as the backdrop to an examination of the relationship between nation-states and their regions. Global forces have been shown to exert an influence on the conditions of regions and the responses made by nation-states. Globalisation has changed the way nation-states intervene to make markets work better and create desirable social outcomes, but it has not removed the need for intervention. The authority and power of the nation-state can be applied to development processes that combine global and local dynamics. The nation-state can mediate
between global and local actors to create development opportunities that benefit regions while contributing to national development goals. However, there are political dynamics that shape the capacity of regions to respond in the global capitalist system. These dynamics contribute to the creation of peripheral regions. While the concept of core-periphery relations is contested, the political dynamics expressed in this relationship are relevant to an investigation into nation-states and their regions.

Two aspects of this relationship remain open for review. The first concerns the contribution regions make to their own development – the capacity they have to maximise the opportunities resulting from global localisation and undertake development initiatives. The second concerns the way nation-states support such initiatives. These aspects are reviewed in the following sections.

2.2 Sub-national responses to globalisation

Having recognised the growing significance globalisation assigns localities, attention is now turned to the kinds of responses regional communities can make. While nation-states respond to the impact of globalisation facing regions through nationally designed policies, programs and institutions, the focus of this section is on the literature concerning action that is taken by regions. The response of the nation-state in supporting regional initiatives is dealt with later in this chapter under section 2.3.

In Chapter 1 it was hypothesised that well-established regions located in mature and stable political systems of government contain more endogenous resources that can be mobilised for development compared with less mature regions. There are a number of assumptions contained in this hypothesis that require elaboration. This is done in this section by highlighting three aspects of sub-national responses to globalisation. First it reviews the shift in understanding how sub-national economies work, by highlighting the growing importance of local and regional institutions in the process of making markets work in regions.

Second it reviews some of the endogenous resources regions use to promote development opportunities. Emphasis is given to social capital and the role civil society organizations play in development processes within regions. It is argued that civil society is a representation of endogenous resources that can be mobilised for development in regions.
Third it examines some models of bottom-up development that regions can pursue. These models show how endogenous resources can be mobilised for development within a region. They explain the features and processes that contribute to bottom-up development that is initiated and managed by actors in the regions.

2.2.1 Understanding sub-national economies and their development
This sub-section examines the changing approaches to the development of sub-national economies. It highlights the growing awareness of the importance of local institutions and the links that are required with actors beyond sub-national boundaries.

As the geographical unevenness of development has become more apparent over the past 20 years, economists have assigned greater attention to the spatial influences of economic development, leading to a wide range of models and theories. This includes the study of the globalisation of production systems and industrialization processes, the promotion of new economic spaces (e.g., new industrial districts), assessments of the international flows of goods, capital and labour, and the promotion of global regionalism.

Globalisation has influenced much of the recent developments in economic geography. In particular, it has heightened the interest in the international division of labour, international production systems and the actions of trans-national corporations. The role of the region as a source of competitive advantage in a globalizing economy has been given attention by writers such as Porter (1990, 1998), Scott (1998), and Storper (1997). Markusen (1996) has described this as the study of ‘sticky places’ – regions that have successfully attracted and retained investment – within ‘slippery space’ – the rapid global movement of investment. New industrial districts owe their stickiness, says Markusen (1996, p. 294), ‘to the role of small, innovative firms, embedded within a regionally cooperative system of industrial governance, which enables them to adapt and flourish despite globalizing tendencies.’

Spatial economists such as Porter (1990) and Krugman (1995) argue an endogenous growth theory, which acknowledges the externalities and increasing returns to scale associated with area-based industry clusters and specialisation. This encompasses area-based linkages with education and training, technological
innovations, reduced transaction costs and industrial relations, along with the promotion of factor endowments contained within regions.18

Porter (1990, pp. 14-21) describes the differences between the comparative and competitive advantages of regions in a globalised economy. Comparative advantages tend to dominate the way nation-states identify the prospects for regional economic development. These are formulated around factor endowments that affect the so-called factors of production such as land, labour, natural resources and capital. This is based on the view that all regions have some comparative advantage they can apply in the competitive global arena. Governments assess the advantages they have over others and develop strategies around these. In contrast, competitive advantages are determined by the productivity with which resources are used (i.e., human, capital and natural resources). Competitive advantages are created and sustained by domestic processes that depend on the value of products and services (e.g., uniqueness, quality) as well as the efficiency with which they are produced. Governments that focus on competitive advantages are aware of comparative advantages, but recognise that global competition is always changing and that firms must respond to these changes. These governments realise that firms compete in the world economy, not governments. Therefore, governments must create conditions that improve the competitiveness of firms within the region.

Lessons have been learnt about the ways development dynamics within a specific locality shape its development potential in the world economy. Storper (1997) suggests that much of this study has been dominated by prices and quantities, and what is preferred is a multilayered approach to the problem of economic development in regions. Such an approach should be based on the inter-relationships of technology, organizations and territories, incorporating the informal flows of information and the economic relationships that regions can forge. Scott (2000, p. 31) divides the investigation of regional competitiveness in a globalised economy into three groups: (1) the study of informal clusters, conventions and un-traded interdependences that affect the functioning of localized production systems; (2) the ways learning and innovation

18 Porter (1990, pp. 74-76) argues for a broad concept of factor endowments beyond the typical land, labour and capital, grouping factors into the following categories: human resources, physical resources, knowledge resources, capital resources and infrastructure.
processes shape economic change; and (3) the effect of social institutions on regional economic performance and the structuring of local markets. It is the third of these groups that is of particular interest in this thesis.

Because it is recognized that markets are socially constructed and their behaviour embedded in networks of personal behaviour (as described in 2.2.1) increasing attention is given to economic outcomes that are influenced by network properties such as mutuality, trust, social capital and co-operation (see Dore 1983, Misztal 1996, Fukuyama 1995). In addition to these endogenous factors, the roles that institutions can play in linking regions to broader markets have also been recognized. Kanter (1995, p. 362), for example, claims that regions provide competencies and connections for economic actors; they must provide the social infrastructure to forge ‘linkages to global success’. In this way, regional communities can open their connections to the world. ‘Success for locals in the global economy will derive from their ability to become cosmopolitan, to forge links with the rest of the world’ (p. 353).

The study of economic geography has found connections with community and participatory models of development that promote a bottom-up approach to development – where local actors become directly engaged in development processes – to counter the top-down methods that often typify national development strategies. Development and growth specialists are uncovering the importance of local institutions, informal systems and social cohesion as a basis upon which societies can develop (Knack and Keefer 1997, Putnam et al. 1993).

These models engage a new cast of development actors. This includes local businesspeople and community organizations, foreign and domestic investors, politicians at national, provincial and local levels, civil servants working within national, provincial and local levels of government, private and community sector policy-makers, union members and officials, and donors from other countries or from international organizations (Block 1999, Kanter 1995). Stamer (1999) argues that the actors and institutions at the local level are the most appropriate to formulate and implement specifically targeted policies to shape the local economy. These efforts not only maintain a high degree of participation, interaction and common interest among local actors, but also increase the potential of economies of scale and scope that individuals are unable to do. In more general terms, Stamer claims that local development builds upon the common interest found among local actors as a result of
their geographical closeness, and that the motivation of local actors is often emotionally linked to their immediate social and natural environment, making them more likely to participate in activities that promote development for the benefit of the area. Similarly, local actors are also more likely to have a better knowledge of local problems and needs that can be mobilised for development.

The engagement of a broader range of actors in local and regional initiatives has often been described as the ‘local state’. This term usually refers to those elements of the state apparatus that deal with localities (Cockburn 1977, Kirby 1987, Duncan and Goodwin 1982, Duncan and Goodwin 1988). The primary agent of the local state is the local government authority. However, this term has also been used to reach beyond formal institutions to incorporate local alliances and coalitions that include other non-state actors. Local government deals with the imposition of authority within a local jurisdiction, yet the local state suggests a ‘broader set of relations in which to view the formal politics of a locality’ (Taylor and Flint 2000, p. 316).

Pratchett and Wilson (1996, pp. 2-3) use the term ‘local governance’ in an effort to ‘capture the shift from a system in which local authorities were the key actors in their localities to one where decision-making authority and service provision is shared among a range of actors’. These relationships include the organising of state and non-state agents in the locality, where the local state is both an agent of the nation-state and an instrument of the locality. In what Stoker calls the ‘politics of social production’, the local state and in particular local authorities ‘provide a solid base for development through the long-term commitment associated with networked, integrated action.’ This is largely because of the ‘depth of their local knowledge, the range of potential instruments available to them and, above all, because of their relative permanence’ (Stoker 1996, p. 205).

However it is defined, the local state has become more recognised as an important ingredient in local and regional development. Local non-state actors are recognised as legitimate actors in the processes of bottom-up development. Indeed, the presence of committed and involved non-state actors is a representation of the endogenous resources of a region. Similarly, local governments are clearly assigned greater responsibilities within this context, providing a focal point for development planning and action. Local governments also provide a mechanism for local accountability through the election of councillors. Pateman (1970) claims that
participation in democratic society can only be made effective at the local level where, ‘not only do the issues dealt with directly affect the individual and his everyday life but where he also stands a good chance of, himself, being elected to serve on a local body. It is by participation at the local level that the individual “learns democracy’” (pp. 30-31).19

This thesis examines the relationship between nation-states and development actors located in sub-national regions. The investigation of two peripheral regions and the support offered to development initiatives within these regions sheds light on the relevance of regional responses to the world economy. However, to do this, it is necessary to consider the kinds of resources peripheral regions can mobilise in their development efforts. This is addressed in the following sub-section.

2.2.2 Social capital and other endogenous resources
This sub-section examines the role endogenous resources can play in promoting sub-national development. While the comparative advantage resources (e.g., factor endowments) described in the previous sub-section can be relevant in this context, the focus of this review is on the contribution of the less recognised resources of peripheral regions: social capital and civil society. These have emerged as local assets that complement the roles of states and markets, especially in peripheral regions where factor endowments or comparative advantages are sometimes limited. However, these concepts have also been contested amid broader debates on the role of the developmental state.

Social capital has emerged within sociological, economic and political debates over the past 30 years as an essential building block of civil society. It refers to the intangible social assets that people draw upon to solve common problems. These include such well-known experiences as trust, social norms and networks. Networks of civic engagement, such as community organizations, neighbourhood associations, sports clubs, and cooperatives are representations of social capital. The denser these networks, the more likely that members of a community will cooperate for their mutual benefit.

19 Furthermore, ‘participation in local government, says Pateman (1970, p. 34) is a necessary condition for participation at the national level because of its educative or ‘improving’ effect…’
Fukuyama (1999) claims the first person to use the term social capital was Jane Jacobs in 1961, in her book *The Death and Life of Great American Cities*, in which she referred to the dense social networks that existed in older, mixed-use urban neighbourhoods. This, she said, constituted a form of social capital which encouraged public safety. Fukuyama describes a series of sociologists such as Coleman (1988) and Light (1972), economists such as Loury (1997) and political scientists such as de Tocqueville (1969) and Putnam et al. (1993), among others, who have all contributed to the current understanding and application of this term.

In a comparative study in Italy, Putnam et al. (1993) explored the differences in the performance of regions. He found the reasons for the success of those that were doing better than others – as measured by regional economic growth and levels of democracy – was largely attributed to the civic connections within these regions. These included trust, reciprocity and community engagement. Variations among the successful regions, such as the differences in religion and their economic structure did not determine the variations in the performance of these governments. Neither did factors such as wealth, education, party politics, urbanization, social stability or many other potential influences. Putnam found the best determinants of good government in the Italian regions he studied were the choral societies, bird watching and soccer clubs, and cooperatives. These were regions with dense horizontal networks of civic association and an active practice of civic engagement. In contrast, other regions that fared comparatively poorly in terms of economic and political well-being were more likely to be characterised by vertical patron-client relations that encouraged exploitation and dependence.

Putnam initially believed that civic engagement of this kind was based on the attainment of certain social and economic achievements; for example, that those who had the time and financial resources would be more likely to participate in these activities. In fact his investigation found that these regional communities did not have choral societies and the like because they were wealthy; they were wealthy because they had choral societies and other civic organizations. That is, they had strong traditions of social engagement, trust and reciprocity; wealth was seen as the consequence, not the cause, of a vibrant civic community. In this way, social networks and a strong civic community becomes what is generally referred to as ‘social capital’.
In her 1995 Boyer Lectures in Australia, Cox (1995) said that of the four major capital measures – financial, physical, human and social – too little attention had been paid to social capital. She described social capital as ‘the processes between people which establish networks, norms, social trust and facilitate coordination and cooperation for mutual benefit’ (p. 15). Collier (1998) describes social capital as a non-market activity with economic consequences. It is conducted as a social activity for social reasons. The economic effects that result from social capital are referred to as ‘externalities’ because decision-making agents do not directly incorporate them into economic calculations.

While the concept of social capital, as described above, can be readily understood, its formation and maintenance is less concrete. Fukuyama (1995) provides a detailed account of the role of trust in the creation of social capital, with particular attention to economic development. His core argument is that there are high-trust and low-trust societies and cultures. High-trust societies tend to develop greater amounts of social capital and consequently enjoy greater economic growth, particularly in the transition to a post-industrial economy. Fukuyama sees social capital as the glue that holds the otherwise centrifugal structures of the market together. This, however, accounts for the conservation or maintenance of social capital and not necessarily its production. Putnam et al. (1993) on the other hand, views trust as one variable that contributes to the construction of social capital along with broader types of social interaction. Collier (1998) identifies social interaction as the main productive element of social capital. It is social interaction that builds trust and a number of other durable effects such as knowledge and norms that generate social capital.

These mechanisms and effects of social capital can have negative, as well as positive, consequences. But, they can also counter the unproductive forces that undermine social capital, most notable of which are ‘free-riding’ and ‘opportunism’.


21 Some of the most common examples of the negative consequences of social capital include the role of the mafia in Sicily (Gambetta 1993) and corruption (Tirole 1996).

22 Collier (1998) notes that it is precisely this high incidence of knowledge free-riding in peasant agriculture which inhibits peasant innovation so that there is most to be gained from copying when there is a large difference between the efficiency frontier and the mean producer.
The link between social capital and economic development was first made in the 1970s when social capital became a means of explaining the problem of inner-city economic development among African-American communities in the United States. Such communities lacked the bonds of trust and social connectedness that was found to exist among Asian Americans and other ethnic groups (Loury 1997, Light 1972). Using indicators of trust and civic norms from the World Values Surveys for a sample of 29 market economies, Knack and Keefer (1997) present evidence that social capital contributes to economic performance.

Fukuyama (1999) claims the most fundamental economic function of social capital is the reduction of transaction costs, where formal contracts, hierarchies and bureaucratic rules are replaced by trust and strong social norms. This view is shared by Fountain (1998) who found the social capital generated within and between firms was especially important for lowering risk and uncertainty at the local level. Dense and overlapping social networks increase the likelihood of economic co-operation and facilitate information exchange about products and markets, reducing the costs of contracts and extensive regulations and enforcement. Repeated transactions and business reputation provide the necessary incentives for parties to act in mutually beneficial ways.

Social capital, and the social interaction that underlies it, is connected to social organizations and the broader notion of civil society. Putnam et al. (1993, p. 167) claims that ‘voluntary cooperation is easier in a community that has inherited a substantial stock of social capital in the form of norms of reciprocity and networks of civic engagement. Social capital here refers to features that can improve the efficiency of society by facilitating coordinated actions’. Cohen and Arato (1992) consider civil society as a sphere of social interaction between economy and state, composed of the

23 While these are usually positive in that they reduce transaction costs, there are examples where cultural enclaves are too weary or distrustful when dealing with strangers or those who come from outside their community. Through this distrust, these groups may forego certain economic opportunities.
intimate sphere (i.e., the family), the sphere of associations (i.e., voluntary associations), social movements, and forms of public communication.\textsuperscript{24}

Cohen and Arato (1992) emphasise that civil society is found in non-class forms of collective action, oriented towards and linked to the legal, associational and public institutions of society. Its action is self-limiting in that it does not seek to transform state power, but rather to open it up to outside influences. Hence, civil society is an important element in a democratic system. It deepens democracy and builds democratic institutions. Civil society encourages debate, promotes values of tolerance and pluralism, and contributes to the sense of shared citizenship. William, Crocker and Schechter (1989) argue that the free market and the government are not sufficient to solve social problems and that civil society provides the intersection of the market and the government.

While the concepts of social capital and civil society have an obvious connection to the development of regions, such concepts come under most criticism when the methods for measuring their existence and production are considered (Levi 1996, Fukuyama 1999, Collier 1998).\textsuperscript{25} Indeed, Foley and Edwards (1998) claim that both the theories of civil society and social capital work only to a point before they turn ambiguous due to lack of clear, distinct lines of thought. While it is accepted that social interaction and associational life foster trust, promote social norms and strengthen social networks, when trying to understand the relationship between civil society, the state and

\begin{itemize}
\item It is not clear why in this definition the family is considered to be part of civil society, as it does not exist in the public domain in the same way that other associations do.
\item Putnam’s measurement of social capital in the Italian study began by counting the number of civil society organizations to be found in a given time, within a defined area. While this seems straightforward and quantifiable, it does not accommodate some of the other important dimensions of social capital such as internal cohesion and levels of trust within civil society organizations (Fukuyama 1999). A second way of measuring social capital, proposed by Fukuyama (1999) is demonstrated by the market valuations placed upon private sector companies when being taken over by new management. Here the intangibles of management systems, worker satisfaction, goodwill, etc. are expressed in clear quantitative terms to which a financial value is assigned. The third and more common approach to measuring social capital and civil society is through the use of proxies; to identify and measure other elements found in the society that may illustrate the character or functions of social capital. For example see Bullen and Onyx (1997).
\end{itemize}
its citizens, both social capital and civil society meet the same fate: they generally fail to identify, let alone measure, the factors that lead to these outcomes.

The most substantial criticism of the concept and application of social capital comes from a broader review of the developmental state. Fine (1999) argues social capital is an ahistorical concept that ignores class and capital. He says social capital is one part of a dual approach of the developmental state currently espoused by the post-Washington consensus. On the one hand social capital is presented as a non-economic ingredient that helps make markets work, while on the other hand the state intervenes but in ways that models such as the post-Washington Consensus have not specified (p. 13). This new Keynesian approach to development has been forged to respond to the previous problems of state minimalism. The trouble here is that ‘one cannot argue that the state should do nothing but also debate what the state should do’ (p. 11). Its proponents present the building of social capital as a politically neutral process that ignores the contests found within regions. Similarly, the state is encouraged to perform limited functions focusing on microeconomic reforms that allow markets to work more effectively. This contrasts with models of local development that promote community empowerment that recognise social conflicts and provide a means for the marginalised to take more control of their situation (as described in sub-section 2.2.3, below).

DeFilippis (2001) cites Bourdieu’s (1985) use of the term social capital to illustrate that the term social capital can contain an explicit attempt to understand the production of classes and class divisions. While social capital is constituted by social networks and relationships, it should never be disconnected from the economic and class relations that define capital.

In another critique of social capital and civil society, du Pisani (2000, pp. 50-51) claims that these concepts were based on theories of democracy that were based in Western democracies and are contested in Africa. Civil society developed out ‘constitutional theories of the state for limiting state authority through the separation of the public and private realms’. In contrast, in many African societies the state defines the liberties of individuals and non-state organizations. ‘The state decides that individuals will have a certain area of freedom. Such freedom then, in turn, becomes constitutive of the state itself’ (p. 51). This is consistent with a historical perspective in which the settler community in Africa dominated state and society patterns and where
‘civil and civic rights were exclusively reserved for the members of the settler community’ (Melber 2000, p. 17).

In summary, social capital and civil society illustrate some of the kinds of endogenous resources found in regions that can be mobilised for development. They represent non-state resources that are united through social networks and a common affinity to the regional community. However, the concept of social capital tends to wallpaper over the conflicts of class and capital within society. It attempts to present regions as devoid of these struggles and almost romanticises the notion of a community that participates in clubs and social networks. Despite this limitation, social capital and the presence of non-state actors provide a resource to regions that are assessing their role in the world economy. These are untraded assets that Storper (1997) says present a distinctive regional feature required to maximise the benefits global localisation creates. Indeed, DeFilippis (2001, pp. 798-799) argues social capital ‘must be reconnected to economic capital for the term to have any meaning... We need to create social networks that allow individuals to realise capital, while simultaneously allowing these networks to realise the power needed to attract and control that capital’.

In the case studies that follow this chapter, attention is given to the role of non-state actors in initiating and managing development initiatives in the regions. Indeed, the two regions selected in these chapters (i.e., the Wheatbelt Region of Western Australian in Chapter 3 and the Omaheke Region of Namibia in Chapter 4) display great variations in this regard.

The challenge for nation-states is to move beyond the more traditional areas of focus of regional developers (i.e., beyond regional factor endowments) to recognise the less tangible resources of social capital and civil society. Factor endowments remain an important ingredient in the formation of regional strategies for development, but these alone are not enough. The capacity of a region – including a peripheral region – to look beyond its regional and national boundaries and benefit from greater participation in the world economy is related, at least in part, to the ways endogenous resources are recognised and strengthened. As shown below, this requires a process that involves close consultation and participation with regional communities. The centralised assessment of regional capabilities based on factor endowments and existing industry agglomerations is insufficient. To this should be added an understanding of, and support for regionally driven development strategies.
2.2.3 Mechanisms for mobilising endogenous resources

Having surveyed the literature dealing with social capital and civil society, this subsection considers the ways regions can mobilise these resources. There is a wide range of literature dealing with various models of community or bottom-up processes of development. The purpose of this review is to identify those aspects of these approaches that are pertinent to an assessment of the development initiatives of regions.

Local and regional initiatives focused on job creation and enterprise development first emerged in developed countries during the early 1980s in response to growing levels of unemployment resulting from industrial restructuring. These efforts were mostly found in disadvantaged localities and emerged from a tradition of community development and self-help efforts that began as early as the 1960s in some of these areas. These actions drew from many different forms of participatory traditions, including the movements of the communitarians, utopian socialists and anarchists; the traditions of self-help that address needs through mutual support activities; and the emergence of the non-government sector and grassroots movements that began in response to inadequacies or gaps in government policy. In the developing world, the notions of ‘participatory development’, ‘people-centred development’, ‘community-driven development’ and, more recently, ‘pro-poor development’ have fostered development strategies that seek to empower disadvantaged communities (Alkire et al. 2001). These efforts have sought to build the collective human resource in local areas so that the development potential of these groups may be increased.

The term ‘community empowerment’ has often been used to describe processes that support local communities – in particular poor and disadvantaged communities – in their efforts to improve their own social and economic circumstances. Community empowerment can be defined in different ways, but there are some common elements that seem to apply to all (Rappaport et al. 1984). Empowerment aims to improve individual and collective skills to regain control over living and working conditions and their impact on well-being (Henderson and Thomas 1987). It promotes the roles of

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26 It is variously referred to as ‘community development’, ‘local development’, ‘people-centred development’ and ‘social empowerment’ and has been developed in the applied contexts of social work and community organization.
community organization and involves the constant process of enabling individuals and groups to take part in collective action (Minkler 1997, Daly and Cobb 1989). Thus, empowerment is a process of social interaction between individuals and groups that enables people to gain more control over their lives in a given community. Empowerment happens while people interact in ways of mutual respect, tolerance and social support (Erben et al. 1999). Galjart (1995, p. 18) claims that ‘even poor people have agency, that is, are knowledgeable about their situation and can influence it’.

Unlike social capital, which is created as an unintended consequence of social interaction, the fundamental purpose of social interaction and organization is to empower the community. Erben et al. (1999) suggest that alliances are specifically formed to empower. Unlike partnerships, alliances are political forms of strategic cooperation. Social capital assumes all members have a common interest that is expressed through participation in social organizations and networks, while empowerment refers to a process of social change characterised by conflicting interests. Power differentials and competing interests, resources and priorities require actions that are focused on empowerment, i.e., redressing the imbalances.

The processes of empowering communities are different to economic development. Traditional forms of economic development focus on the expansion of the economic base as a key principle for development. Within this perspective, rural communities in peripheral regions are disadvantaged due to a problem of scale because of their small economic base. In contrast, community empowerment presents development strategies that are relevant to communities regardless of their size. Such approaches encourage local communities to take responsibility for determining appropriate community economic development strategies and activities based on their specific social and economic features (Wade 1996). Rahman (1995, p. 32) claims that in fact the ‘theoretical case for participatory development is strengthened due to the failure of conventional development strategies’.

Shragge (1993) argues that community-oriented approaches to economic development are not a new form of economic development, but rather an expansion of a tradition of community organization, which has come to incorporate economic concerns. Cox (1998), on the other hand, suggests that a distinction must be made in an increasingly globalised world between ‘spaces of dependence’ and ‘spaces of
engagement’, where communities are able to expand their sphere of influence beyond their territorial limitations by reaching out to other communities of interest.27

Common to these responses is the regard for community and the roles civil society performs by allowing people to participate in society. This is fuelled by a desire to maintain local values in the face of increasing internationalism and by recognising the contribution local networks and structures can make to the achievement of development objectives. Pravdervand (1990) describes numerous scenarios in Africa where peasant organizations that no longer see themselves as the victims of processes beyond their control, come to regard themselves as responsible for their own lives and circumstances. As a result, they begin to take steps towards greater control of their own development.

Local economic development (LED) is a systematic model of economic development that draws from spatial models of development on the one hand, and from the broader church of community empowerment on the other hand. LED applies community empowerment approaches within economic terms and describes a concept that adopts a different approach to economic development within defined territories. It employs social, economic and political resources at the local level to enhance local economic benefits.

The World Bank (2003, p. 7) defines local economic development as ‘the process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.’ Helmsing (2001, p. 3) emphasises the role LED plays in gaining local control of development processes, ‘Local economic development initiatives mobilise actors, organizations and resources, develop new institutions and local systems through dialogue and strategic actions’.

Teitz (1987) describes the difference between local economic development and conventional macroeconomic development as follows:

Conventional economic analysis stresses the importance of national and international policies and trends in shaping the economic functions in

27 Examples given by Cox (1998) include the political campaign to overthrow apartheid in South Africa and various environment issues that have arisen within local communities but have mobilised broader national or international support.
which localities function. The point of view, as it were, is one from far out in space, seeing the globe swept by great currents of change that carry whole countries along with them... In contrast, the perspective of local economic development is closer to that of a person at the bottom of a well who is trying to grow a flower. There is no place else to go and one must make the best of the situation that exists. Understanding the larger environment is very important for success in this enterprise; but knowing what is possible in the specific place is equally important (p. 7).

While the focus of LED can be defined in terms that distinguish it from other kinds of development, it is its practice as a model for drawing spatial and participatory elements of development together that is of interest. Four key themes can be said to form the cornerstones of this model.

The first concerns the emphasis that is given to participation and social dialogue. Like community empowerment, LED endeavours to engage a wide cross-section of local actors (state and non-state), many of which may not have previously been involved in development work. In some cases, LED attempts to build upon the social capital that exists within an area to engage these sectors of society more fully.

The second practice of LED concerns development based on a geographically or culturally defined territory. This closeness promotes a set of ideal conditions for growth, innovation and development. It highlights the distinction between local and national development. Because local communities are more likely to be homogeneous and connected to a specific locale, local actions can be easier to initiate.

Thirdly, LED involves the identification of local resources that can be put to use in development efforts. These resources may be physical (e.g., unused buildings), financial (e.g., local savings), human (e.g., local skills, knowledge, commitment to the area, time to participate), or based on location, such as the inherent advantages of a particular area that give it a kind of competitive advantage (e.g., location amid common transport routes, tourism potential, fertile agricultural grounds). While building upon these assets LED also attempts to attract the external resources required to promote development. LED, therefore, is a means to achieve the mobilisation of local resources by encouraging their efficient allocation, often through partnerships between private, public and non-profit actors, allowing the convergence in investment programming between the different local actors.

Finally, LED development processes are locally owned and managed. External agencies wishing to promote development such as the nation-state should not impose
their will on these communities. Instead, they must respond to local demand and work with local actors in a more equal and mutually beneficial way.

The discourse presented above identifies local and regional actors as protagonists for development. It has described how the informal workings of social capital can be formalised into civic structures that can become valuable mechanisms for planning and managing development efforts. It has also presented some approaches to local development which demonstrate how the endogenous resources of peripheral regions can be mobilised for development.

The case studies presented in the chapters that follow test the hypothesis that the endogenous resources found within regions can be used by the nation-state to maximise sub-national development opportunities within peripheral regions. Global localisation is created by an increasingly integrated world economy and provides a new light with which to examine bottom-up models of development. It suggests that regions can mobilise their resources in an effort, not only to address the problems created by globalisation, but also to maximise the benefits that greater participation in the world economy may bring.

While this section has reviewed the literature concerning social capital, civil society and approaches to bottom-up development, it was acknowledged earlier that there are strong economic and political forces that form and maintain core-periphery relations across regions. Thus, the potential of a peripheral region to pull itself out of these disadvantages through bottom-up initiatives alone is limited. For this reason the role of the nation-state in supporting these initiatives is reviewed below.

2.3 Roles of the nation-state in supporting regional initiatives

In this last section attention is turned to the role of the nation-state in supporting development initiatives taken by regions. It is clear that globalisation has created a new set of political and economic challenges for nation-states to contend with. Nation-states are often required to respond to structural adjustments that occur within their borders due to the intensified influence of international competition. While cities have grown and some regions prospered, many other regions have found themselves in decline. As unemployment grows in these regions, young people and skilled workers leave for better opportunities elsewhere, local services decline, and economic opportunities
dwindle. As the cries of disadvantaged regions mount, nation-states are required to respond with policies and programs that attempt to counterbalance the uneven distribution of development opportunities.

In Chapter 1 it was hypothesised that the level of development in the cases selected for investigation will affect the relationship between the nation-state and its regions. In a developed country the nation-state will have more formal resources (i.e., institutions, programs and finances) to support development in the regions, compared against those of a developing country. There are a number of assumptions contained in this hypothesis that require elaboration.

This is done in this section by highlighting two approaches nation-states can take to supporting regions in their efforts to create new development opportunities in the world economy. The first of these concerns the use of regional development policies, programs and institutions to address uneven development outcomes. The second approach involves the development of approaches that specifically support regions in their development efforts.

### 2.3.1 Regional development frameworks of the nation-state

Nation-states have sought to redress development imbalances through the use of regional development policies, programs and institutions. Regional development approaches emphasise the influence of natural and physical environments and combine this with a more holistic process that includes the use of area-based economic, social and cultural resources. Regional development models attempt to harness these resources in ways that reflect the comparative advantages of regions.

Regional development provides a useful framework for examining government interest in sub-national development, but such a framework differs from the bottom-up responses that regions can undertake. Regional development concerns a broad cross-section of development fields such as environmental management, land-use planning, industry development, labour market services, education and training, industrial relations, transport and communications, trade and investment promotion, and the provision of infrastructure and community services. Many of these fields are dealt with through nationally driven government processes and have little to do with development initiatives undertaken by regional communities.
Regional development policies are introduced by nation-states for a range of reasons. This can include: (1) the redistribution of income from more populous regions to the less populous regions usually through payments to local governments and the use of subsidies; (2) measures designed to deal with adjustment failures in regions with persistently high unemployment and declining economic activity, including initiatives to counter rising costs and lower productivity in peripheral regions; (3) initiatives to promote selected regional winners or growth hubs by strengthening their comparative advantages and industry linkages; (4) the decentralisation of government services to spread people and industry beyond the capital cities; (5) the promotion of regional industries through industry policy and the provision and pricing of public infrastructure, notably in relation to roads, transport and communications; and (6) direct initiatives designed to stimulate regional growth directly.

One of the central aspects of the nation-state’s support of regional development is through regional planning. Regional planning has been used achieve functional outcomes for the nation-state – outcomes in which the ‘development of regions is essentially viewed as a function of their integration into the overall process of national economic development’ (Brohman 1996, p. 226). Regional development planning emphasises the maximisation of regional growth rates and a strong centralised control over investments into the regions.

On the whole, regional development policies have tended to act as stimulus packages applied to given localities. However, Scott and Storper (2003) claim that these approaches tend to ignore the dynamics of development that are based on regional and agglomeration features. Pezzini (2003) claims that nation-states have relied too strongly on regional policies that endeavour to centrally re-distribute income to counterbalance the gaps of less developed regions and to bring about geographically balanced economic development. This has led to disappointing outcomes and does ‘not seem an appropriate answer to the new conditions engendered by globalisation’ (p. 23). He argues for a paradigm shift in policy-making, which introduces policies that are designed to promote place-based integrative development strategies. Such policies strengthen the competitiveness of places by enhancing their capacity to innovate, by promoting entrepreneurship, and by upgrading human and social capital. In addition, policies should use a broader range of tools than subsidies, which create distortions and hamper
the development efforts of regions. Instead, local economies should be stimulated and assisted in their efforts to attract investment. (p. 24).

Nation-states also establish regional development institutions to take forward their policy and program initiatives. These institutions range in function, structure and mechanisms for accountability to the regional community. Amin (2004, pp. 53-54) describes the significant role regional institutions can play in ‘learning to learn and adapt’. This is where regions become places which foster social learning processes among firms, between firms and other local organizations. Hence, nation-states establish regional institutions to promote innovation at the regional level.

Gertler (2004, p. 355) describes the emergence of the ‘region-state’ as the scale best suited to the management of economic development and innovation. The region-state includes research centres and universities and other education institutions, local producer associations, chambers of commerce and technology transfer agencies. As with the concept of the local-state described earlier, Gertler is presenting a composite of state and non-state actors collaborating within a defined area. Indeed, Gertler suggests that the notion of the region-state, while supported by those who argue that the hollowing out of nation-state’s authority heightens the relevance of regional institutions, should not overlook the national institutional matrix in which all economic activity is embedded.

One of the most common features in the relationship between nation-states and their regions is the design and delivery of government services. While government centralisation has considerable benefits for certain kinds of government services, one of the most common shifts found in government administration is that of decentralisation. Osborne and Gaebler (1992, pp. 49-75) say that decentralisation is part of a worldwide effort by communities to take control back from national governments. Decentralisation can move decision making closer to people and improve governance as well as the efficiency of service delivery. However, the design of decentralised systems of governance is complicated, involving political, fiscal and administrative policies and institutions that affect its outcomes (Croeser 1991).

Several different levels of decentralisation can be initiated by nation-states. The first is known as ‘deconcentration’. This occurs when central government disperses responsibilities for certain services to its regional branch offices. The second level of decentralisation is that of ‘delegation’. This refers to a situation where central
government transfers responsibilities for decision-making and administration of public functions to local governments or semi-autonomous organizations that are not wholly controlled by the central government but for which central government is still accountable. The final level is the ‘devolution’ of government services, which is a more extensive form of decentralisation. In this case, central government transfers authority for decision-making, finance and management to local or regional authorities that have clear and legally recognized jurisdictions over which they exercise authority, within which they perform public functions, and to whose constituents they are accountable.

Significantly, decentralised systems of government can help peripheral regions overcome one of their most defining features – it brings decision-making powers closer to the region. It also makes the nation-state more accountable to the region. While there will always be limits to the kinds of political and administrative power that is possible within peripheral regions, gaining greater access and control over government resources can be a major step forward. However, decentralisation does not overcome the problems of regional or local concentrations of power and the influence of class. ‘Greater decentralization’, says Griffin (1981, p. 225), ‘does not necessarily imply greater democracy, let alone “power to the poor” – it depends on the circumstances under which decentralisation occurs’.

Among national government policy-makers – mostly located in metropolitan centres – a competing range of ideas concerning the future of rural economies can be found. Some are engaged in debates about the viability of small towns based on the size of their local economies and the point at which government support for services in declining rural towns should be discontinued.28 Others have come to recognise the viability of local and regional economies can also be affected by intangible elements such as endogenous resources that can contribute to bottom-up development. Many rural communities believe strongly in the value of their rural lifestyle and the desirability of continuing this. It is this commitment to place that can be a source for development.

28 In Australia, for example, Murphy and Roman (1989) describe how many smaller settlements are subsidised to keep them viable. They suggest that a town requires approximately 7500 residents to be viable.
Regional development policies, programs and institutions provide an essential service for regions. They establish a means to address many of the problems faced by people in peripheral regions, but because they are a national response to a sub-national issue it is easy to overlook the variety of concerns faced by different regions. This can lead to standardised or generic approaches to regional development that fail to respond adequately to the details of the issues faced in regions. As the case studies in the following chapters show, regional development institutions located in peripheral regions often follow the instructions of the nation-state first, before responding to the needs of the region.

2.3.2 Supporting regional initiatives

This final sub-section reviews the approaches made by nation-states to supporting regional initiatives. While the regional development frameworks referred to in the previous sub-section are primarily designed to serve the interests of the nation-state, here the interest is in the ways nation-states support the initiatives of regions and the actors found within them.

Among industrialised countries, national governments have adopted approaches to territorial development that have a geographic dimension. For example, the United Kingdom has an array of locally based programs that seek private sector support for local initiatives and the regeneration of communities facing economic decline. Spain and Italy have strong histories in the development of regional cooperatives, while Australia and New Zealand have a number of programs promoting development through partnership or contractual arrangements with community organizations (sometimes including local government). In the United States, a large network of Community Development Corporations has developed over the last twenty years seeking to stimulate economic development among disadvantaged communities.

29 Examples include Business in the Community, with a head office in London, the Centre for Local Economic Strategies, located in Manchester, The Planning Exchange, located in Glasgow and Scottish Enterprise, also located in Glasgow.

30 Here, individual states have also developed a wide range of economic development strategies, many of which incorporate programs that support local initiatives and entrepreneurship. This has come about in response to changing economic conditions. Where once there was reliance upon the programs of the Federal Government, the states are now creating their own initiatives.
extent to which policies that promote local development are supported by governments across these countries varies. In some cases these development strategies enjoy substantial government and industry support, while others are considered marginal in terms of their significance in the overall framework for economic development.

A number of international organizations have established agencies and programs to support bottom-up development within sub-national territories. For example, the Organization for Economic Co-operation and Development has a major program concerned with local employment initiatives, known as Local Economic and Employment Development (LEED) that grew out of the former Territorial Development Services. The LEED unit claims in its organisational pamphlet that ‘space is becoming an important factor in the context of sustainable development and structural adjustment’ (Organization for Economic Co-operation and Development 2000).

Another example is the World Bank which has established a local economic development program within its Urban Development Unit. This program aims to enable local communities to develop successful economies through knowledge sharing, learning activities and advisory services. It focuses on urban settings and particularly on the role of local government authorities. Among the strategies for local economic development proposed by the World Bank are: encouraging local business growth; encouraging new enterprises; promoting foreign direct and domestic inward investment; promoting investment in hard infrastructure; investment in soft infrastructure; cluster development strategies; area targeting; targeting disadvantaged groups; and regeneration strategies (World Bank 2001).

There are a number of other agencies providing support for LED or other kinds of bottom-up development processes in the United Nations. These include the International Labour Organization and the United Nations Development Programme (White and Gasser 2001).

When describing new approaches to state support for the development of regions, Amin (2004, p. 55) highlights efforts designed to broaden the institutional base

Osborne (1998), who has documented much of this development, suggests that in times of transition, profound economic changes usually come at the state and local level. Osborne goes on to suggest that local level innovation, which was generated by the need to respond to changing circumstances, actually influenced and shaped the development of policy at the national level.
of regions and mobilise the social economy. Recognising that economic failure in peripheral regions is often a result of ‘institutionally thin’ regions, there is a need to broaden the range of actors engaged in development processes at the local and regional level and strengthen the capacities of institutions. Amin describes how local elites and charismatic leaders can dominate efforts to garner support from outside the region (sometimes successfully), but in doing so ‘achieve little in terms of mobilising a regional development path based on unlocking hidden local potential.’ Hence, external development agencies, including the nation-state, are encouraged to support the development of local and regional institutions. These institutions can design and manage regional initiatives while mobilising endogenous resources for development.

Recognising and supporting the involvement of non-state actors in sub-national development is another relative new feature of the nation-state’s support of regional initiative. Ohmae (1995, p. 136) says that nation-states must recognise the changes in the world economy and realise they are no longer the ‘prime movers in economic affairs’. So long as they persist to take a centralised and dominating role based on out-dated models of development, they will continue to clog the ‘economic arteries’ of their economies (p. 148).

Despite the concerns described previously in this chapter regarding the ‘hollowing out’ of the nation-state, Giddens (1998, pp. 32-33) claims that nation-states retain considerable ‘governmental, economic and cultural power’. However, this power requires the collaboration of other actors. Thus, government becomes ‘less identified with “the” government – national government – and more wide ranging. “Governance” becomes a more relevant concept to refer to some forms of administrative or regulatory capacities’.31

The involvement of non-state actors – and especially the private sector – in development is consistent with the minimalist role for the state referred to previously in this chapter. However, the new approach taken by nation-states in supporting regional initiatives not only recognises and allows non-state actors a freer role in development

31 Peters (1996, p. 51) refers to governance as the process of ‘providing direction to society’; but it most often refers to the process by which the state manages its economic, social and political resources and institutions, not only for development but also for the provision of government services and the cohesion, integration and well being of its people.
processes, but also actively supports these actors to successfully undertake these initiatives. This approach includes the involvement of non-governmental and community-based organizations as known as ‘third sector’ organizations because they are neither of the public or private sector.

In countries such as Germany, France, Belgium, the Netherlands, Italy and Ireland, says Amin (2004, p. 56), ‘there is growing public policy support (e.g., subsidies and indirect aids such as training, facilitating legislation, specialised services) for community projects that are run by the third sector.’ Porter describes the shifting responsibilities for economic development. Once government drove economic development through protection and incentives. Now, governments that are successful in promoting competitiveness engage in economic development as a collaborative process involving government at multiple levels, firms, teaching and research institutions, and institutions for collaboration (Porter 2002, p. 19).

Brohman (1996, pp. 226-250) has described new approaches in development planning that make more specific accommodations for the role of local actors. These approaches stress the importance of well-balanced, efficient and locally suitable spatial organization that fosters democratic participation and equitable growth. Such planning attempts to integrate a range of regional concerns such as economic and social development, infrastructure and service delivery, and population growth and movements.

Central governments set the planning frameworks in which integrated regional development plans are formulated. They also facilitate processes that link these plans with national planning and development processes. Yet, the way central governments create these linkages requires a careful balancing of national and regional interest. ‘Bottom-up initiatives are no doubt set to grow in importance’, says Sachs (2004, p. 181). ‘However, it is not possible to build a national development strategy simply by aggregating local development initiatives, if for no other reason than that such initiatives must be harmonized for the sake of collaborative arrangements and synergies instead of wasteful duplications. Planning is an interactive processes including bottom-up and top-down procedures, requiring a long-term national project framework, a vision shared by the majority of the nation’s citizens about values, their translation into societal goals and the integration of the nation-state in a globalizing world’ (p. 118).
This final section has shown how nation-states and various international development agencies have adopted approaches to support the development of regional initiatives. While regional development policies, programs and institutions have been established by nation-states to redress uneven spatial development outcomes, these approaches are often too general to address the specific concerns of regions. Like many approaches to decentralisation, regional development is a nationally framed response that is more likely to serve the interests of the nation-state before those of the region. However, there is evidence of a swing toward developmental programs that endeavour to work more closely with local and regional actors (i.e., public, private and community actors located in the regions). These programs foster local and regional partnerships and build the capacity of local and regional institutions to take charge of their own development.

This section has located the first hypothesis of this thesis within the context of the growing interest by nation-states in addressing the unevenness of regional patterns of development. It shows that nation-states are concerned with the spatial unevenness of development, but has raised questions regarding the ways they go about addressing this issue. The previous section located the second hypothesis within the current debates concerning the contribution regions can make to development through the mobilisation of endogenous resources.

The following chapters test whether or not the level of development affects the relationships nation-states and have with their regions and the support they offer regional initiatives. It examines the role of the nation-state in two peripheral regions and the extent to which the nation-state works with development actors in these regions.
A raw and bitter wind is blowing through the Victorian town of Donald this grey winter’s afternoon. Housewives, office workers and granite-faced farmers have linked arms in a communal act of defiance. With one voice they say: no more.

The sullen crowd stops outside the ANZ bank. The branch has been downsized – just as Donald has been downsized, bit by painful bit. The ANZ is sorry, but that’s the way of the world. It’s business, you understand. Nothing personal.

The people of Donald don’t see it that way. Half the town has turned out in the rain and cold to express its anger at what the local business leader John McConville calls “our latest kick in the guts”…..

Only this time there is a twist. Donald has woken up. The demonstration outside the ANZ is merely the latest manifestation of its fight back. As McConville says, enough is enough. Brave words. But can little people really stand up against the juggernaut of downsizing. Governments and unions have been unable to do so (Walker 1997).

This chapter deals with the Australian state’s support of regional initiatives in the Wheatbelt Region of Western Australia. Australia is a developed country with a mature and stable nation-state, but its rural regions have been subject to considerable structural change over the past 20 years. While changes in the world economy have influenced the restructuring of the state at all levels, rural Australia has borne the brunt of change in ways that threaten the patterns of life and work as locals have known it. Consequently, inland rural regions have become Australia’s modern-day peripheral regions. Residents of small towns such as Donald, in the State of Victoria – referred to in the above quotation – have seen their friends and family leave for urban centres, in the wake of the decline or closure of many local services. Farming incomes have reduced along with job opportunities and local investment. Local community efforts are being made to turn the tide of decline, but the efficacy of these efforts is often questioned. While governments design programs to help rural regions respond to these adjustments, they have also
liberalised the economy, removing trade barriers that have brought the world economy and its competition into the regions. Regional Australia is now required to deal with the consequences of structural change while examining ways to participate more effectively in global markets.

Some rural industries in Australia have always been linked to the world economy (e.g., wool, wheat, beef). However, over the past few decades the degree of exposure to international markets has increased. Having opened the door wider to the world economy and forced Australian industry to adapt by becoming more flexible and competitive, how does the Australian state work with its regions to ensure they can manage these changes and successfully pursue development opportunities on the global stage?

Because globalisation has altered the dynamics of the world economy making the boundaries of nations more porous to foreign trade, sub-national regions are more exposed to international competition and have new challenges to face. This chapter examines the extent to which the Australian state works with its regions to meet these challenges.

By using a common structure for the collection and analysis of data, this chapter and the next provide evidence from two very different cases highlighting the extent to which nation-states promote, constrain or otherwise influence development in their regions. When selecting Australia as a case for research, it was envisaged that the level of overall social and economic development in the regions and the presence of mature government institutions would provide the basis for close collaboration between the nation-state and its regions. Compared with Namibia – a country with a newly formed nation-state and recently delineated regions – it was expected that Australia would show a greater degree of involvement by the nation-state in regional matters. It was also expected that the Australian case would exhibit more examples of the nation-state’s support for bottom-up modes of development within its regions.

The Australian state’s involvement in development in peripheral regions is organised in this chapter in three sections. The first section (section 3.1) deals with the processes that have created peripheral regions in Australia. It identifies what makes regions peripheral and shows some of the development problems found in them.
The second section (section 3.2) outlines the central government’s support for development in regions. It provides evidence to assess the first hypothesis. It was hypothesised that the Australian case would provide evidence of a broad and comprehensive involvement of the nation-state in the development of its regions, as measured by the amount of institutional, program and financial resources available for the regions in their efforts to promote and manage their own development.

The third section of this chapter (section 3.3) analyses the nature of the government’s activity. In this section the second hypothesis is examined. The second hypothesis concerns the role of development agents in the Wheatbelt Region and focuses on the extent to which the nation-state recognises and makes use of the endogenous resources of the region for both regional and national development. The hypothesis is that Australian regions contain resources, such as local organizations and initiative, as well as expressions of social capital and civic culture, upon which the nation-state can build collaborative and mutually beneficial development partnerships. These resources provide the building blocks on which the nation-state can establish partnerships and other forms of national-regional collaboration that support the region’s attempts to take charge of its own development in an increasingly globalised economy.

3.1 Creation and character of peripheral regions in Australia

Peripheral regions are created by the combined influences of political, economic and social forces. Internationally, these forces arguably put Australia in a peripheral position in the world economy. However, they also affect the distribution of political and economic power within Australia. Globalisation intensifies uneven development processes internationally as well as within national boundaries. This section describes the processes that have influenced the development of regions in Australia and how some of these regions have found themselves on the periphery of economic and political decision-making.

Peripheral regions in Australia are locations of disadvantage. They are marginalised from the centre of political power because they hold little economic significance in the national economy or beyond. Their economies are subject to increasing competition from the world economy and are dependent on the support of the nation-state to address their growing social concerns and to ensure their prospects for long-term sustainability.
Two major influences have led to the creation of peripheral regions in rural Australia. First is the shift in the contribution of inland rural regions to Australia’s economy. Second is the change in Australia’s population distribution. Each of these will be described below. Following this, the Wheatbelt Region of Western Australia will be analysed to determine the kinds of development problems it faces as an example of a peripheral region.

3.1.1 Shift in the contribution of inland rural regions to Australia’s economy
When Australia’s connection to the world economy began, rural regions were of central interest – these were the areas that provided the goods the British Empire sought. However, rural regions have become further removed from the centre of Australia’s economy. While all regions are not the same, the significance of rural industries (i.e., agriculture) in the national economic profile has been diminishing.

Australia’s connection to the world economy occurred with the arrival of European settlers and the establishment of the New South Wales penal colony in 1788. In the early years of settlement, Australia operated under a form of ‘settler capitalism’, where the separate colonies served the interests of the British Empire and were highly dependent upon the United Kingdom. Colonial settlements were economically, politically, socially, and culturally on the periphery. Between 1788 and 1820, the colonies imported the goods they required from the United Kingdom while producing the basic necessities of colonial life such as flour, salt, bread, candles, leather and leather articles, blacksmith’s products, tools, and domestic items (Denoon 1983). Between 1820 and 1850 the pastoral industry became the core element of Australia’s economic development and the rural regions were developed for this purpose. By 1850 Australia was supplying more than half the British market for imported wool. The growth in the wool industry brought advances in the rest of the economy with local manufacturing industries being established in response to new market opportunities. Around this time, Australian colonies also became major importers of British finance, largely through loans to colonial governments (Fagan and Webber 1999). Gold surpassed wool as Australia’s major export earner throughout the 1850s and 1860s, resulting in a rapid expansion of banking and commerce. Increased public works activity during the 1870s played an important role in encouraging expansion in manufacturing (Australian Bureau of Statistics 2001).
Rural areas were developed for primary industries such as agriculture and mining. Wealth and prosperity came through these industries with the result that rural regions were of economic, and hence, political value. Between the 1860s and the 1940s agriculture contributed between 20 and 30 per cent of Australia’s output (Wonder & Fisher 1990).

Changes in the national economic framework led to a decline in the political importance of many rural regions. Following Federation in 1901, when the nation-state was formed, the focus of Australia’s economic and political interests had shifted somewhat to the urban centres. From 1901 to 1930 the manufacturing sector expanded with the impetus from Federation and the elimination of customs barriers between the States, as well as from the production requirements of the First World War. With the onset of the Second World War, the Australian manufacturing sector was further developed and diversified to again respond to the demand for war materials and equipment. All sectors of the economy experienced growth after the war. Agriculture remained an important contributor to the national accounts. However, over time, this too changed.

The highest contribution of agriculture to Gross Domestic Product was recorded in 1950-51, when the sector’s share rose to 29 per cent. However, since then, it has continually fallen, though the absolute size of the sector has continued to grow. Agriculture production in Australia is highly competitive compared with other countries, but since 1946-47 the terms of trade have been on a steady decline (Wonder and Fisher 1990).

A new phase in the transformation of the Australian economy began with the rise of oil prices in 1973-74 which led the world into recession. The modest employment growth between 1968 and 1979 was dominated by the service industries and not by the traditional primary or manufacturing sectors (Australian Bureau of Statistics 2001). These trends continued into the 1990s and many rural economies continued to slide into decline. As described later in this section, the Australian state responded to this decline with programs that addressed communities and families in need (i.e., through welfare provision), but did not address the structural concerns about regional decline until much later.

The restructuring of the Australian economy commenced in earnest in the early 1980s when a series of policy changes that linked the Australian economy more closely
to the world economy were gradually introduced. These policy changes included deregulation in the finance sector and the abolition of foreign exchange controls. There was also a general reduction in the levels of government assistance to industries (e.g., reductions in tariff protection). In addition, statutory marketing arrangements for primary products were reformed, many government enterprises privatised and various microeconomic reform measures introduced.

Many Australian industries in this period were profoundly affected by the reduction of protectionist policies and practices. The exception is export-oriented agriculture, which was already very competitive in world markets and has enjoyed little industry protection. Some of the most important agricultural industries such as wool, beef and wheat have received negligible, at times negative, effective assistance (Snape et al. 1998). This has led to the claim by many that Australia’s agricultural industries are among the most competitive and flexible in the world. However, this has not stopped the share in the value of export of these three agricultural industries from declining from 60 per cent in 1989-90, to 37 per cent in 1999-2000 (Commonwealth of Australia 2001).

It is as a result of the above shifts that those regions in which agriculture is dominant have felt the brunt of structural change. While economic restructuring in the face of changes in the world economy have affected all aspects of society, people living

32 The Uruguay Round agreements of 1994 under the General Agreement on Tariffs and Trade (GATT) laid the foundation for the liberalisation of industries including agriculture and services, which now form the core of the World Trade Organization (WTO) negotiations. Although other countries have been slow to implement the agreements from the Uruguay Round, the Australia Government expects these will add about AUS$4.4 billion a year to Australia’s GDP (Commonwealth of Australia 2001).

33 See Humphrey and Oeter (2000) for an example of how the reductions in protectionist policies in the automotive industry has affected this industry, while possibly creating opportunities for participation in a trans-regional industry.

34 However, the single-desk trading of wheat and Australia’s strict quarantine regulations are seen by some trading partners as a de facto form of industry protection (Snape et al. 1998).

35 For example, see Wonder (1990) and Snape, Gropp et al. (1998).
in rural areas have experienced these effects most profoundly. Exports account for around 27 per cent of income in regional Australia, compared with 14 per cent in the urban areas and 19 per cent for Australia as a whole; one in four jobs in regional Australia depends on international exports (Commonwealth of Australia 2001). The Productivity Commission’s inquiry into the impact of the National Competition Policy on rural and regional communities found that most people in country Australia have lower incomes relative to those in cities and this difference is increasing. Education attainment is lower and unemployment is higher (Productivity Commission 1999).

The New South Wales Government described the impact of industrial restructuring as follows:

The farm sector – for so long the backbone of the regional economy – continues to be faced with long-term adjustment pressures and an uncertain trading environment. Farmers have had to contend with drought, flood, declining commodity prices, low profitability, and the consequences of past high interest rates and rising debt (New South Wales Government 1999, p. 3).

Increased production, new technologies, developing markets and diversification have maintained the value of Australian agricultural production at relatively stable levels for decades. However, world prices have fallen, resulting in decreasing terms of trade for Australian farmers from more than 200 in 1952-53 to 98 in 2000-01 (Australian Bureau of Agricultural and Resource Economics 2000). These pressures have moved agricultural production onto fewer and larger farms. Over the past 40 years the average farm size in Australia has doubled while the number of farms has almost halved (Australian Bureau of Agricultural and Resource Economics 1998). Figure 3, below, illustrates the shifts that have occurred in agricultural production since 1977.

36 Various aspects of these big picture issues are considered in publications such as those of Burch, Lawrence et al. (1998), Burch, Goss et al. (1999), Lawrence, Gray et al. (1998), Lawrence, Lyons et al. (1996), McMillen (1997), Sorensen and Epps (1993), and Staples and Millmow (1998).

37 The Australian farmers’ terms of trade refers to the prices received as a percentage of prices paid.

38 The majority of farms in Australia are still owned and operated as family partnerships or sole proprietorships rather than by corporations. For example, 82 per cent of commercial broad acre or dairy farms in 1994-95 were operated as partnerships, and in nearly all cases these were
Decreasing farm profitability has changed the nature of employment in rural areas. Farmers are increasingly working off the farm to supplement their farm incomes. Since 1984, off-farm earnings in Australia have risen from 24 per cent of farm cash income to 68 per cent (Australian Bureau of Agricultural and Resource Economics 2000).

Agricultural adjustment in Australia has been driven by technological change. The increasing mechanisation of agriculture and advances in genetics, animal nutrition, fertilisers and pest management have contributed to improvements in farm productivity.

Source: Australian Bureau of Agricultural and Resource Economies (2000)

partnerships among relatives. Another 12 per cent were operated as sole proprietorships. Of the relatively small number of broadacre or dairy farms that operated under company structures, the majority were family owned companies (Martin 1996, pp. 46-47). From the figures over the past ten years, there is little evidence that corporate ownership constitutes an increasing proportion of the total number of broadacre or dairy farms (Garnaut and Lim-Applegate 1998, pp. 49-50). Nevertheless, corporately owned farms are a significant part of the beef industry, especially in northern Australia. Because such farms are often quite large, corporately owned farms constitute about 26 per cent of the total area of land devoted to broadacre or dairy farming in Australia and account for about 19 per cent of the total beef production (Martin 1996, pp. 46-47).
These technologies have reduced the need for farm labour and increased the total area an individual farmer can operate successfully. This, together with factors such as changing consumer tastes and substitute products, has led to an oversupply of some agricultural commodities around the world, including wheat and wool, forcing down prices paid to growers. With new technologies the costs of farm inputs have tended to increase and when combined with falling commodity prices, farm profits have decreased. This has resulted in farmers seeking even higher levels of productivity, accentuating the problem of oversupply and depressing prices further. Nevertheless, to continue farming commercially there seems to be little real alternative to what Cochrane (1965) has called ‘the technological treadmill’.

Gray (1994, p. 18) claims that rural restructuring affects the way ‘people organise their lives and their relationships with family and community’. Hence, the cumulative impact of these changes has much wider economic and social repercussions and influences farming behaviours. Rural restructuring also changes in the way governments support their domestic industries (Gow 1994, Lawrence 1992).

In recent decades, successive Australian governments have introduced schemes to facilitate structural adjustment in the farm sector. Although the objectives and forms of these schemes have varied, they have all endeavoured to help farmers in serious difficulties. In most cases, this assistance has focused on farm management with little attention being given to assisting non-agricultural industries located in these regions. The single industry focus of micro-economic reform has not recognised the interconnections that can be found across sectors in the rural economy.

Micro-economic reform that has been underpinning policy development at all levels of government in Australia has had a huge impact on rural communities. As governments seek to use their resources more efficiently they cut costs by closing services such as schools and hospitals which are deemed unviable as they do not have enough students

Farm adjustment tends to gain prominence in public discussion at times when a catastrophic event occurs such as severe droughts, unexpected slumps in commodity prices or when high interest rates threaten to force farmers from their properties. However, structural adjustment is a continuing process and most agricultural adjustment occurs progressively as farmers adjust the size and nature of their operations in response to changing market and other conditions (Australian Bureau of Statistics 1998, p. 20, Stayner 1996). For further information on strategies adopted by farmers facing structural adjustment, see Gray, Lawrence and Dunn (1993).
or clients to justify their existence in monetary terms. This becomes a vicious cycle as rural populations are declining, which results in the closure of services, which in turn make it difficult to attract new population (Australian Catholic Social Welfare Commission 1998, p. 15).

The Human Rights and Equal Opportunity Commission (1999) study, *Bush Talks*, reported on country towns and even larger centres that are progressively losing key services and critical subsidies. They found many communities in rural Australia are under siege with declining populations, incomes, services and quality of life. The infrastructure and community of many rural, regional and remote towns have been slowly pared away in what has been called ‘the dying town syndrome’.

According to Jefferies and Munn (1996) the major issues facing rural communities can be summarised as a lack of employment opportunities; a high failure rate of small businesses, including primary production enterprises; the rate of population decline; and the fraying social structure of communities. There has also been a marked decline observed in private sector services, particularly those relating to banking and business services (Ralston 1998, Harrison 1997). ‘Downsizing by banks and other financial institutions,’ says the Australian Catholic Social Welfare Commission (1998, p. 36), ‘has led to the closure of over 400 bank branches between 1991 and 1996 nationwide. Non-metropolitan areas have borne a disproportionate share of this reduction in access to bank branches. Over the same period, the profits of the major banks increased’. In Western Australia, the Regional Financial Services Taskforce reported that 45 shires across the State have no direct access to a bank branch (Trenordan 1998, p. 5). The combined population of those shires is over 89,000.40

The shift in the economic importance of inland rural regions has been a major influence on the creation of peripheral regions in Australia. While agriculture remains an important contributor to Australia’s Gross National Product, its relative contribution in value and employment terms has been steadily declining. Some regions – especially

40 The economic and social consequences of such closures are dramatic, if at times difficult to measure. Wahlquist (1998) reports when a bank closes, ‘it costs the community an estimated AUSS350 per person per month as people transfer their shopping to their banking town. From 1993 to 1998, 481 non-metropolitan bank branches shut, resulting in the loss of about 10,000 jobs’.

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those on the coast or close to urban regional centres – have been able to diversify, but those without such opportunities face great difficulties. The pattern of agricultural and industrial decline in Australia’s peripheral regions has made these once economically and politically significant regions the locations of disadvantage. The Australian state has been called upon to respond with measures that reduce this decline, ameliorate its effects on individuals and their communities and enhance the potential for successful restructuring. Thus, peripheral regions in Australia have become regions of need – costly to service and difficult to sustain.

3.1.2 Changes in Australia’s population distribution and electoral power
The second major influence on the creation of peripheral regions in Australia has been the change in Australia’s population distribution. While presented here as a separate influence from the shifts in Australia’s economic profile, it is clear that a decline in rural inland economies has contributed to changes in population.

Despite the size of its landmass (Australia is one of the world’s largest countries, with an area of some 7.7 million square kilometres) and its small population, Australia is the most urbanised country in the world. Eighty five per cent of Australians lived in settlements with a population of 10,000 persons or more in 1995 (de Looper and Bhatia 1998). However, the character of the Australian population has changed considerably since 1901; so too has the demography of its peripheral regions. Prior to and after Federation, settlers colonised the rural regions as they sought the rich agricultural and mineral resources of the continent. However, many Australians left rural regions in the twentieth century and became urban dwellers taking advantage of factory and other jobs as manufacturing expanded. Migrants of this period also tended to settle in cities and other urban centres.

The declining population of Australian rural regions affects the size of local markets, the viability of government services and the electoral importance of rural regions. Each of these related outcomes combines to place rural regions in a peripheral position in relation to the centres of economic and political decision-making.

Salt (2000) reports that only 21 per cent of the Australian population are now found in rural areas, while 63 per cent and 16 per cent respectively live within capitals and coastal provincial cities. Despite its great size and small population, Australia has
become a highly urbanised country. The ten major cities in Australia now account for 70 per cent of the population – a 41 per cent increase since 1900. Hugo (2001) has found that only in the highly accessible areas close to major cities are non-metropolitan population growth levels above the national average. Elsewhere, there is a decline in the rates of growth with increasing distance away from the large cities.

In the past 40 years the trends in rural populations have continued. More than 50 per cent of Australian small towns are getting smaller. From 1976 to 1998, 198 rural municipalities experienced a decline in their population and 75 of these lost more than 20 per cent of their population in this period (Salt 2000). The Australian Bankers Association (1998) found that 215 municipalities have been subject to sustained population loss, reducing the number of people in these municipalities by 12 per cent from 1976-1996. However, the decline in rural population has not been uniform. While the diversity of rural communities throughout Australia makes it difficult to isolate common factors, Haberkorn, Hugo et al. (1999) claim that growing communities often surround capital cities and major urban centres or are found near the coast or with resort or retirement amenities. In contrast, communities that are further afield have not been able to maintain population, infrastructure and services. Hugo (1993) claims wheat-sheep areas are generally experiencing population decline, led by school leavers.

Declining populations in rural Australia has led to a loss of political power for these regions. Proportionally, there are fewer voters in rural Australia than there were 50 years ago, making it more difficult for these regions to gain political attention. The only phenomenon that has restrained the loss of political power in peripheral regions in States such as Western Australia and Queensland has been the electoral system. While

41 An analysis of investment patterns in rural Australia categorised non-metropolitan regions into four types: (1) regions growing significantly faster than their capital city; (2) regions growing at the same rate as their capital city; (3) regions experiencing steady growth, which is slower than their capital city; and (4) regions in absolute decline in terms of employment (McKinsey & Company 1994).

42 The decline in rural population has affected some age cohorts more profoundly than others. Most young people move to urban locations in search of higher education, job opportunities, or simply because of their desire to travel and broaden their experiences (Hajesz and Dawe 1997). While a proportion of these young people return to their rural homes, a significant number remain in the cities (Hugo 2000, Hugo 1971).
rural vote weighting has been progressively removed throughout Australia over the past 30 years, Western Australia has held out the longest against this trend. From the outset, electoral boundaries in Western Australia have been the subject of dispute. The first elections in 1870 for 12 Legislative Council positions saw the colony divided into ten electorates that were unequally divided in terms of population, but said to correspond to the main economic regions (Western Australian Parliament 2001). The Constitution Act of 1889, gave a substantial number of Western Australians the right to vote for a new bicameral Parliament that had power to make laws over most matters of domestic concern for the colony. However, the boundaries for both the Upper and Lower Houses were biased towards wealthy, white, male landowners (Gregor et al. 1995). Since 1987, the Western Australian Legislative Council (the Upper House) has had 17 metropolitan seats and 17 non-metropolitan seats, representing 3.31 metropolitan voters to every non-metropolitan voter. The Legislative Assembly (the Lower House) has 34 metropolitan seats and 23 non-metropolitan seats, representing 2.51 metropolitan voters to every non-metropolitan voter (Western Australian Parliament 2001).

Vote weighting was initially designed to highlight the economic importance of rural industries and the need for greater representation of these regions based on their greater contribution to the national accounts. This meant that rural regions were politically significant because of their contribution to the colony’s economy. However, in more recent years, these arguments have tended to focus on the need for vote weighting in favour of groups with special needs such as residents of rural and remote regions where the sparse populations are more expensive to service and more difficult to represent. As a result, the case for special representation has shifted from one where rural regions are the locations of economic and social importance and, therefore, deserving of greater representation, to a position where rural regions are the locations of greater need.43

3.1.3 Western Australia’s Wheatbelt Region as a peripheral region
The Wheatbelt Region, illustrated in Figure 4, below, was chosen for investigation in this study because it represents many of the characteristics of peripheral regions in the

43 For example, see the range of arguments presented in the First Report of the Commission on Government (1995).
Australian context. It is a large area of about 154,256 square kilometres, making it more than twice the size of the State of Tasmania, with a small population. In 2002, the Wheatbelt’s population was estimated at 72,282 representing only 3.8 per cent of Western Australia’s population (Department of Commerce and Trade 2003, p. 4).44 Approximately half the population lives in the 176 towns scattered throughout the region, the other half on the farms that surround them.

44 Typical of many parts of Australia, the distribution of Western Australia’s population is skewed towards the State capital of Perth, which has a population that is 30 times greater than any other urban centre in the State (Regional Development Council 1996).
The Wheatbelt Region was developed after 1900 and, as the name suggests, was based on wheat production. But Australia’s national economy was gradually shifting towards urban-based manufacturing and services. Even as an expansion of the primary sector fuelled development of rural regions, growing urban-based economies were gradually disconnecting from their rural hinterlands.

Population change in the Wheatbelt reflects the patterns of change in rural areas across Australia. Within the Wheatbelt, there are areas experiencing growth and others decline. Overall, the region is growing at 1.3 per cent per year, which is similar to the overall population growth rate in Australia. Previously, population growth in the Wheatbelt, up until the 1960s, was associated with the expansion of agriculture and the establishment of small manufacturing industries (Tonts 1996). In the northern and eastern parts of the region – the traditional agricultural zone – changing technology and rural recessions have caused a population decline in many small communities. However, regionally this has been offset by growth in those areas closer to metropolitan
Perth. These areas are growing at rates of between eight and 14 per cent per annum (Department of Commerce and Trade 1999b).

Overall, the Wheatbelt is not a highly disadvantaged region – even though a community perception survey found local residents were more concerned about job security than those in any other region in Western Australia (Patterson Market Research 1999).

As a peripheral region, the Wheatbelt’s economic and social wellbeing is directly dependent upon events that occur beyond its borders. It is located outside the centre of economic and political decision-making. Perth (the State capital) is close, but outside the region, and Canberra (the national capital) is about 2,500 kilometres away. The economy is principally based on agricultural, pastoral, fishing and mining industries. Agricultural production – especially wheat – is the most significant output of the region. The Wheatbelt produces about half Western Australia’s crops and agriculture, forestry and fishing provides about 11,000 jobs (Department of Commerce and Trade 1999b, Department of Commerce and Trade 2001).45

Employment in the Wheatbelt’s agricultural sector has declined over recent years, which has had a strong impact on related secondary industries. About 3500 persons were displaced from agriculture, forestry and fishing in the years 1981 to 1996 and a further decline of 2.3 per cent occurred from 1996 to 2001 (Department of Commerce and Trade 2003, p. 6). This, says the Wheatbelt Development Commission (1999b), was a pattern that occurred across all regions of Western Australia, but had its greatest impact on the Wheatbelt due to the predominance of agriculture in the region. In another indication of how trends beyond the region directly affect employment opportunities within it, the Productivity Commission (1999), in its report on competition policy in rural and regional areas, claims that the impact of National Competition Policy is likely to lead to an estimated 2.6 per cent job loss across the Wheatbelt Region.

45 The region produced 52 per cent of Western Australia’s crops in 1999/00. A gross regional production of AUS$2.8 billion was generated in 1999/2000, AUS$2.2 billion of which came from agriculture (Department of Commerce and Trade 2003, p. 6).
Manufacturing in the Wheatbelt is closely tied to primary production, particularly the processing of grain, livestock and fish. This is also the case with the retail and service sector. Thus, changes in success of primary production have a significant impact on all other sectors of the Wheatbelt’s economy. While it is claimed that ‘farmers in the region have developed great flexibility to respond to change in the global market and have the ability to switch quickly and efficiently from one commodity to another’ the range of agricultural options available to farmers is limited (Department of Commerce and Trade 2001, p. 5). Add to this the impact of natural disasters such as drought, which in 2001 affected the Wheatbelt worse than ever before, it is clear that the wellbeing of the region is precarious.

Agriculture and mining are the Wheatbelt’s main link to the world economy. There are a small but growing number of businesses besides wheat and sheep farms in the Wheatbelt that are based on international markets. Some of the most notable are a flying school that trains pilots from China, olive oil that is sold to Europe and various tourism enterprises. However, while tourism brought 775,200 visitors to the region in 2002, spending AUSS90 million, most of these were domestic visitors (Department of Commerce and Trade 2001, pp. 13-14).

Throughout the region community groups and local governments are working together to address the social costs of economic decline and to instigate new development opportunities. Tonts (1996) identifies a number of small towns (e.g., Wongan Hills, Quairading and Dalwallinu) within the Wheatbelt where the decline of population appears to have stabilised since 1986 and new signs of modest growth can be found. He attributes this change to location advantages and successful local development initiatives. He cites examples of local governments that have taken direct measures to establish large areas of affordable industrial land and infrastructure while aggressively marketing the town as a central and strategic location to service a large agricultural market.

The Wheatbelt Region presents a range of challenges to the Australian state. Family farms operating in a broadacre agricultural sector and exposed to the fluctuations of the primary commodity market dominate the region. Drought, crop diseases and a fall in the price of wheat or sheep can bring immediate hardship to farmers, their families and the communities around them. While regional centres close to the Perth metropolitan centre are growing, making government services such as
schools and hospitals more feasible, small towns with declining populations require
government to close facilities and pull them back to the regional centres. This
exacerbates the loss of local investment and the decline in local employment.

The economic future of the region is dependent upon structural change at macro
and micro levels. Macroeconomic policies have opened the Australian economy to
greater international competition, encouraging industry restructuring and improvements
in productivity. Federal and State governments have phased out industry protection
where it existed and sought to improve the economic competitiveness of key industry
sectors. In the process, policies and programs have been introduced to help families,
communities and industries deal with the negative consequences of this adjustment. In
recent years, governments have come to recognise that there is a regional dimension to
this restructuring and have taken measures to link regional concerns with
macroeconomic strategies. The Wheatbelt Region has been encouraged to align itself
within the broader frameworks of national development. Improving productivity and
competitiveness and promoting diversification of the economic base are fundamental to
this alignment. However, a dry climate and the high level of environmental degradation
that has occurred over the past 80 to 100 years limit the options for agricultural
diversification.46

The sustainability of small towns in regions such as the Wheatbelt is connected
to a range of environmental, social and economic needs. Policy-makers are required to
find integrated responses to the decline of small towns and the pursuit of new
development opportunities.47

46 Environmental degradation is a critical policy concern. Extensive clearing from the 1920s to the
early 1980s in the region once known as the Mallee Belt after the indigenous mallee trees, has
resulted in the Wheatbelt containing 70 per cent of Australia’s dryland salinity (Beresford et al.
2001). The State Salinity Council (1998) has estimated that more than one-third of the Wheatbelt
Region’s water resources are unusable due to increased salt levels and that stream salt loads are
expected to increase five-fold over the next 50 years. It is estimated that dryland salinity in
Western Australia is responsible for annual losses in agriculture production of AUS$80 million
per year, which will rise to AUS$120 million per year over the next 50 years (Short and
McConnell 2000).

47 See for example Government of Western Australia (2002).
At the micro-level, farmers and businesses within the region need encouragement and assistance in their efforts to respond to economic change. Whether through the diversification of crops or the establishment of new businesses and industries, local development actors need to be able to garner the necessary resources to undertake development initiatives that are more sustainable, resilient to external market changes, and responsive to opportunities in the world economy.

The nation-state is not alone when facing these challenges. There is a substantial pool of regional resources that can be mobilised. The Wheatbelt Region has a pioneering spirit and a long history of self-help and cooperation. There are many community organizations, chambers of commerce, farmers’ associations, service clubs, Aboriginal associations, and women’s groups that are becoming active in development initiatives to improve their communities and the region as a whole.

By examining nation-wide trends, this section has shown how the combined influences of industrial restructuring and changes in population distribution have created peripheral regions in Australia. These influences are closely connected and have had an uneven effect on development in Australian regions. It is argued that many peripheral regions in Australia are located in inland, rural areas. These are areas that have undergone significant shifts in their economic and social structure. Once, these regions enjoyed substantial political and financial patronage by the Australian state because they were central to the national economic and social character. However, since Federation, city centres have grown more rapidly and developed an economic base that has weakened its links with the agricultural and pastoral production of rural economies. The Wheatbelt Region has been selected as a case study because it contains many of the characteristics of a peripheral region in Australia today.

The remainder of this chapter will show how the Australian state attempts to address these kinds of challenges. The next section examines the policies, institutions and programs the nation-state applies to this task. Despite the considerable resources provided by the Australian state, it is argued that some of the characteristics of a peripheral region are maintained by the way these resources are applied.
3.2 Nation-state support for development in peripheral regions

This section examines the kinds of support the Australian state provides for development that is managed by peripheral regions. The information presented is used to assess the first hypothesis: that the Australian case provides evidence of a broad and comprehensive involvement of the nation-state in the development of its regions, as measured by the amount of institutional, program and financial resources available for the regions to promote and manage their own development.

The evidence to assess this hypothesis is presented in two sub-sections. Firstly, the major structural features underpinning the Australian state – its federal structure and the place of local government within this structure – will be examined. This shows that while Australia’s federal system was designed in the interests of sub-national regions, sub-State regions are often further removed from decisions that affect them. Moreover, the limited role and status awarded to local government has reduced the political power of peripheral regions to manage their own development.

Secondly, the national policy and program framework for development within regions is assessed. Because of Australia’s federal structure, the policies and programs of both the Federal and Western Australian governments are assessed.

3.2.1 Structure of the Australian state and its influence on development in peripheral regions

The structure of the Australian state affects its support for development in the regions. The problems in this regard are two-fold. Firstly, the main responsibilities of the nation-state are divided between Federal and State levels of government, which has led to inconsistencies in the nation-state’s approach to development in the regions. Secondly, even though local or regional levels of government are arguably an important mechanism for development in the regions, these structures are under-resourced and disconnected from the main structure of the nation-state.

The federal structure that divides Commonwealth and State government powers was an attempt – at least in part – by the writers of the Australian Constitution to limit the centralised powers of a newly formed nation. Federalism aims to accommodate a number of regional power centres within a national framework (Summers 1997). At times, this division has led to a contest between levels of government regarding their responsibilities towards the regions. Under the Australian system, the States have a
clear mandate for the development of their regions. However, because the Commonwealth has larger financial resources than the States it occasionally enters this field and pursues its own objectives. As a result, the Commonwealth has shifted in its position towards regional Australia. At times it has provided direct programs and support to promote regional growth or to address inequities, while on other occasions it has demanded State governments fulfil their responsibilities in this regard.

While the States represent Australia’s first level of sub-national government, they are an essential part of the structure of the nation-state. However, there has been a shift towards greater centralisation of financial resources over the past 50 years. This shift has created a vertical fiscal imbalance between the Federal Government, which raises far more money than it requires, and State governments that are able to raise only a proportion of the money they require. Accordingly, significant sums are transferred from the Commonwealth to the States. The effect this shifting balance of power has on development in the regions will become apparent when examining the policies and programs for development in the regions, later in this section. However, at this point it should be clear that the States rely to a considerable extent on the allocation of central resources.

The history of competition between the Commonwealth and the States in dealing with development in rural regions has dominated the pattern of the nation-state’s support for regional development and has led to an inconsistent and opportunistic response by the nation-state to the issues faced in peripheral regions. Because the majority of Australians now live in cities and large regional centres, and because the contribution of agriculture to employment and Gross National Product has declined, these areas have been paid less attention by the nation-state.

The structure of Australia’s state has changed as engagement with the world economy has grown. Black (2001, p. 5) claims one of the key reasons for the accretion of power to the Commonwealth is ‘the internationalisation of the … economy, which made increasingly important Commonwealth control over such issues as interest and foreign exchange rates, and other broad areas of economic policy’. Since Federation, the political importance of sub-national regions has diminished as national governments
have taken the helm of the nation’s economic growth. Unfortunately, this has tended to relegate regions to the lower ranks of the political spectrum.48

The second significant feature of the structure of the Australian state concerns the role of local government. While local government is a part of the broader apparatus of the Australian state, it is subordinate to the main structure of the nation-state. The Australian Constitution entrenches State and Commonwealth governments, but not local government. Instead, local governments are created and governed by State legislation. Within the broader matrix of State institutions, local governments lack political power.

Local government structures in Australia were originally developed to perform rudimentary tasks that the nation-state did not want to be bothered with. Local government emerged in a piecemeal way during the colonial era, based on English antecedents. Although various forms of local government were found prior to Federation, Aitkin and Jinks (1980) claim local government did not emerge from the demands of the people for greater influence in their local affairs. ‘Rather, the colonial and State governments established the system in order to free themselves from parochial disputes and troublesome administrative details’ (p. 222).

Since local government is not formally recognised in the Constitution, it has been left entirely to State governments to provide the legislative frameworks under which local governments operate. This has limited the dealings local governments have with the financially dominant Commonwealth (McNeill 1997, Walmsley 1993). As a result, local government authorities have been poorly resourced and marginalised. It is only in the past 20 years that the potential for local government to manage development efforts has been recognised. However, to increase the capacity of local authorities requires significant reform and institutional development.

There are 730 local government authorities in Australia employing close to 140,000 people. The majority of these (587 councils) are located outside of capital cities. In 1999-2000 local government expenditure was more than AU$1.3 billion and

48 There are a number of intense debates in the literature regarding the virtues of different levels of government in a federal system and the contribution this makes to development and a better democracy (see Gerritsen 1990, Maddox 2004, Parkin 2003, Maddox 2000). Within these debates the value of competition between States and the contribution this makes to innovations in public policy has been argued by Parkin (2003, p. 2).
each year the Commonwealth provides financial assistance grants to this value, two-thirds of which go to non-metropolitan councils (Department of Transport and Regional Development 2001).

In the past few decades the roles and responsibilities of local governments have changed and they now embrace a wide range of administrative and developmental activities. As the Australian state has undertaken its own processes of restructuring and reform, the need to broaden the role of local government beyond basic administrative functions has been recognised. However, these reforms have been slow and, in some cases, hampered by local government’s ambiguous connection with the nation-state apparatus.

The Whitlam Labor Government (1972-1975) made some bold attempts to reform local government, including the provision of financial assistance through untied grants distributed on the basis of recommendations made by the Commonwealth Grants Commission (Worthington and Dollery 2000). Whitlam claimed that local government’s ‘essential place as the third tier of government must be entrenched in the Constitution’. ‘Only then,’ he said, ‘will it be possible to balance the functions and finances of the three divisions of government in Australia and make possible rational coordination between them’ (Whitlam 1985, p. 726).

However, a Commonwealth referendum held in 1988 failed to grant local government official status in the Constitution. This rejection may have been the stimulus for an internally driven process of reform involving the Australian Local Government Association (ALGA) and various State associations of local government. The process of reform culminated in 1995 in an accord between the Federal Government and the local councils represented by ALGA. The accord was intended to ‘build a more productive relationship to show that, given appropriate support, local government could demonstrate its ability to deliver agreed national priorities’ (Chapman 1997, p. 55). The accord has been used to play a part in the implementation of major Federal Government strategic policies, including strategies for micro-economic reform (Johnston 1997).

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49 In the lead up to the 2004 Federal election the Australian Labor Party pledged to reintroduce a new version of this amendment to the Australian Constitution if re-elected (Australian Labor Party 2004).
There are numerous possible functions local government can perform when it comes to the promotion of local and regional economies. These include acting as a catalyst and facilitator – where the local authority brings key actors together, promoting collaboration and cooperation in the initiation and support of local development efforts. Local government can also act as resource-providers, promoting development efforts through the allocation of human, financial or physical resources. It can take the lead in mobilising the community, along with local and external resources, to initiate development projects and processes. Finally, local government can manage and develop by intervening directly in local development projects and processes, making them council programs. None of these functions is mutually exclusive.

For Gray (1992, p. 2) it is ‘obvious that the designers of Australia’s local government system did not foresee the demands that would be placed on it 100 or 150 years later’. The historical legacies of local government in Australia minimise its prospects for initiating change. Despite its potential as an important institution for development within and by peripheral regions, local government structures lack the political and financial clout such roles require. The structure of local government, removed as it is from the federated nation-state, remains a weak appendage and dependent on the support of the Commonwealth and States.

In summary, the structure of the Australian state has a significant effect on the relationship between the Australian state and its peripheral regions. Australia’s federal system of government was formed in the interests of State governments. However, the influences on Australia’s economy and political systems have changed and have arguably led to a higher involvement of the Commonwealth in many fields that were previously assigned to the States. The growing role of the Federal Government in decisions affecting development in the regions has the potential to weaken the political position of regions – especially those regions that have become less important to the national economy (e.g., inland rural regions). While local governments have the potential to become valuable mechanisms for the management of development within peripheral regions, inadequate financial resources, a poor reputation, and a lack of official recognition within the structure of the nation-state undermine this potential.

It could be speculated that despite these structural concerns, the Australian state still has the capacity to establish mechanisms that support the development of its regions. Indeed, the ability of the local state to raise revenue is only one side of the
equation and national support for the development of its regions need not be determined entirely by this structure. A review of the policies, institutions and programs of the nation-state provided in the following section will contribute to a better understanding of the role the nation-state plays in supporting development in the regions.

3.2.2 Frameworks for regional development in the Australian state

This sub-section continues to focus on the first hypothesis of the thesis dealing with the extent to which the Australian state has established a framework for the support of development initiatives within the regions. It looks at the manner in which the Australian state supports development initiatives by examining state policies, institutions and programs. The analysis begins with an assessment of Federal Government support for development within and by the regions, followed by those of the Western Australian Government.

The Federal Government influences development in regions in six main ways. Firstly, it redistributes income from the more populous to the less populous States, primarily through direct payments to local and State governments. Secondly, it contributes to regional development through policies dealing with ‘adjustment failures’ within those regions with persistently high unemployment and declining economic activity. Thirdly, it has policies that seek to promote selected regional ‘winners’ by strengthening their comparative advantages and industry linkages. Fourthly, it has introduced general decentralisation measures to spread people and industry beyond the capital cities. Fifthly, it influences regional development through industry policy and the provision and pricing of public infrastructure, notably in relation to roads, transport and communications. Finally, it provides various types of assistance to promote regional growth directly (Department of Tourism and Department of Industrial Relations 1992).

Many of these functions could be defined as support for regional development. As Chapter 2 described, this thesis is concerned with a narrower range of activities than the term ‘regional development’ implies. Nevertheless, these broader functions establish a basis on which the Federal Government deals with the regions and establishes the context in which the specific concern of this thesis (i.e., the support of the development initiatives of the regions themselves) can be addressed. Hence, the broader policy thrust underlying the Federal Government’s support for development in the regions (including
regional development) will be presented, before the specific interest of this thesis can be pursued.

The Federal Government has a substantial array of policies, programs and institutions that contribute to the prospects for development in its regions and Commonwealth involvement in regional development has increased substantially since 1972. Prior to this time, there was little Commonwealth involvement in regional affairs, with the exception of initiatives taken by the Federal Curtin and Chifley governments. Regional development policy was seen as a responsibility of the States rather than the Commonwealth (Taylor and Garlick 1989, Vipond 1989).

Under the Whitlam Labor Government there was much political debate concerning federalism and the roles of the Commonwealth and the States. In this time Whitlam established a reputation as a centralist. However, there were many examples where the Commonwealth promoted a greater dispersal of power to local governments and regionally based organizations, rather than State-based grant allocations (Whitlam 1985, p. 712). This period saw the creation of the Department of Urban and Regional Development (DURD) and the use of public funds to promote regional growth centres. It was the first Federal Government department with a mandate for regional development.

The creation of DURD and the provision of Commonwealth funds for regional growth centres reflected a growing trend in regional development. DURD was mandated, among other things, to develop a national strategy for cities and regions, to advocate for the reduction of regional inequalities through regional, rather than State-based grants, and to promote cooperation across other Federal Government departments and with State and local government authorities. Of primary concern to the Whitlam Government was the coordination of development objectives across Federal and State governments, and their consistency with local planning activities (Whitlam 1985, p. 379). However, the incoming Fraser Coalition Government judged these policies unsuccessful or inappropriate and the first Administrative Arrangements Orders of the new government issued on 22 December 1975 abolished the DURD. The Department of Environment, Housing and Community Development took on some of DURD’s responsibilities, but regional development was dropped by the Commonwealth and left to the States.

In the 1980s and early-1990s the Federal Government introduced a number of programs to regionalize Federal Government service delivery. Federal Government
departments such as Employment, Education and Training and Social Security established offices more widely throughout regional Australia. Aside from their direct employment effects, these regional offices endeavoured to boost the local economy by helping to retain economic activity and by improving the effectiveness with which government services were provided.

The Office of Labour Market Adjustment was established by the Hawke Labor Government to develop adjustment packages alongside regional assistance. The Federal Department of Primary Industries and Energy also developed a range of adjustment and development schemes to promote development of Australia’s rural sector (Black et al. 1999).

A review of Federal Government programs dealing with regional adjustment failures found that these initiatives mostly endeavoured to counter the rising costs and lower productivity of declining regions. Some of these reflect nationally uniform and centralised approaches to economic regulation and do not allow for regional diversity; others reflect policies to assist particular industries or groups that adversely affect some regions. The centralised fixing of wages and conditions of employment and the protection of manufacturing was found to impose greater costs on mining and farming and have been called a ‘tax on the bush’ (Department of Tourism and Department of Industrial Relations 1992).

In 1993 and 1994 four reports on regional development were published at the Commonwealth level (McKinsey & Company 1994, Taskforce on Regional Development 1993, Industry Commission 1994, Bureau of Industry Economics 1994). In addition, the Keating Labor Government released its regional development strategy as part of Working Nation, a White Paper on employment (Keating 1994). This strategy emphasised the need for continuing micro-economic reform, the integration of economic, social and environmental objectives, and the development of community self-help initiatives. In response to these reports and to stimulate regionally managed development initiatives the Federal Government offered foundation funding for Regional Economic Development Organizations (REDOs) the role of which was to develop a common vision and plan of action for development in the regions.

The Taskforce on Regional Development initially proposed the concept of a REDO in its report Developing Australia, A Regional Perspective. This report recommended that the Commonwealth, in consultation with the State governments,
establish a program to provide financial assistance for REDOs. The role of the REDO was to provide financial initiatives to attract investment, create networks of local businesses and other players relevant to economic development, promote the region, integrate regional economic planning, and provide guidance to companies seeking quality assurance accreditation (Regional Development Task Force 1993, p. 71).

While the REDO program was described as a regional investment and development program, it mostly dealt with responses to growing social needs in the regions. Labour markets were undergoing significant changes in response to the industrial adjustments of the time. Unemployment was growing and inland rural regions were hit hard. As a result, regional development was more about managing change to ameliorate employment and social concerns, than it was about government support to regional development.

Upon its election in March 1996, the Howard Coalition Government, through the Department of Transport and Regional Development, commissioned a review of the previous government’s regional development programs. Before the report was completed, the program was abolished. In July 1996 the Minister for Transport and Regional Development, announced his decision to discontinue funding to regional development programs, which included support to REDOs. Some REDOs have survived as local autonomous corporations. His justification was that ‘current arrangements for regional development and urban management overlap with State and local governments which have their own urban infrastructure and local government reform programs’. Thus, he said, ‘there is no clear rationale or constitutional basis for Commonwealth involvement’ (Sharp 1996b).

Political interests and values are the real reason behind the shifts in Federal Government involvement in regional development. Both Labor and Coalition governments have interpreted the Australian Constitution in the light of their political philosophies. Labor sees a role for the Commonwealth in regional development and the coordination of government services and has sought to disburse funds directly to local governments and regional organizations. In contrast, Coalition governments have emphasised the role of the States and, in doing so, withdrawn from direct involvement.

In his 1996 Budget statement, Rebuilding Regional Australia, Minister Sharp (1996a) indicated that the Government’s priority on ‘families and small business is central to its commitment to regional Australia’ and is based on the need to encourage
and enhance the development of regions and to improve the standard of living of all
Australians no matter where they live. The Commonwealth’s approach was to focus on
national development concerns in an effort to maximise both the potential of regions
and the benefits they can derive from these reforms. State governments were considered
to be in a better position to promote development within their regions. Minister Sharp
went on to say that the Commonwealth’s role in enhancing the prosperity of regional
Australia ‘derives from its responsibilities for national economic management, its
leadership role in economic reforms, and the need to ensure that its policies and
programs meet the needs of regions (Sharp 1996a).

But two years later, in May 1998, the Howard Government appeared to realise
the need to focus more specifically on regional concerns when it announced Regional
Australia: Our Initiative with the stated objective of ‘providing the economic,
environmental and social infrastructure necessary for Australia’s regions to realise their
potential’ (Department of Transport and Regional Services et al. 1998).

Despite the differences in ideology of the parties, the Federal Government has
been increasingly brought into regional development issues – even under Coalition
governments. There appear to be two reasons for this. The first is that an important
Coalition partner is the National Party, which has its support base in rural electorates.
Voter and interest group pressure has been placed on the National Party to demonstrate
its support for regional development in terms of Federal programs and resources.

The second reason behind Coalition support for regional development issues in
recent years has been the number of marginal seats in rural Australia. After the 1998
Federal election, the Coalition Government held an unprecedented number of marginal
seats, many of which were in rural electorates. This was largely due to conflict
between Coalition partners (Liberal Party and National Party), the emergence of the
One Nation Party, and the appeal of independent candidates.

Despite abolishing the REDO program, the Federal Government continues to
promote the use of regional development organizations (i.e., area consultative

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50 The Coalition Government was defending 12 seats on margins of less than one per cent to
Labor’s five, 18 under two per cent to eight for Labor, and 23 to 14 under three per cent (Green
2001).
committees, economic development boards, and industry groups) that facilitate growth and expand opportunities in their local region. In the Wheatbelt, the main such organization is the Wheatbelt Area Consultative Committee (ACC).

The Wheatbelt ACC, was established in April 1995, as an initiative of the then Federal Labor Government’s *Working Nation* White Paper, to look at innovative ways to stimulate employment opportunities. It is overseen by a board of people with specific knowledge of key development fields for the region. These members are not paid for their role beyond a reimbursement of costs. The Wheatbelt ACC endeavours to represent all sectors of the region and, in doing this, relies on the expertise of committee members to provide accurate feedback to the Federal Government.

The mission of the Wheatbelt ACC is to create sustainable employment opportunities in the Wheatbelt. The Committee promotes a vision that portrays the Wheatbelt as a rural community that grows through the creation of employment opportunities and local development. Special emphasis is given to the needs of young people in the region.

The Wheatbelt ACC acts as a conduit for Federal Government funds to the region. Within the years 1998 to 2001, for example, the Wheatbelt ACC assisted in gaining funding approval from the Department of Employment, Workplace Relations and Small Business for 18 Rural Assistance Program projects totalling AUS$1,183,425. Many of the projects funded by the Rural Assistance Program are projects that contribute to increased economic and social development opportunities in the region. A sample of these projects include: a retail leakage study (AUS$30,000); employment of an Avon Industrial Park development officer (AUS$50,000); support for the business retention and expansion program in Kulin, Southern Cross and Merredin (AUS$16,500); employment of a enterprise development manager in Moora (AUS$44,000) and a tourism development officer in Dryandra (AUS$66,500); and support for the Avon industrial park (AUS$60,500). In addition, in 2001, the Department of Education, Training and Youth Affairs provided the Wheatbelt ACC with AUS$70,000 to run four indigenous careers expos in the region. It has also funded numerous schools in different programs such as mentoring and literacy. The department also oversees apprenticeships and traineeships in the region (Wheatbelt Area Consultative Committee 2001).

Federally supported regional structures such as the Wheatbelt ACC support the design projects that stimulate growth in the regional economy. These organizations also
support economic, social and environmental development in the region and, says the Federal Government, ‘have proven to be an integral part of development in local communities by producing self-sustaining regional development’ (Department of Transport and Regional Services 2001).

The main Federal Government institution with responsibility for regional development is the Department of Transport and Regional Services. Based in the Australian capital Canberra, this department endeavours to promote economic, social and regional development by enhancing Australia’s infrastructure performance. However, there are other departments with a direct and significant involvement in regional development matters, including the Department of Employment, Workplace Relations and Small Business, the Department of Education, Training and Youth Affairs, the Department of Family and Community Services, and the Department of Agriculture, Forestry and Fisheries. However, with the exception of the employment department’s Centrelink, none of these agencies has a direct presence, such as a regional office, in the Wheatbelt Region.

Centrelink is the Federal Government’s largest service delivery agency.\(^{51}\) It has responsibility for administering an extensive range of payments and services including Social Security payments, Child Care Assistance, the Retirement Assistance to Farmers Scheme, the Farm Family Restart Scheme, and Exceptional Circumstances Payments. The Federal Government’s National Rural and Regional Servicing Strategy of July 1998 established a basis for servicing the particular needs of small rural and regional communities. The implementation of this strategy has expanded Centrelink’s presence into other communities with more than 189 new servicing arrangements (Department of Transport and Regional Services 2001).

In October 1999 the Federal Government held the Regional Australia Summit. The main impetus for this summit came from the Deputy Prime Minister and Leader of the National Party, John Anderson. Since the constituency of the National Party is found in rural areas, the forthcoming Federal elections – eventually held on 10 November in 2001 – were a motivation for the Federal Government’s renewed interest

\(^{51}\) Centrelink has 167 Customer Service Centres in regional Australia, a network of 330 community-based agents and access points and approximately 140 visiting services to small rural towns (Department of Transport and Regional Development 2001).
in regional Australia. This summit developed almost 250 strategies to address the various challenges facing regional Australia and formulated the following ‘vision for regional Australia’, which it commended as a national goal:

A strong and resilient regional Australia which, by 2010, has the resources, recognition and skills to play a pivotal role in building Australia’s future and is able to turn uncertainty and change into opportunity and prosperity (Department of Transport and Regional Development 2000).

The political importance of rural regions – as measured by the polls and the need to win the ‘rural vote’ in the coming elections – was used to present a vision in which rural industries, and the regions they are found within, perform a ‘pivotal role’ in Australia’s development. While relying on imagery that links Australia to its bush heritage, statements of this kind and the 250 strategies that accompany it seem strangely at odds with the Commonwealth’s approach to regional development. The implicit message to the regions is that they must catch up with the rest of the country and to fall into line with national economic strategies and priorities.

During the summit a new philanthropic foundation was launched to encourage innovative collaboration between business, community and government in endeavours to boost the economic and social well-being of regional Australia. The Federal Government pledged AUS$3.8 million over the coming ten years to match contributions from business, government and community sectors. The foundation provides a mechanism for the private sector to work with communities in regional Australia through grants for community capacity building, project facilitation and seeding grants for community and economic development initiatives.

The funds promised by the Federal Government to support regional initiatives are a drop in the ocean compared with the needs of inland rural regions. While these actions recognise the need for other investment partners to participate in regional development (i.e., community and business partners), they offer very little substantial support to the efforts of these groups. Because the government sees rural regions as regions of decline and need, it gives handouts rather than strategically focused development assistance. If the Federal Government thought otherwise, it would create a range of financial incentives for regional investment; it would engage regional actors in development programs that stimulate and maximise economic returns, rather than rely on the charitable donations of business and community.
The Federal Department of Family and Community Services (1999) summarized the Liberal Coalition Government’s response to globalisation, highlighting the promotion of ‘modern conservatism in social policy’, where progress towards the goal of a ‘fair and decent Australia’ was best met through a mix of public policy combining the liberalisation of economic policy and ‘modern conservatism’. This approach affirms the values of self-responsibility, support for social institutions such as the family, and the forging of coalitions between government, business, charitable and welfare organizations, and other community groups. Drawing, it would seem, from some of the literature regarding social capital, coalitions are promoted as mechanisms that build networks and trust in society, while encouraging individuals to take responsibility for themselves. Private businesses are expected to become more deeply involved in local communities and strong emphasis is given to tapping the volunteering sentiment of individuals and the willingness of businesses to engage with their communities.

The Regional Australia Strategy that grew out of the summit aims to provide the economic, environmental and social infrastructure necessary for Australia’s regions to realise their potential. The strategy focuses on establishing better communication between the Federal Government and the regions; encouraging all Federal Government departments with regional programs to take account of existing regional activities and regional needs; and communicating this coordinated approach. To increase the Federal Government’s understanding of the likely impacts of policy decisions on regional Australia, all relevant policy submissions must now include a Regional Impact Statement. Through this measure, the Federal Government is trying to reduce or at least monitor its harm to the regions, as opposed to working more closely with the regions to stimulate new development opportunities.

Since the summit the Commonwealth has launched a string of new or rejuvenated programs, including the Sustainable Regions Program, the Regional Business Development Analysis program, the Regional Solutions Program, the Stronger

52 The Department of Transport and Regional Services has also developed memoranda of understanding with those departments with key responsibilities in regional areas to ensure that programs across the Federal Government have maximum benefit for regional and rural Australian communities. Again, this is an attempt to reduce the negative impact of government action.
Families and Communities Strategy, and the Regional Health Strategy (Department of Transport and Regional Development 2001).

There are two flagship programs of the Federal Government in this regard: the Sustainable Regions program and the Regional Partnerships program. Sustainable Regions has funded 170 local projects in eight regions. These projects have been recommended by the relevant area consultative committees and aim to promote job creation, improve local education and training opportunities, support community development, add value to existing industries, or establish new industries. The Government claims that every dollar it invests in this program generates three dollars of investment from other levels of government and the private sector. The Federal Government spends AUS$100 million on this program each year.

The Regional Partnerships program funds local projects that endeavour to create local jobs, assist communities to identify and explore development opportunities and adjust to major economic, social or environmental change. The program also helps communities of fewer than 5000 residents access services such as banking, Internet, post, photocopying and facsimile services through the establishment of TeleCentres (Tuckey et al. 2002).

It would be incorrect to suggest that all these programs are a kind of window dressing for the rural electorate. They do offer a variety of resources that regions can obtain (Tuckey 2002). However, as discussed later in this chapter, the way these program resources have been applied in the Wheatbelt Region indicates that Federal Government support is rarely a true partnership with regional communities. The institutional and administrative arrangements for program delivery are established on terms that serve the political interests of the Federal Government.

The most recent chapter in the history of Commonwealth and State competition over development support for regional communities began in July 2003 when the Deputy Prime Minister and Minister for Transport and Regional Services chaired the inaugural meeting of the Regional Development Council (RDC). Made up of Federal, State and Territory regional development ministers and the president of the Australian Local Government Association, the RDC aims to facilitate more effective cooperation across all spheres of government to achieve sustainable economic, social and environmental outcomes for regional Australia. The RDC has subsequently produced a ‘Framework for Cooperation on Regional Development’ that sets out the roles of each
sphere of government and the principles government will adopt to achieve sustainable
development in the regions. It suggests that the Federal Government’s role is to ‘work
in partnership with regional communities to foster the development of self reliant
communities’. State and Territory governments have responsibility for regional
development and should apply a ‘range of policies, programs and services that aim to
enhance economic performance, business development, and community development
and capacity building, foster innovation and skills development, and improve access to
services and the environmental quality of regions’ (Regional Development Council
2004). The framework does little more than recognise that local governments have been
in the forefront of regional development initiatives, either individually or in groups such
as regional organizations of councils. The RDC has met only twice since its inception in
2003. While many of the elements of the framework appear bland and cautious, this
agreement is, at least, an official recognition of the role all three spheres of government
play in supporting development in the regions.

In the lead up to the October 2004 Federal election, both the Coalition and the
Labor Party produced policies for the support of the regions. Common to both policies
was the importance of partnerships between the Federal Government and the regions.
Where Labor emphasised the promotion of social capital and community
empowerment, the Liberal-National Coalition maintained its focus on supporting rural
families. The Coalition pledged additional funding (AUS$33 million over 2005-2008) to
the expansion of the Sustainable Regions program (expanding its coverage from eight to
ten regions) as well as additional funds (AUS$308.2 million over 2005-2008) for six
new ‘icon projects’ of the Regional Partnerships program (Australian Labor Party 2004,

The Federal Government is clearly concerned about the changes occurring in the
regions and the negative impacts these can have on farmers, families and local
communities. However, Federal Government approaches to regional development have
vacillated with changing governments because most rural regions lack political power.
Federal governments have a fluctuating interest in rural regions dictated by short
electoral considerations.

The policy and institutional frameworks established by the Federal Government
for development in the regions is rich with good intentions: the Federal Government
will ‘work in partnership’, forge ‘social coalitions’, ‘coordinate with local authorities’,
‘maximize our regions’ potential’ and ensure the regions have the ‘resources, recognition and skills to play a pivotal role in building Australia’s future’. The role of the Federal Government in supporting development in the Wheatbelt Region will be presented later in this chapter. This will show that, in practice, many of these intentions have not been realised.

Notwithstanding the various ways in which the Australian Constitution can be interpreted, the Federal Government plays an important role in setting the scene for all issues of national concern. Together with the States, the Federal Government has responsibility to ensure all regions are able to restructure and reposition themselves in response to globalisation. Despite the greater financial resources of the Federal Government, its support for the development of peripheral regions has shown it to be inconsistent and influenced by short-term political gain (e.g., winning the rural vote). Federally supported institutions have come and gone with successive governments, while local government remains barely recognised and poorly supported. Yet, a substantial array of Federal Government programs can be found. While some of these programs promote the development of regional growth centres, most focus is on lessening the burden of economic reforms on ailing communities and industries.

The manner in which these Federal policies and programs are implemented will be examined later in this chapter.

The State Governments’ role in supporting development in the regions demonstrates a more direct involvement with rural regions, albeit with fewer funds and a struggle to balance urban policies with rural ones. Since Federation, State governments have been involved in opening up new land for development. This largely focused on the provision of essential infrastructure. However, in the past 50 years, State governments have also had to deal with some of the social and economic consequences of rural decline.

All States in Australia, except Tasmania, have established a network of regional development organizations with various organizational and funding arrangements. In Victoria a network of Regional Development Business Centres (RBDCs) has been established around an existing network of State Regional Development offices. The RBDCs provide information to firms on Commonwealth and State government services and programs. They also provide advice to private regional development organizations. In Queensland, 36 regional development boards and associations operate throughout the
State. Some have combined with tourism boards and receive funding through the Queensland Tourist and Travel Corporation. Otherwise development boards are expected to raise their own funds to finance day-to-day operations. A Regional Economic Development Grant scheme provides 50 per cent funding for special projects, but the boards must compete with businesses in the State for these funds. In New South Wales a network of regional Department of Business and Regional Development offices, three Regional Economic Development Councils and nine Regional Development Boards promote development in non-metropolitan areas. The boards facilitate local projects, coordinate proposals for infrastructure provision and promote the region. They identify competitive advantages in their respective regions and draw up individual regional strategy documents. In South Australia, the State Economic Development Authority administers a network of regional development boards. The boards are incorporated with representatives from local government, local unions and various community organizations. They act as facilitators; coordinate government services and programs; draw up strategic plans and feasibility studies and undertake direct marketing of specific firms to attract to the region (Black et al. 1999).

State governments use a diverse range of assistance measures to promote regional development. These include the provision of administrative and information services, the relocation of government departments into the regions, the provision of cheap land and buildings, subsidising infrastructure and services, and the provision of tax and rate concessions as well as grants, loans and other forms of financial assistance to lower the cost of labour, capital, relocation etc. (Department of Tourism and Department of Industrial Relations 1992).

As with other State governments, the Western Australian Government has, since its inception, played a major role in the development of rural regions. The development of Western Australian agricultural lands and, in particular, the area now known as the Wheatbelt Region, was achieved through a high degree of State Government intervention.

In the first decades after Federation, there was a continued interest in opening up the regions for productive purposes. The State Government established financial institutions and programs to support the development of the regions. This included land grants, development incentives and direct investments for the construction of a railway network throughout the region. Agriculture developed rapidly in regions such as the
Wheatbelt after 1900 when the State Government sought to establish an alternative economic base for the State following the end of the gold rush (Bolton 1994, Glynn 1975). Prior to this there was very little export-oriented agricultural production in Western Australia. In 1900, for example, total wheat exports from Western Australia came to a value of only £181 (Colbach 1929, p. 471).

*The West Australian* newspaper of 15 April, 1896, reported the address of Sir John Forrest, Premier of the Colony of Western Australia, to the Fourth Annual Conference of the Pastoral, Agricultural, Horticultural and Vine and Fruit Growers Association of Western Australia. At this conference, the premier highlighted his Government’s commitment to ‘encourage the settlement and occupation’ of the rural regions of the colony. This was despite the opposing views of ‘free-traders’, who ‘would protest his own class and his own interests and deny protection to other classes’ (West Australian 1896).

Accordingly, the Western Australian Government provided significant financial and institutional assistance for the development of regions such as the Wheatbelt Region. It established the Agriculture Bank in 1903 and, in 1914, the Industries Assistance Board was established to provide farmers with otherwise unobtainable finance. This scheme was intended as a temporary measure but poor wheat prices kept it operational until 1920 when there was a substantial increase in the price of wheat, which proceeded to become the driving force for the expansion of the industry into the 1930s.53 In 1930-31 both Federal and State governments again dug deep into their pockets and promoted the ‘Grow More Wheat’ campaign. Later the Commonwealth stepped in, establishing the Australian Wheat Board (1939) and even controlled wheat production through a Wheat Stabilisation Board (1940). A Soldiers Settlement Board also promoted the development of new agricultural land in the region through financial support provided to veterans who established farms (Snooks 1981, pp. 250-252).

53 The 1930s were a time when wheat prices again collapsed and the State Government instituted various measures to address this situation, which included further support for the Agricultural Bank (which had 2324 properties on its hands and £3.96 million outstanding in 1935). A Farmers’ Debt Adjustment Act was passed in 1930 and 1935 to prevent immediate foreclosures and a Commonwealth Wheat Bounty was paid on wheat production for a number of years (Snooks 1981).
The colonial and subsequently State Government gave direct and consistent support for development in the regions because these regions provided an economic base that was important to the State’s economy. For much of Western Australia’s history from 1890s onwards it was ‘the agriculturalists who were protectionists’ – demanding the government support and insulate them from the growing competition of the world-market. Through their parliamentary representatives or farmer organizations such as the Wheatgrowers’ Union, they sought duties on agricultural produce, and on wheat and flour in particular (de Garis 1981, p. 331).

Hedgcock and Yiftachel (1992) claim that regional and urban planning began in Western Australia in 1829 when Lieutenant-Governor Stirling planned the development of Fremantle, Perth and Guildford. It began in earnest early in the twentieth century. However, most development planning from the early 1800s to the 1960s focused on urban settlements. It was the resource boom of the 1960s which gave the greatest impetus to regional planning (Berry 1992). Although, in many ways, development in the rural regions fuelled the development of the urban centres:

As the front and intensity of development expanded, so revenue flowed back to the core of Perth. With the money came jobs, migration and urban growth (Hedgcock and Yiftachel 1992, p. 6).

Thus, regional development was of great interest to the State Government because it brought wealth, jobs and the development of urban centres.

Before the establishment of the State Planning Commission in 1985, regional planning in non-metropolitan regions was relatively non-existent. It was only as competition over land use grew (e.g., between the pastoralist and tourism industries, Aboriginal concerns, and conservation) that the State Government was required to step in. While this began as a technical process in which the government adjudicated between competing demands, under the Burke State Government where, following international trends in regional planning, community involvement in the regional planning process became an integral and formal element (MacRae and Brown 1992).

The Wheatbelt Region is one of nine non-metropolitan regions created by the Western Australian Government (Berry 1990). Each region contains a Regional Development Commission to oversee the Western Australian Government’s support for development. These agencies provide information to new and existing firms, coordinate government service provision, conduct studies of social and economic infrastructure
requirements, and identify regional growth opportunities and impediments to development with the aim of attracting investment to their respective regions. Regional Development Commissions are legislated by the *Regional Development Commissions Act of 1993*, and State Government funding varies significantly between regions, both in absolute and per capita terms.

In the Wheatbelt Region, the Wheatbelt Development Commission was established in 1995 with the following objectives:

(a) maximise job creation and improve career opportunities in the region;
(b) develop and broaden the region’s economic base;
(c) identify infrastructure services to promote economic and social development;
(d) provide information and advice to promote business development;
(e) seek to ensure that the general standard of government services and access to those services in the region is comparable to that in the metropolitan area; and
(f) generally take steps to encourage, promote, facilitate and monitor economic development in the region.

In fulfilling these objectives, the commission has the mandate to promote the region and to facilitate coordination between State and Federal government agencies as well as representatives of industry and commerce, employer and employee organizations, education and training institutions and other sections of the community within the region. The commission is also required to identify and promote regional investment opportunities and address the infrastructure needs of the region (Wheatbelt Development Commission 1997).

While expressions of interest in becoming a commissioner are called for from among the public, the minister appoints commissioners. When the Wheatbelt Development Commission was established its minister was the Minister for Regional Development. The incoming Labor Government created a new ministry structure in which a specific minister oversees each region. In the case of the Wheatbelt Region the Minister is Kim Chance who is also the State Minister for Agriculture.
The Wheatbelt Development Commission’s Board is composed of ten members. Three are community representatives selected from the region; three from local government and three are ministerial selections. The tenth member of the Board is the chief executive officer of the commission. The board meets every second month. In the 2001/2002 State Government Budget, the Wheatbelt Development Commission was allocated AU$1.5 million for initiatives and projects in the region.

Staff of the Wheatbelt Development Commission believe they play a major role in facilitating development in the region, primarily through setting a strategic focus based upon research and the collection and distribution of information to local and regional development actors. The establishment and maintenance of networks across the region is also an important role of the commission (Wheatbelt Development Commission staff 1996, personal interview).

The statewide network of regional development commissions is unique to Western Australia and the Wheatbelt Development Commission provides an extremely useful focal point for State-supported development matters in the region. The recent creation of a State Minister for the Wheatbelt provides a valuable connection to the State Parliament, giving the region a better voice within government. However, the Federal Government appears to pay little attention to this important regional structure – there is little direct collaboration between this State Government structure and Federal Government programs. Indeed, the Federal Government and State Government do not agree on the boundaries of the Wheatbelt Region; the Wheatbelt ACC has a different area than the Wheatbelt Development Commission. Moreover, because its role is mainly one of facilitation, information and research, the Wheatbelt Development Commission has little power over the operation of programs conducted by other State Government departments in the region.

In addition to the nine Regional Development Commissions, the Government has established the Western Australian Planning Commission, the Regional Development Council and the Ministry of Planning. The Western Australian Planning Commission came into effect on 1 March 1995, to replace the previous State Planning Commission. It comprises 12 commissioners, including a chairperson appointed by the governor of Western Australia, and six members representing other planning, water, roads, transport, environment and regional development authorities; three representing local government and two nominated by the Minister for Planning.
The Western Australian Planning Commission is the decision-making body responsible for guiding the future development of Western Australia. The commission plays a major coordinating role across all aspects of the State’s planning process and operates as a partnership between the community, business and all levels and sectors of government. It has a broad range of strategic responsibilities, including the preparation and implementation of the State Planning Strategy that proposes a vision for the future development of Western Australia. Within this mandate, the commission has responsibilities for metropolitan and non-metropolitan matters.

The Ministry for Planning also came into effect on 1 March 1995 to replace the previous Department of Planning and Urban Development, which was established under an earlier Labor Government. The Ministry for Planning provides administration and professional support to the Western Australian Planning Commission. Again, this ministry has urban as well as rural functions, which include advising the Western Australian Planning Commission and the minister on the coordination and promotion of urban, rural and regional land use planning and land development in the State. It also advises on the administration, revision and reform of legislation and on the provision of infrastructure throughout Western Australia. It prepares the State Planning Strategy on behalf of the Commission, which includes reviewing, maintaining and implementing the provisions of the Metropolitan Region Scheme.

The Regional Development Council is the peak advisory body to the Minister for Regional Development. The council was responsible for the preparation of the State’s Regional Development Policy in 2000, along with its implementation and monitoring. The council provides advice and recommendations to the Regional Development Policy Steering Committee, Regional Development Commissions and Department of Local Government and Regional Development.

A number of State Government departments are active in the regions, including the Wheatbelt Region, providing support for development efforts initiated and managed within the region (e.g., Department for Community Development, Department of Education and Training, Health Department, Department of Indigenous Affairs). The Department of Agriculture, otherwise known as AGWEST, is a State Government agency with a substantial presence in the Wheatbelt. This is not only because of the large amount of farming activity conducted in the region, but a result of the previous Coalition Government’s strong decentralisation thrust. The regional centre of Northam
is the headquarters for a number of AGWEST programs and has increased its staff complement substantially over the past ten years. The Northam regional office initiated a number of AGWEST programs including programs that focus on the social and economic sustainability of rural communities. AGWEST’s Sustainable Rural Development Program saw a collection of programs delivered under the name ‘Progress Rural Western Australia’. AGWEST also ran the BushNet program, which incorporates a website providing the first point of call for rural information and aims to improve online communications in rural Western Australia.

The State Department for Local Government and Regional Development conducts a number of programs to support regional development, including development initiatives that are designed and managed in the regions. This includes a range of programs under the title ‘Community Leadership’. This includes Making Connections, a nine-day skills development program spread over three months for community leaders and volunteers working with indigenous communities; and Network of Support, a facilitated coaching program that provides extended support to participants of the Making Connections program. The Community Leadership program also involves 85 leaders from 20 communities in a nine-day training course spread over six months.54 Finally, the Indigenous Leadership Fund provides small grants of up to AUS$5000 to indigenous communities to support leadership initiatives (Department of Local Government and Regional Development 2004). In addition, the Community Leadership Program includes a Young Indigenous Local Government Scholarship, supporting local governments in providing a 12-month scholarship for a young Indigenous person to gain experience in a youth and community development role. The department also provides Building and Empowering Sustainable Communities grants of up to AUS$5000 for projects fostering community leadership and the development of community leaders. About AUS$50,000 was committed towards community projects in 2003/04 (Beer 2004).

54 Over half the participants in this Leadership Program were indigenous with representatives from every region throughout the State. The program claims to have ‘resulted in a stronger understanding of community and participants gained a deeper understanding of their importance in their respective communities and how to better effect change and action as leaders’ (program information provided by Beer 2004).
The department has other financial assistance programs mainly through the Western Australian Regional Initiatives Scheme – a part of the Regional Investment Fund. This scheme provides financial assistance that ranges from AUS$5,000 to AUS$250,000 in the form of loans, grants or State taxation concessions, for non-capital works project designed to deliver benefits across more than one region in areas such as tourism development, capacity building and leadership, youth development, population retention, arts and culture, environment and natural resource management and industry-related research. A wide range of development actors can apply (i.e., public, private and community-based organizations). The Regional Investment Fund provides AUS$75 million over four years for tourism projects, economic development, arts and cultural events, community development and environmental projects (Department of Local Government and Regional Development 2005).

With the change of State Government in early 2001, Western Australia’s new Labor Premier, Geoff Gallop, introduced the *Regional Development Commissions Amendment Act of 2002*. This act was introduced to improve and strengthen the relationship between State Government regional ministers and their corresponding regional development commissions by giving them full responsibility for their respective regional development commissions. This measure was intended to give people in regional Western Australia access to a minister with a specific interest in the issues that concern them (Gallop 2001a).

On 12 May 2000, almost one year before it was defeated in the State elections, the Western Australian Coalition Government launched its Regional Development Policy, in which it stated:

Government that has a regional focus is fundamental to regional development. Government efficiency in managing policies, programs and projects is a key to long-term regional development. Governments that work with and empower regional, rural and remote communities to sustain high amenity through the delivery of economic, social, cultural, and environmental programs are valued. State Government standards of service delivery to regional areas will be maintained and, where possible, improved (Regional Development Council 2000, p. 7).

Within this policy framework, the Government of Western Australia set a vision for regional development in the State. Key elements of this framework are illustrated in the following vision statement taken from the policy:
Regional, rural and remote Western Australian communities will have diverse and viable economies and greatly expanded employment opportunities based on the sustainable use of social, cultural, economic and environmental resources.

Communities will be confident, vital and vibrant and be valued for the contributions they make to the State and the nation. They will embrace change and harness the competitive advantages inherent in their geographically diverse physical, biological and social conditions.

The equitable delivery of basic services and associated infrastructure together with communications and transport networks will reinforce the social, cultural, economic and environmental bonds delivering positive outcomes for regional, rural and remote communities and the State as a whole (Regional Development Council 2000, p. 8).

These statements clearly express the Western Australian Government’s interest in being an active partner in the development of the State’s regions. While the incoming State Labor Government did not revoke the Regional Development Policy, it did initiate a number of changes to the way State Government services were delivered in the regions. On 27 March 2001 the Gallop Government established the Cabinet Standing Committee on Regional Policy. The committee of the four ministers representing the Western Australian regions was established to advise Cabinet on the impact of State Government policies and decisions on regional communities, monitor the implementation of regional plans for each region, and develop regional policy initiatives for the State Government. The State’s nine Regional Development Commissions consult with their local communities and advise the new regional standing committee on matters of local concern.

The Government recognises that local people are best placed to identify their community’s needs as well as put forward ideas, solutions and strategies to deal with those needs and problems... The establishment of this new standing committee will ensure that regional communities have a greater say and more input into the decisions that affect their lives (Gallop 2001b).

On 2 July 2001 the Department of Local Government and the Regional Development and Community Development divisions of the Department of Commerce and Trade were amalgamated to create the new Department of Local Government and Regional Development. This department contains portfolios responsible for regional and community development, including that of the Regional Development Commissions, and local government. It provides government services and promotes regional development in a ‘strategic and coordinated way’ (Gallop 2001c). The
intention of the Western Australian Government was to create a department that brought together those units of government that dealt with regional and local governance and development.

The new State Labor Government also sought to address some of the concerns regarding local government. Following a review of the relationship between the State Government and local governments in 2001/02, the Western Australian Government and the Western Australian Local Government Association signed a State Local Government Partnership Agreement in December 2002. Later, in May 2003, the State Local Government Council was formed as part of the State Local Government Partnership Agreement. The council contains representatives of the State Government and local government. Its role is to receive reports on partnerships registered with the Partnership Steering Group (a group comprising senior State agency and local government representatives); address issues that may arise from the implementation of agreements, and address strategic issues relating to the relationship between State and local government (Government of Western Australia and Department of Local Government and Regional Development 2003).

State Government support for development in the regions displays a strong interest in regional planning and the creation of regional state structures that are more accountable to the State Parliament. Some attention has also been given to strengthening the role of local government with this context. While the role of these institutions and the programs they administer will be presented in the following section, it is clear that the Western Australian Government has established a strong institutional framework for the development of the regions.

The above findings show that Western Australian Government is directly involved with regional issues. While it competes with the Federal Government on this matter at various times, it has invested in specific regional institutions (i.e., regional development commissions) that are now closely connected to the State Parliament through line ministers. It has also established a comprehensive framework of regional planning and development institutions located in the State capital, Perth. This includes

55 The council comprises the Premier, president of the WA Local Government Association, president of the Local Government Managers Australia (WA), the State Treasurer, Minister for Local Government and Regional Development, and the Minister for Planning and Infrastructure.
the creation of a State department with a clear mandate for local and regional development. Thus, the State arm of the Australian state has been the most active in supporting the development of the regions, although the Commonwealth has greater financial resources to apply and has become more interested in regional issues in recent years. While the Australian state provides a rich variety of resources for the development of its regions, the policy and program framework has fluctuated according to the shifting political interests of Commonwealth and State governments.

The National Institute of Economic and Industry Research (1998, p. 2) claimed that compared with regional economic development initiatives in the United States and the Europe, Australia was ‘lagging well behind leading world examples’. This included the central role the Federal Government could perform and the support State governments could provide alongside ‘an innovative and expanded role for local government in local and regional economic development’.

The Australian state was fashioned to counter the centralist tendencies of a national government and provided State governments with the power to balance national interests with those of the State. However, this may not been enough for sub-national and sub-State regions. Not only has the Commonwealth Government come to wield more financial and political power over the processes of development, local state institutions also continue to be ineffectual and marginalised from the mainstream of economic and political decision-making. While local government reforms are underway – either through Commonwealth, State or local government initiatives – the effectiveness of these reforms has been compromised by a lack of financial resources. Ultimately, it is the Commonwealth’s capacity to raise revenue that ensures it will play a greater role in the development of its regions. State governments are a part of the nation-state and rely on financial allocations made by the Commonwealth, while local government is much lower in the food chain and consequently dependent on the support of higher tiers of government.

This section has presented historical and contemporary information on the role of the Federal and Western Australian governments in supporting development in the regions. It has shown that, despite considerable competition between Federal and State agencies and a lack of resources provided to local government, the Australian state does indeed contain sizeable resources to support development in the regions. However, it is clear that there are many questions concerning the way these resources are used that
need to be answered. The following section addresses some of these questions.

3.3 **Nature of government support for development initiatives in the Wheatbelt Region**

Both Federal and State governments have made many claims about their interest in working in partnership with regional actors to support development in the regions. This section examines the way the state interacts with its regions – in particular the Wheatbelt Region – and tests the second hypothesis of the thesis. The second hypothesis assumes the Wheatbelt Region contains a significant pool of endogenous resources and development actors that the Australian state can build upon and work with. Based on this assumption it was hypothesised that the Australian state would be found to work cooperatively with regional actors to deploy regional and national resources in support of regional initiatives.

These issues are examined in this section in four sub-sections. The first sub-section (3.3.1) looks at the way the Federal Government supports development in the Wheatbelt. The second sub-section (3.3.2) then looks at the way the State Government does this. These two sub-sections cover the role of the Australian state in supporting development in the Wheatbelt, while the remaining sub-sections deal with the role of development actors found within the region. The third sub-section (3.3.3) looks at the role of local government in mobilising for local and regional development, while the last sub-section (3.3.4) assesses the role of non-state actors in the region.

3.3.1 **Federal Government involvement in developing the Wheatbelt Region**

Many Commonwealth agencies emphasise the link they provide between local communities and the Federal Government. The Department of Employment, Workplace Relations and Small Business is the most prominent of these through its support for area consultative committees (ACCs). Although a Labor Government established them, ACCs have received continued support from the Federal Coalition Government that gained office in 1996 and claims to have revitalised the ACC network by giving it a broad, whole of government focus. In the words of the former Federal Minister for Employment, Workplace Relations and Small Business, Peter Reith:

> The Charter for the national network of ACCs is all about working together in partnerships and building the capacity of communities to find
local solutions to local problems. It is about contributing to regional economic growth by harnessing opportunities for new jobs, actively supporting small business and proactively addressing training and skills development needs (Wheatbelt Area Consultative Committee 2002).

The claims made by the minister are ambitious, leading to questions as to whether this is rhetoric or reality. The partnerships between government and local communities and capacity building of communities that are a central feature of his statement sound promising, but little evidence of such relationships can be found. Instead, the ACC is a mechanism for the refinement and delivery of Federal Government programs.

The Wheatbelt ACC has formulated its own *Strategic Regional Plan and Business Plan* in an effort to ‘ensure that the Wheatbelt ACC’s responsibility to the Federal Government and the region’s employment priority activities are incorporated [within its] key strategies’ (Wheatbelt Area Consultative Committee 2001, p.5). In line with its functions on behalf of the Federal Government, the Wheatbelt ACC receives all Regional Assistance Program funding applications from applicants within the Wheatbelt. Upon its approval of these, the agency forwards them to the Department of Employment, Workplace Relations and Small Business in Canberra for final approval based on national resource allocations. The Wheatbelt ACC also receives funding applications for support through the Small Business Enterprise Culture Program and reviews them prior to sending them to the department. All other applications go directly to the Commonwealth department overseeing that application and are then returned to the Wheatbelt ACC to review and assess local community benefit.

The Wheatbelt ACC has a Memorandum of Understanding with three Federal Government departments. 56 However, the Department of Employment, Workplace Relations and Small Business is the only department that relies on the inputs of the Wheatbelt ACC extensively for its advice on grant applications. Through these

56 A Memorandum of Understanding on Area Consultative Committees (ACCs) was signed on 30 March, 1999, between the Federal Government ministers of Employment, Workplace Relations and Small Business; Transport and Regional Services; and Education, Training and Youth Affairs. The purpose of the Memorandum of Understanding was to establish a cooperative working relationship between the ministers’ portfolio departments in relation to the utilisation of Area Consultative Committees (Shreeve 2001, personal interview).
arrangements the Wheatbelt ACC acts more like an arm of the Federal Government located within the region than a regionally owned and managed organization with links to external agencies. It is totally dependent on the financial support provided to it by the Department of Employment, Workplace Relations and Small Business, and upon its strategic role in the administration of federally sourced regional development programs from which it derives credibility within the region.

The executive officer of the Wheatbelt ACC, Lisa Shreeve says the Wheatbelt ACC, ‘is nothing more than a committee of the Department of Employment, Workplace Relations and Small Business… In fact, we are becoming the eyes and ears of the Federal Government in the Wheatbelt Region’ (Shreeve 2001, personal interview). Further evidence that the Wheatbelt ACC is more an extension of the Federal Government than an autonomous community-based organization is found in its constitution. The Wheatbelt ACC constitution is based on a template provided by the Department of Employment, Workplace Relations and Small Business and used by all 56 ACCs operating across Australia. The department must approve the appointment of all new board members and both the department and its minister can unilaterally dismiss the executive officer or the chairperson. It was explained that this arrangement exists in case of a change in government, where the executive officer or the chairperson may be considered by the incoming government as biased against them.

The Wheatbelt ACC has formed an agreement with the Department of Transport and Regional Services for the administration of the Regional Solutions Program. It also collaborates with the department on the Regional Solutions Partnerships, a national program that assists the most disadvantaged communities to gain better access to mainstream government assistance measures. However, the level of input from the Wheatbelt, such as through the Wheatbelt ACC, is significantly less. In this case, the Wheatbelt ACC is asked to comment on 200 word briefs on each application. These are prepared in Canberra and are based on an assessment by the 60-person team of assessors located there. Three people in Western Australia represent the State on the Regional Solutions Advisory Committee, and are required to comment on all grant applications sent to the department from Western Australia. However, the degree of regional consultation and involvement in the assessment of these applications is minimal. As Lisa Shreeve says, ‘Overall Federal Government funding in the region is not coordinated, and not strategic… There are many examples of duplication’ (Shreeve
Simon White 2001, personal interview). She cites an example of two towns in the Wheatbelt only 40 kilometres apart, which have both recently received money under the Regional Solutions Program to appoint an economic development officer.

The Wheatbelt ACC does more than simply represent a number of Federal Government departments. It also administers programs on behalf of other Federal Government departments, though the extent of this involvement varies. This method of representation and program administration on behalf of Federal Government departments appears to be taking hold. While postal services in many small towns have been outsourced to private operators for some time now, agencies such as Centrelink have begun contracting a number of community-based agencies, such as TeleCentres, in Western Australia to provide their services (Wheatbelt Area Consultative Committee 2000a, p. 7).57

Another field where the Federal Government performs a direct role in the Wheatbelt is through natural resource management. High levels of salinity, low rainfall and a reliance on sound environmental management make this issue especially important in the Wheatbelt. Here again, the Federal Government has sought collaborative partnerships with local actors and has typically set up its own organizations for this purpose. The Avon Catchment Council is a regional body which oversees initiatives in the Avon River basin, consisting of the Yilgarn, Avon and Lockhart sub-catchments within the Wheatbelt.58 Members of the Avon Catchment Council represent their community by presenting issues of concern to the government. They determine regional priorities for government action and provide information and advice to the Natural Heritage Trust. They are developing a regional strategy to drive the future management of all natural resources throughout the catchment.

57 TeleCentres are telecommunication centres that have been established in rural communities throughout Western Australia. They are community-based organizations that have received assistance from the Western Australian Department of Commerce and Trade and are recognised as part of a broad network of TeleCentres comprising some 75 centres across the State (Department of Commerce and Trade 2000).

The council coordinates integrated catchment management projects, manages State and Federal funds, and aims to improve natural resource management in the catchment area. It lobbies government on regional issues, applies for funds and manages projects in its own right, oversees the management of the Natural Resource Management Plan in the Avon River basin, and provides support to community landcare coordinators and community initiatives.

In an effort to promote partnerships within the Wheatbelt, the membership of the Avon Catchment Council includes five State Government agencies that work alongside community members to come up with strategies and policies that deal with a number of strategic issues. Agency members also play a significant role in assisting the Avon Catchment Council to attract funds and resources to the region.

The Avon Catchment Council appears to be less dominated by Federal Government interests than the Wheatbelt ACC. It creates a forum for local farmers and others with an interest in natural resource management to raise concerns and lobby for change. While a major activity of the organization is to administer Federal Government programs, the group is involved in a range of local and catchment-related matters. The involvement of Federal and State government representatives is also relatively unique to the region.

Three features characterise the role of Federal Government programs in the Wheatbelt. The first is that the Federal Government generally operates in a highly centralised manner. Its work in the region is largely driven by the implementation of national development priorities. Regional or local initiatives are supported only to the extent that they correspond to centrally derived priorities. In this sense, the Wheatbelt competes with other regions across Australia for the services and resources provided by the Federal Government.

Secondly, Federal Government agencies rarely work through or with the support of State Government agencies. In some cases, such as the Avon Catchment Council, local bodies enjoy the support of both Federal and State government agencies but these examples are few and far between. Local government is more likely to receive Federal

59 These are: Agriculture Western Australia, Water and Rivers Commission, Conservation and Land Management, Wheatbelt Development Commission and Main Roads WA.
Government support directly, through regional development programs, than are State Government agencies. The struggles between Federal and State powers, and the responsibilities and resources that come with these powers, directly influence the delivery of government services and the promotion of development in the Wheatbelt Region.

The only exception to the lack of cooperation between Federal Government agencies and those of the Western Australian Government is found among local organizations that have been able to obtain financial support from both. There are a number of organizations that have achieved this; the most notable in terms of joint program efforts is the statewide TeleCentre program, which has formed a partnership with Centrelink. Through this arrangement, Centrelink has contracted local TeleCentres to act as agents on its behalf, providing access to information about Centrelink services, payments and programs (Wheatbelt ACC 2000b, p. 7). Here again, however, the Federal Government’s use of local and, in this case, State Government structures is primarily concerned with the delivery of centrally designed Federal Government programs and services.

Thirdly, the programs administered by the Federal Government in the region rely heavily on cooption as the main means of regional or local participation. It is seen later that there are limitations to this kind of engagement with regional development actors. The Western Australian Government also conducts most of its activities through appointive structures and processes as is shown below.

3.3.2 State Government involvement in developing the Wheatbelt Region

In contrast to the Federal Government, the Western Australian Government has a stronger and more direct presence in the Wheatbelt. From a regional development point of view, the State Government is largely represented in the region through the Wheatbelt Development Commission.

The Commission formulated an economic development vision and strategy for the region, *Shaping the future: 1997-2010* (Wheatbelt Development Commission 1997). Drawing from consultations across the Wheatbelt – in the form of community workshops and submissions from public and private agencies within and outside the region – this document presents a vision for development in the region: ‘To seize global
opportunities, suited to the Wheatbelt’s resources and skills, which will maximise sustainable economic growth for the region’ (p. 40).

It is interesting to note the themes of globalisation (‘global opportunities’) and the region’s competitive resources (‘the Wheatbelt’s resources and skills’) dominate this vision. Clearly, the nation-state – at both the national and State level – recognises these challenges and endeavours to instil them in broader regional development efforts. However, the nation-state continues to rely on top-down, centralised modes of development assistance that fail to recognise a more autonomous role for regions in the world economy.

Based on its vision, the Wheatbelt Development Commission defined five broad development goals dealing with issues such as employment and industry development, infrastructure and services, sustainable environmental management, and regional marketing. These goals are pursued through between five and eight specific strategies. However, the mechanisms for the implementation of these strategies and the roles of specific agents (such as Commonwealth, State and local authorities) have not been identified. These factors, the Wheatbelt Development Commission acknowledges, ‘need further refinement and breaking down to an operational level’ (p. 39).

The Wheatbelt Development Commission works closely with local communities within the region and endeavours to support the efforts of development actors. It has staff located in different area offices of the region and meets regularly with local government authorities, business and farmers groups, and various community-based organizations. However, its program, human and financial resources are extremely limited. Moreover, while the commission aims to improve the coordination of development efforts in the region, it has little authority over other Commonwealth, State or local authorities in the region.

As previously described, AGWEST has a regional office in the Wheatbelt which has run a number of programs in the region. These included the Community Builders Initiative and the Doing More with Agriculture program. The Doing More with Agriculture program sought to assist rural communities to undertake audits and planning on the role of agriculture in the community. It incorporated ‘community opportunities workshops’, strategic planning workshops to help communities establish a shared vision for development, to identify critical development issues, and to develop action plans and strategies. These programs were supported by many development
workers in the region, who described them as ‘wonderfully motivational… and activities that promoted new development ideas and the sharing of experiences’ (Shreeve 2001, personal interview). However, concerns were also expressed. Sally Robson-Bullaring, a community development facilitator who lives on a farm in Corrigin and is a member of the Wheatbelt ACC suggests that these programs, while ambitious, were under-resourced in terms of funds and personnel (Robson-Bullaring 2001, personal interview).

The reality of these programs has not matched the rhetoric. When compared with the entire range of State Government interventions, these programs are insignificant. Sponsorship of community workshops and training programs alone is not enough to support regional initiatives. Moreover, the State Government abandoned most of the Doing More With Agriculture initiatives in recent years, though elements can be found in recently formulated programs.

An illustration of the ways these State Government programs have worked in the Wheatbelt can be found in the town of Corrigin. A community opportunity workshop was held here in 1996 under the auspice of the Doing More With Agriculture program. A similar planning event had been held about eight years before. But, in 1998, when a group of residents looked at what had actually been achieved, they were disappointed to realise very few projects had come to fruition. They recognised the importance of getting the community together to plan what should happen, but the problem lay in the lack of any single group to follow up workshop outcomes. In response they formed a steering committee to oversee 13 interest groups such as young people, tourism, business and sport that had a role in the community. The steering committee met each group in the six months leading to a community planning workshop and established a process for managing community economic development projects before any had been identified. Each group was charged with sending a representative to the workshop to serve on an overall management committee. Nine months after the workshop, eight of the 16 projects that were identified had achieved some success: Corrigin established a new TeleCentre, a local development officer was employed by the local government authority, a community day care centre was established, and a new building for community services is being planned. The management committee, known as ‘Corrigin Our Future’, meets weekly to advance the town’s projects (Government of Western Australia 1999).
The Doing More With Agriculture program provided an opportunity for the State Government to work closely with local communities such as Corrigin. It recognised the importance and relevance of this kind of bottom-up approach, building on social capital assets and strong community solidarity. However, these processes were only supported in a small number of towns and in the end the program was abolished by the incoming Labor Government.

A second program conducted by AGWEST, the Community Builders Initiative, was an element of the Progress Rural WA Program that appears to have been particularly well received among local and regional organizations. From 1997 to 2000 more than 100 rural Western Australian communities participated in this government initiative, involving over 600 ‘community builders’. Community Builders was a six-month program that sought to identify, encourage and empower local residents to become more involved in building their community and its economy. It encouraged local organizers – referred to as ‘community builders’ – to find ways to support and develop local and regional development opportunities. In this way, the initiative sought to strengthen local and regional skills and experiences through a program that emphasised participation over representation. The program created collaborative networks of towns and volunteers across the Wheatbelt and its various sub-regions, referred to as ‘clusters’. Each cluster, comprising six to ten communities, regularly met a facilitator to discuss the relevance of what was learnt and how it could be applied to their community. Clusters received an annual allocation of funds from the Department of Agriculture to cover running expenses (including facilitator expenses, venue hire, speakers and travel). Participants were required to pay a fee of AUS$60. AGWEST also provided a guidebook and resource kit, and a monthly newsletter to all participants.

Community Builders is an example of a program that reached into local rural communities to improve development skills and local capacities. While costing very little, it was practical and encouraged ownership and management of local and regional development by the community. However, this program has since stagnated in Western Australia.

Another State program worthy of note is the Small Town Economic Planning Scheme (STEPS). This program was run by the Department for Local Government and Regional Development and previously by the Department for Commerce and Trade. The department provided funds for towns to undertake initiatives that stimulate local
economic development activity. Funding was available for projects identified as part of a community planning process and applicants had to be able to demonstrate the involvement and support of the community for the proposed projects. Applicants, which included local government authorities and community-based organizations, could receive a maximum of three separate grants of AUS$10,000 per community. The department also provided facilitators and support to help communities prepare profiles, develop action plans, and consult with the public.

STEPS was promoted by the Western Australian Government as a range of strategies that focused on community economic development. The department defined this as processes that, ‘through collective effort, enhances the exchanges that tie communities together, and frees them from those things that may limit their opportunities in the future’ (Department of Commerce and Trade 1999a, p. 5).

Community economic development initiatives, says the Western Australian Government, can create employment; develop economic sustainability at a community level; improve the quality of life in regional towns; involve people in making decisions about the community they live in; and foster greater community pride (Department of Commerce and Trade 1999a). In 2003 and 2004, the State Government abolished most of these programs though many elements were reconfigured into a suite of programs under the title Community Leadership. This program attempts to build the capacity of local and regional actors to design and manage development initiatives in the region.

The Western Australian Government’s support of regional development is not too dissimilar from that of the Commonwealth in terms of its approach. Both levels of government rely on the regional structures they established and continue to control; both rely on representational and appointive models (i.e., through the use of committees and boards) when engaging local or regional communities, rather than broad-based participatory ones; and both pursue a centralised development agenda that requires the region to fall into line with Federal or State priorities.

In contrast to the Federal Government, the Western Australian Government has given a significant amount of attention and support to the promotion of community leadership and the transfer of skills to a cross-section of individuals and organizations in the region (e.g., through the Rural Leadership Program and the Community Builders Initiative). The Western Australian Government has also established a detailed Regional Development Plan, while the Federal Government has no such policy instrument.
Finally, the Western Australian Government has also given the Wheatbelt – and the other eight regions of the State – more political representation within the State Parliament, through the appointment of a minister for the Wheatbelt.

Collaboration between Federal and State government agencies in the Wheatbelt has been poor. This appears to have been recognised by the Wheatbelt Development Commission which has established the Wheatbelt Development Partnership with the Wheatbelt ACC in 2002. The partnership aims to improve working relationships between these two agencies and to ‘illustrate the benefit of partnership building to the community, business and government sectors’ (p. 30). A number of partnership projects are planned for 2004-05 (Wheatbelt Development Commission 2004).

In summary, there is some evidence that the Western Australian Government has endeavoured to build upon the endogenous resources of the Wheatbelt to strengthen the region’s capacity to lead and take charge of its own development. However, this evidence is overshadowed by centralised modalities of government programming and service delivery in which a regional character is given to a Statewide strategy. There are only a handful of programs run by the State Government that attempt to build the capacity of the region to manage its own development or to support regional development efforts in partnership with local or regional agents. Moreover, these programs have few resources when compared with other kinds of programs provided by government to the region.

The previous sub-sections (3.3.1 and 3.3.2) have examined the role of the Federal and State governments in working with local actors in the regions. This has been done to test the second hypothesis: that the character of the nation-state’s support for regional initiative is determined by the quality of endogenous resources found in the region. These sub-sections have shown that both the Federal and State governments tend to use their own institutions to develop the regions and provide support to other institutions in a centralised manner that suits national or State interests before those of the region. However, to test this hypothesis properly it is necessary to consider the role of local and regional actors. The following sub-sections focus on the role of local state (3.3.3) and non-state (3.3.4) actors in designing and managing local or regional development initiatives and how their actions have influenced the support they obtain from Federal or State agencies.
3.3.3 Role of local government in the Wheatbelt Region

This sub-section looks at the role of local government in mobilising for development initiatives in the Wheatbelt Region. Local governments in the Wheatbelt are local organizations that are elected by and accountable to local residents. It will be recalled that, while local governments are governed by State legislation, they are not recognised in the Australian or Western Australian constitutions. Hence, local government is dealt with in this thesis as a local actor in the region.

Among the earliest and most important acts passed by the first Legislative Council in Western Australia in 1871 were the Municipalities and Local Roads Boards Acts. These acts placed local government on a ‘much sounder footing than before’. Local roads boards were usually the first and for many years the only local government authorities in the Wheatbelt and the Roads Board Act paved the way for this form of local authority to be extended across the Western Australian colony (de Garis 1981, pp. 330-331).

In 1871, there were seven municipalities and 21 road districts in Western Australia; by 1909 this had grown to 147 local municipalities. The period 1909 to 1930 saw considerable changes in rural local governments, with 33 road districts established in the Wheatbelt. Since this time there have been a series of dissolutions and establishments resulting in 142 local governments across Western Australia and 44 in the Wheatbelt. The Local Government Act of the Western Australian Parliament has undergone a series of revisions and amendments in recent years. The current Local Government Act of 1995 provides councils with ‘general competence powers’ that give them greater freedom to respond to the needs of their communities. Local governments have the powers to legislate and provide the services and facilities they consider appropriate. The scope of their activities is ‘not limited simply because the State Government can perform like functions’ (Department of Local Government 1994, p. 5).

60 Since 1990, all State governments have been reviewing their local government acts (Wensing 1997). Federal efforts to achieve coordinated responses to Commonwealth programs promoted a degree of cooperation, but also tended to strengthen Federal controls over activities at the local and State level (Chapman 1997).
The 44 local government authorities in the Wheatbelt represent a substantial resource for development in the region. However, they are spread across such a large and sparsely populated region and are far from homogeneous. Independent initiatives by local governments in the Wheatbelt are too numerous to describe in full. Needless to say, some local governments are active, while others appear less so. Most people interviewed for this research indicated that the role taken by local governments in the Wheatbelt was largely determined by the commitment, drive and vision of the shire manager or shire president. There are two shires in the Wheatbelt, for example, that don’t have e-mail accounts because the shire manager doesn’t see the need. Some local governments, says Lisa Shreeve (2001), ‘don’t see their role as extending beyond the traditional realms of roads, rates and rubbish’.

The Shire of Bruce Rock, 250 kilometres east of Perth, is an example of a local government that has taken steps to directly address development. Bruce Rock is a small town that has experienced a slow decline in its population and associated adjustment pressures, including the possibility of a reduction in key government services (such as schools, police, and medical personnel) as well as private sector operations. In response to the population decline, the local council in 1992 offered free land and reduced connection fees for people willing to build a house and live there. It received 2000 applications for about 40 blocks of land. The immediate results of this were the construction of ten new houses and an increase in school enrolments. To complement free residential land, industrial land and factories were constructed by the council and rented out at nominal fees to facilitate growth in business. The Shire of Bruce Rock owned most of the land given away; some was Crown Land that the local council had maintained. The increase in population did not incur significant costs for the town because the infrastructure in Bruce Rock was originally designed to support a larger population.

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61 Edgar (2001) claims that local government in Australia provides a special institution for the use of social capital and other endogenous resources for development. They do this, he says, by ‘developing a more holistic view of local areas and regions, linking physical, environmental, economic, social and cultural issues rather than treating them separately’; and by recognising that building social capital requires ‘concerted efforts to develop a shared understanding of key issues and future vision, to bring together the related activities of different levels of government, separate government departments and local organizations, to achieve real community involvement, and to ensure the more efficient and effective use of available resources’ (p. 139).
population. The scheme is an example of activities undertaken by a local council with the support of the local community, to reverse the decline in population. The shire claims this initiative has provided an air of optimism in Bruce Rock and encouraged other shires in the State to undertake similar initiatives.

Another sign of local government initiative is the formation of regional organizations of councils. One regional organization of councils operates in the Wheatbelt. The Avon Regional Organization of Councils is a voluntary organization of the Shires of Cunderdin, Dowerin, Goomalling, Northam, Toodyay, York and the Town of Northam. Its mission is to improve the quality of life and opportunity for all communities in the sub-region. The Avon Regional Organization of Councils has worked as a combined group in a number of lobbying exercises; it has established a shared information technology service provider and obtained funds from the Healthway Foundation for the appointment of a recreation coordinator.62

One of the critical issues affecting the Avon Regional Organization of Councils is the variation in size and development potential among the participating local governments. Cunderdin, Dowerin, and Goomalling are relatively small shires, compared to the Shires of Northam, York and Toodyay. This is especially the case in the Town of Northam – the administrative centre of the Wheatbelt Region. The three small shires are ‘constantly struggling to remain optimistic and retain their current population’ while the larger three are on the periphery of the metro area and consequently have a healthy steady growth and development pattern’ (Sheehan 2001, written correspondence).

The Avon Regional Organization of Councils also supports the Avon Landuse Solutions program, which is run by a local steering committee. The program aims to build a ‘proud and prosperous community that provides opportunities for everyone through profitable, productive and sustainable land use’ (Avon Landuse Solutions 2001). Avon Landuse Solutions promotes the exchange of information to enable farmers in the community to foster ownership and involvement, identify market opportunities and increase opportunities for diversification. Initiatives such as this draw

62 The Healthway Foundation provides grants to health and research organizations as well as sponsorships to sport, arts, racing and community groups, which encourage healthy lifestyles and advance health promotion programs.
together individual and organizational actors from within the region. Collectively, the local government authorities provide a framework for this activity and a mechanism for accountability back to the local community. While this is a good example of how a local government can promote regional development in a cooperative fashion, such examples are hard to find.

There is growing interest in regional organizations of councils across Australia. In the case of one regional organization of councils operating in a region adjacent to the Wheatbelt Region, the main benefit of cooperation is survival. ‘Making the best of the miniscule budget that we have’, is how it is described by Graeme Little, Town Clerk for the Shire of Three Springs, which is the contact point for the North Midlands Regional Organization of Councils (Little 2001, personal interview).63 This collaborative effort of local governments hasn’t ‘tackled economic development yet, because we are too busy focusing on survival issues and current needs – like mobile telephone networks and medical facilities’. These two issues have focused the work of the North Midlands Regional Organization of Councils and have led to significant results.64 Indeed, pooling of small local government budgets and attempts to create greater scales of economy are of equal significance to local governments in the Wheatbelt.

While the cooperation of local governments is a logical strategy for small rural councils struggling to face growing demands on their scarce resources, such cooperation requires formal approval of the nation-state. The Western Australian Parliament, through the Local Government Act of 1995 requires the formation of these associations to be regulated through the development of an ‘Establishment Agreement’ which must be approved by the Minister for Local Government.

63 The North Midlands Voluntary Regional Organization of Councils consists of seven councils located in the Mid-West Region, a regional that is adjacent to the Wheatbelt Region (Little 2001, personal interview).

64 The North Midlands Voluntary Regional Organization of Councils was successful in obtaining AUSS1.5 million from the Federal Government to upgrade healthcare facilities in its areas. It was also successful in obtaining funds from the Federal Government’s Networking the Nation program, and the commitment of Telstra to establish a mobile telephone network within the area. Both these achievements, claims Mr Little, are a result of the benefit of joint effort among the councils (Little 2001, personal interview).
The Commonwealth has actively encouraged the development of regional organizations of councils through limited funding and logistical support and generally helped them focus on issues of importance such as regional economic development (Plumridge 1995). However, as shown above, despite the greater financial resources of the Federal Government, compared with State governments, few development programs have been delivered through these structures in the Wheatbelt.

Regional organizations of councils have the potential to contribute to regional development. They are composed of representatives of member councils and by concentrating on coordinating local efforts and resources they can pursue activities that promote development. The Country Mayors’ Association included among its observations of international and national experiences that, in Western Australia, it was often the efforts and tenacity of a few ‘movers and shakers’, with the backing of the community, that got things done (Kinhill 1993, p. 119).

While the involvement of local authorities in local and regional initiatives may be influenced by the amount of funds they have for this purpose, some small councils with limited budgets have played a very active role. In many cases, the involvement of local governments in development initiatives has been linked to the style and quality of their leaders rather than its size or resources. As the following section will illustrate, local government authorities can also facilitate the work of other local actors and work in partnership with them.

While local government can perform a positive and influential role in local and regional development, concerns arise in areas where there are numerous local government authorities within one region – such as in the Wheatbelt. Such fragmentation can lead to land use and zoning inconsistencies, the duplication of administration, infrastructure and community facilities; diseconomies of small scale; competition among neighbouring councils for investment and government grants; and the lack of a unified voice in promoting the region.
One approach to dealing with such problems has been amalgamation. While Western Australia has been slow to force the amalgamation of local councils, critics fear this will become the trend, as in other Australian States. The creation and promotion of regional organizations of councils, for example, has been viewed with scepticism by some local governments, which suggest this might be a move towards the amalgamation of local government – prising open an opportunity for larger, regional councils. However, those participating in regional organizations of councils have indicated that these arrangements give them the best of both worlds, by increasing the pool of resources open to individual councils through sharing while maintaining the individual character of each council (Little 2001, personal interview).

In summary, local government in the Wheatbelt holds potential as a mechanism for development. It provides a legal structure that is accountable to local residents for the facilitation and mobilisation of local resources and development efforts. In some cases, local government authorities have cooperated for greater regional (or sub-regional) benefit to overcome their individual resource constraints. But, even in these initiatives, local councils require the approval of the nation-state, in the form of the State Minister for Local Government, before they can undertake such arrangements.

The potential of local government to perform an effective role in development in the Wheatbelt has been hampered by a lack of consistent and comprehensive recognition provided by the nation-state. State governments have been required to create the legal and policy space for local government authorities, which has led to a patchwork of local councils across the country that vary in size, function and character. Local governments are not recognised as part of the Commonwealth and, though the Federal Government has sought to assist them in their efforts through financial and technical assistance, the precise role and contribution of local government to development in peripheral regions remains mired in the machinations of State and Commonwealth arrangements.

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65 In Tasmania, an extensive program of local government modernisation has included a reduction in the number of local government authorities in the State from 46 to 29. This has also occurred in Queensland and Victoria. Clearly, amalgamation may not always improve the effectiveness of local government. In some cases, separation of a local government area into two or more regions has been considered to be more appropriate, especially where the original area covered is exceptionally large, or where land uses can be easily separated into geographical areas.
Johnston (1997) has described how the micro-economic reform measures of the Keating Federal Labor Government encouraged a new relationship between local government authorities and the Federal Government. State Governments opposed these reforms claiming they undermined the rights of the States. However, the Australian Local Government Association, environmental groups and trade unions opposed the States on this because State governments were seen as lacking the necessary nationwide vision necessary for success (Garlick 1997). This appears to have resulted in the continuing marginalisation of local government within the nation-state. Commonwealth initiatives to reform local government have led to conflict with the States. Local governments are managed by State governments and seen as a mechanism for dealing with the basic services of government, rather than development planning and implementation.

The lack of sufficient financial resources available to local government authorities is also a significant constraint on their potential role in development in the Wheatbelt. Because the local rate base in small towns with declining populations is rarely enough, local government authorities rely on the financial allocations of the Federal and State governments.

Finally, and as a result of the above factors, the skills and capabilities of local government authorities in the Wheatbelt vary considerably. In many cases the level of involvement of local government in development activities was found to come down to the particular skills, interest and visions of the people involved in the council – whether this be elected councillors or appointed staff members. Since most local government authorities in the Wheatbelt face the same constraints, in terms of financial resources and dealing with the Federal and State governments, those that stand out because of the development initiatives they have taken in their locality do so because of the vision and drive of the people involved.

3.3.4 Non-state actors in the development of the Wheatbelt Region

This final sub-section examines the role of non-state actors in the Wheatbelt. These may be found in local communities or may span a few communities or the entire region. The purpose of this sub-section is to establish whether, as hypothesised, the Wheatbelt Region does contain a significant pool of development actors the Australian state can partner with.
Non-state actors occupy an important position in the matrix of development agents operating in the Wheatbelt, not only because they represent local and regional interests in development, but also because they can complement and enhance the role of the state. While Federal and State governments supported the settlement and development of the Wheatbelt, this occurred alongside the efforts of local farmers and their communities. The Wheatbelt has a strong history of self-help and community cooperation. For example, it was in this region that the Westralian Farmers Co-operative – Westfarmers – was established, creating 70 branches in its first four years and eventually becoming the largest co-operative in the Southern Hemisphere (Ville 2000).

The Wheatbelt, like many rural communities in Australia, has an extensive array of community organizations. There are sporting groups (e.g., football teams, tennis, golf and shooting clubs), churches, social groups (e.g., there are many local branches of the Country Women’s Association and Rural Youth Association), political associations, and service clubs (e.g., there are many local Rotary, Apex and Lions clubs). There are also many local newspapers that give voice to local and regional concerns. All of these represent a manifestation of social capital upon which regional development efforts can be built. They are a representation of the self-help and participatory spirit of rural life in the region.

There are many development actors in the Wheatbelt. These vary in size, area of reach, and field of interest. Some are concerned only with a very localised area (e.g., Hyden Progress Association, Corrigin Our Future, Go Narembeen, and the Lake Grace Development Association), while others have a much broader regional or inter-regional focus (e.g., North Eastern Wheatbelt Travel Association). There are sector focused non-governmental organizations such as those dealing with the development of small businesses (e.g., the network of local business enterprise centres) and the provision of information technology (e.g., telecentres), as well as those that work with a specific community of interest (e.g., Wheatbelt Aboriginal Corporation). There are also many examples of community-based organizations that have been established with direct support from the Federal or State governments.

There are many non-state agencies, like the Wheatbelt ACC, that have been established with direct support of Federal or State governments. For example, the State Government supports a network of business enterprise centres and telecentres. The State Government provides core funding for these local projects, which are run by a local
management committee. These funds are supplemented with financial contributions from the local community or other granting schemes. Many of these projects administer government programs within the locality and are paid a management fee for this role (e.g., business enterprise centres administer a Federal business start-up for unemployed people). Hence, many of these local organizations perform a role that is, in many respects, an extension of the government and are extremely dependent on financial support from the state. In some cases these organizations, while being non-governmental in terms of their legal structure and management systems, have been planted by governments that are external to the region to establish some kind of public-private-community partnerships.

Regardless of their origins and the factors that have shaped their activities, the number, diversity and vibrant nature of non-state development actors are a strong indication of the endogenous resources that can be found in the region and mobilised for development. This sector represents many groupings of local residents who, mainly through their voluntary and collective efforts, are committed to making their community a better place to live. This is a display of community empowerment and local economic development capacity.

While the presence of non-state development actors in the region can be an indication of social capital, there are other indicators that demonstrate the attachment residents have to their region. These include studies of community perceptions. In a study of the views of people living in the Wheatbelt Region in 1997, the Wheatbelt Region scored the best on indicators such as friendliness, community division, levels of family stress, privacy and the environment for children when compared with all other regions in the State. Ninety per cent of residents claimed the Wheatbelt was ‘a really friendly place to live’ (Patterson Market Research 1999).

While it is beyond the scope of this thesis to describe in detail the dynamics and character of all the non-state development actors found in the Wheatbelt, some common themes can be illustrated through examples. To this end, the activities of the Hyden Progress Association, the Wheatbelt Aboriginal Corporation and the local initiatives of Kulin are briefly described.

Hyden is a town of about 600 people located 330 kilometres southeast of Perth. It has received recent attention as a town that has successfully organized itself for local economic development. Its main income sources are wheat, canola, sheep, cattle, gold,
and nickel. In addition, the town generates an estimated AUS$1 million within the local community and AUS$5 million from the 100,000 visitors who come to see Wave Rock (a unique nearby rock formation) each year. An indication of the town’s decline is that there were 120 children enrolled in the local school in 1982, but by 1992 this had fallen to 30. ‘The town hit crisis point in the early 1990s as a result of droughts during the 1980s and the fall of wheat prices during the Iraq war’ (Mouritz 2000).

The Hyden Progress Association was formed in 1946, but the crisis of the 1990s required it to work with the local government authority and other local organizations to lead local economic development activities. The following vision was formulated through a process of participatory planning meetings:

To nurture local leadership, teamwork, positive vision and initiative to improve community resources and facilities for all residents, and to work cooperatively with determination and hard work to ensure that existing and new rural-based businesses, tourism and agriculture are modern and productive and will have a thriving and sustainable long-term future within Hyden’s vibrant and forward-looking community (Mouritz 2000).

To pursue this vision, Hyden has undertaken a range of local development activities including the modernising of broadacre agriculture, group learning and marketing initiatives. A Hyden and Districts Landcare Project was established and local organizations worked with the local council to revamp the town’s image. The Wave Rock Tourist Development Company was established to enhance the local benefits resulting from visitors to Wave Rock. Accommodation for young single people in Hyden and a retirement village have been built and government funding has been secured for the Hyden Resource and TeleCentre. In addition, a community resource coordinator has been appointed and the Hyden Business Development Company was formed.

Jane Mouritz of the Hyden Progress Association says, ‘We’ve done it ourselves, in partnership with government and industry’. It has required frequent consultation with community members, investing in people and leadership development, the creation of structures to support people and ideas, and resourcing projects with ‘people power’ (Mouritz 2000).

Hyden is the poster-town of small town self-help in Australia. Both the Federal and State governments have used it to illustrate the initiatives local towns can take. It
has succeeded in its local actions where others have failed. This is, in large part, a result of the dynamic leadership of a few people in Hyden, as well as an active local council.

Another prominent non-state organization in the Wheatbelt is the Wheatbelt Aboriginal Corporation (WAC). This is a community-based organization constituted under national legislation established specifically for Aboriginal development organizations. WAC is located in Northam and deals with indigenous housing, health and employment across the region. It administers Federal Government programs such as the Community Development Employment Program and is responsible for the regional administration of Aboriginal sports grants, NAIDOC grants and the setting up of Aboriginal progress associations. WAC administers the Mogumber Farm, which is owned and managed by Aboriginal people. As well as operating a commercial farm on these premises, WAC is developing Mogumber as a tourist attraction and is introducing tree farming and school group visits. WAC has initiated local economic development projects to generate employment in a number of locations across the Wheatbelt. These projects are in various stages of development and include: aquaculture projects in Northam, Merredin and Mukinbudin; walk trails in and around the town of York; a cultural centre, as well as the expansion and improvement of cleaning and building businesses in Northam; a cultural events amphitheatre in Bruce Rock (though this is not a specifically indigenous project); and the construction of cool rooms, freezer boxes, a shade house and seed propagation nursery in the town of Goomalling (Wheatbelt Area Consultative Committee 2000b).

WAC differs from the example of Hyden in that it is an organization which provides a means for raising funds and development support across the region. Its activities are closely tied to those of the State and Federal granting bodies. In this way, WAC is similar to business enterprise centres and telecentres because it is community-based and established through the direct support of government funding institutions. WAC is different because it operates across the Wheatbelt as a whole while business

66 NAIDOC grew from the National Aborigines’ Day Observance Committee (NADOC), which was established in 1957. In 1991, NADOC became known as NAIDOC to include Torres Strait Islanders. NAIDOC is now used widely to refer to all the events and celebrations that go on during National Aboriginal and Torres Strait Islander Week. Each year NAIDOC Week has a theme representing issues of importance to indigenous people (Aboriginal and Torres Strait Islander Commission 2002).
enterprise centres and telecentres have a local focus. Hyden, on the other hand, is an example of how a number of community-based agencies, as well as the local government authority, have collaborated for the long-term viability of their town.

A final example of the resource that non-state agents bring to development in the Wheatbelt can be found in Kulin, the town that calls itself the capital of the Wheatbelt. The Shire of Kulin, covering nearly 8000 kilometres, has a population of 1100 with 300 being resident within the Kulin townsite.

Local community groups, with the support of the council, the Eastern Districts Business Enterprise Centre and the Wheatbelt Development Commission, came together in 1994 for a participatory planning workshop they called ‘Where is Kulin Going? Don’t put your future in the hands of others – take control of your own destiny!’ This workshop attracted about 50 residents who discussed the future of Kulin and the possible strategies that could be initiated for development. The overall conclusion of the workshop was that Kulin had to raise its profile to attract more people as settlers and visitors, and to give local people a renewed sense of ownership and pride in their community. A number of practical strategies were agreed upon and small working subgroups put these strategies into action. The convenors of each of the subgroups met through an umbrella body they named the Cultivating Kulin Committee.

The Cultivating Kulin Committee adopted the following vision statement for the development of Kulin:

To sustain and improve the local community through positive opportunities for business and quality of life. The community must lead activities, which will develop and increase the profile of Kulin and attract people to the district. The community must embrace initiatives to preserve existing businesses and services in the district. The community must remain proactive and consider all new ideas and initiatives (Kenyon and Black 2001, p. 63).

Since 1994, many new initiatives have been established in Kulin, most of which involve the collaboration of community-based agencies. The local community centre was converted into the Kulin TeleCentre and a community-based newspaper, The Kulin Cultivator, was established. The inaugural Kulin Bush Race was held in 1995 drawing on the town’s local history of horse racing dating back to the early 1920s and 30s. It incorporates gymkhana novelty events, live music, food, drinks and crafts – as ‘a celebration of the fun spirit of country people’ and is now an annual event. In 2001 it
Simon White  

won the Western Australian Tourism Award (Kenyon and Black 2001, Kulin Bush Races 2002).

Following the closure of the last commercial bank in town in 1998, the Kulin Community Bank was established – the first of its kind in Western Australia. Local residents pledged funds to the value of AUS$270,000, allowing the bank to register, hire staff, lease premises and issue a prospectus. The Kulin Community Bank operates under the auspices of the Bendigo Bank, which provides the legal structure to give local communities an opportunity to enhance control over their community’s capital, ensuring more money stays in the district for local investment (Jennings 2001).67

Kulin is an example of a small town that has done a lot with very little assistance from Federal or State governments. While it has attracted government funding for specific projects, such as its telecentre, government assistance to this tiny community is minimal. Kulin is a small town in a peripheral region, but it is drawing on local resources such as its community spirit and solidarity, to find solutions to the development challenges it faces. It has formed alliances with external agencies, such as the Bendigo Bank in order to achieve results it would not be able to achieve on its own.67 Non-state development actors are plentiful in the Wheatbelt – representing a mosaic of sizes, forms and functions. Their capacity to mobilise endogenous resources makes them valuable mechanisms for development in the region. The importance of enhancing the capacity of local and regional non-state actors to engage in development in partnership with the government was highlighted during the preparation of the Regional Development Policy for Western Australia. The Western Australian Government engaged a consulting firm to prepare a document entitled *Capacity building for regional Western Australia* (Synectics Creative Collaboration 1997). This report was released as a supporting document for the Regional Development Policy. It drew from a wide range of literature as well as consultations across Western Australia on the need for capacity building in the regions and roles government can perform:

67 For more information on the Kulin Community Bank and the Community Banking program of the Bendigo Bank see Bendigo Bank (2002).
Successful regional development is fostered, as capacity building indicates, by communities’ involvement. Communities must become collectively motivated and mobilised to act; have forums to develop visions and goals for their region; and be able to work together to achieve these goals. The involvement of communities in their own development is essential if the wishes and preferences of the community are to be respected in decision making and to ensure that community distinctiveness and differences are preserved as development occurs. Such involvement seeks to minimise ‘one-size-fits-all’ solutions and prevent the loss of a community’s character (Synectics Creative Collaboration 1997, p. 23).

The report goes on to suggest that the ‘role of government is to provide opportunities for community development and encourage participation. While the benefits of capacity building are difficult to measure, government must recognise that it is an important long-term investment’ (p. 6). The Western Australian Government’s Regional Development Policy builds on this view and attempts to position State Government agencies as ready to form partnerships with local communities in the name of regional development. However, while some State Government programs appear to be building the capacity for local communities to participate in such partnerships, many of the government’s programs and partnership arrangements are weighted in favour of the state. Many new non-state agencies have been formed in recent years, but quite a number of these have been established to accommodate government funding, rather than as an expression of local collective action or partnerships between these agencies and the state. However, as the cases of Kulin and Hyden demonstrate, local non-state actors can work closely with local state structures and, in the spirit of self-help, undertake development initiatives that benefit their town and ultimately the Wheatbelt as a whole.

The Wheatbelt exhibits a substantial pool of non-state development resources in the form of community-based organizations and networks. Evidence has been found of a wide range of non-state initiative geared towards local and regional development. In some cases, the Australian state has been found supportive of these initiatives. However, many instances were found of very little support provided to non-state initiatives. The majority of the Australian state’s support for development in the regions is found in the form of specific development products or programs (e.g., business enterprise centres, telecentres). Thus, more often than not, support from the nation-state requires non-state actors to compete for projects established by Federal or State agencies to be located in their areas.
The Australian state appears to recognise the importance of non-state development actors and makes many claims about the need for partnership and collaboration. However, these relationships are usually framed by terms the nation-state sets. In recent years, there have been very limited resources provided to leadership and capacity building programs designed to improve the effectiveness of non-state development actors. Moreover, the impact these programs can create is likely to be undermined by a lack of commitment by the Australian state to establishing and maintaining long-term partnerships with these actors.

Despite claims of an approach to development in the regions based on partnership and collaboration, Federal and State government interventions in the Wheatbelt Region have been delivered in a centralised, top-down manner. A wide variety of state and non-state actors located in the region are engaged in development activities, but the institutions of the nation-state have made little use of this resource. Collaboration between the Australian state and regional development actors is possible only on terms set by the state. The Australian state’s overall objectives and interests in development in the region overshadow those of development agents located in the region.

3.4 Conclusions
Rural regions in Australia have undergone a transition over the past 100 years. Many inland rural regions that were once the locations of industries of central importance to the national economy have become places of disadvantage and need. Australia’s population has become more urbanised; small towns have declined and, while the size of regional centres has increased, this has been slower than the growth of a handful of cities. While many of Australia’s key industries have always been connected to the world economy, more intensive exposure to foreign markets and competition created by globalisation has contributed to transitions in the Australian economy, making it more sensitive to international market shifts and placing greater importance on service and knowledge-based industries.

The above analysis of the Australian state’s involvement in peripheral regions tested the first hypothesis of this thesis: that the Australian state would display a comprehensive range of institutional, program and financial resources that could be used by regions in their development efforts. This chapter has shown that, indeed, the
Australian state has a broad range of policy, program and financial resources that can be used for the development of regions. However, it has applied these in an inconsistent, fragmented and sporadic manner.

There are three factors that support this conclusion. Firstly the structure of the nation-state has fragmented the support the Australian state can provide to regional initiatives and created competition between the two main levels of government over regional issues. Federal and State governments continued to argue over their roles in this field and in the process the voice of peripheral regions has been diminished. The lack of a consistent and comprehensive approach to development in the regions by Federal and State governments is indicative of the low priority afforded the issue. As a result, regions – especially inland rural regions – have become peripheral to the main interests of the Australian state. The structure of the Australian state has also failed to provide a fully resourced mandate to the third and most local level of government. Local government authorities are not recognised by the Australian Constitution and, despite their strategic positioning in the regions, have been undermined in their efforts to provide an effective mechanism for development that is locally inspired and managed.

The second explanation for the failure of the Australian state to provide consistent support to regional initiatives is found in the fluctuations that occur over time from one (Federal and State) government to the next. Regional development policies and approaches have been politically contested and their implementing institutions are often changed as new political parties form government. While it could be argued that all constituents of the Australian political system experience change as from one government to the next, this problem is exacerbated in Australia’s peripheral regions. Because rural inland regions are areas of disadvantage they can be dependent on support from outside. This support mainly comes from the Australian state, making these regions more vulnerable to changes in government policies and programs.

The third explanation for the failure of the Australian state to deal with development in peripheral regions is the lessening electoral obligation to do so. Peripheral regions in Australia have not been the focus of national political interest unless they hold seats in a Parliament with a slim majority, the so-called marginal seats. The electoral power of peripheral regions is limited with only sporadic interest shown at the national or State level.
Thus, the Australian state does exhibit a broad range of formal resources it can use to support development in the regions, but these resources appear to support national or State interests before, or in preference to, those of the region. Only a small proportion of these resources appear to be designed to support regional initiative. However, this qualification is best explored in the second hypothesis.

The second hypothesis was also considered in this chapter: that the character of the nation-state’s support for regional initiative would be determined by the quality of endogenous resources found in the region. It was found that while substantial endogenous resources exist in the Wheatbelt, the nation-state’s collaboration with the region has been one-sided and limited. Policies and programs for development in the region are overwhelmingly concerned with the pursuit of national or State interests, rather than those of the regions themselves. Helping the regions fall into line with national and State interests has been more important to the Australian state than helping regions engage more effectively with the world economy. Social welfare and various adjustment schemes have been used by the Australian state to help regions reduce the negative consequences of structural change. Thus, support for development that is initiated and managed by the regions themselves has been given less attention by the Australian state.

There are three factors that support this conclusion. Firstly, there is very little evidence that the nation-state has attempted to identify and work with regional actors in a collaborative and consistent manner, defining priorities together, combining resources, and jointly measuring change. Indeed, Federal and State agencies often create their own structures and attempt to direct or coax existing institutions to fall into line with its agendas.

Secondly, rather than offering support programs designed in response to jointly identified needs, opportunities and implementation mechanisms that enhance regional ownership and accountability, the evidence suggests that the Australian state develops national or State programs that regions must comply with. These programs are centrally designed and delivered with only occasional and limited consultation with regional actors.

Thirdly, instead of evidence of the Australian state working closely with local governments and community-based organizations in the region, the state was generally found to be unsupportive of development efforts initiated within the region. With a few
exceptions, the state was found to work unilaterally, without collaborating with other agencies.

These characteristics of state and non-state development activity in the Wheatbelt highlight the way the Australian state continues to construct rural regions in Australia as peripheral regions – dependent on the support of external agencies. In a globalised economy where national boundaries have become more porous and the authority of the nation-state more tenuous, rural regions such as the Wheatbelt are hindered by the Federal and State governments, rather than empowered.

What emerges from this case study is a divergence of interests between the Australian state and regional and local actors. While sub-national regions are, of course, required to conform to the interests of the Australian state – in the national interest – they are subjected to a relationship with the state that is based on dependency rather than partnership. The nation-state maintains a tight grip on its resources in these regions in the belief that its own centralised institutions are better able to manage development on behalf of the regions. In this way the nation-state is constraining the potential for development in the regions and helping to maintain their peripheral status.
CHAPTER 4

THE NAMIBIAN STATE AND DEVELOPMENT IN THE OMAHEKE REGION

We shall achieve in a decade what it took others a century… and we shall not rest content until we demolish those miserable colonial structures and erect in their place a veritable paradise.


We have to be part of the society which we are changing; we have to work from within it, and not try to descend like ancient gods, do something, and disappear again. A country, or a village, or a community cannot be developed; it can only develop itself. For real development means the development, the growth, of people.

Julius K. Nyerere, first president of Tanzania, 1970 (cited in Nyerere 1974, p. 10)

We are now talking of the 1980s as a ‘lost decade’, but I say that the ’70s and ’60s, too, were lost decades because we did not address the problem of the structural transformation of our economies. Instead we sank deeper and deeper into the production and export of raw materials. The consequence of that strategy is what we are now reaping.


The above quotations from past and present heads of nation-states in Africa reflect changes in the ways development has been framed in Africa. As the first president of the first independent African nation-state, Nkrumah saw the urgent need to remove the exploitative and foreign structures created by the colonialists. A new nation-state required government structures that served the people, rather than distant empires. Nyerere’s plea for the development that is inspired from within local communities reflects a desire to build upon endogenous resources and for local communities to take charge of their own development. Museveni’s critique of past failures laments the peripheral position many African economies hold in the world economy. While a review of the notion of African statehood is beyond the scope of this thesis, it should be recognised that the nation-state in Africa has a unique character when compared with
nation-states in the developed world. While nation-states in Africa have adopted many of the characteristics of Western democratic states, there are particular challenges post-colonial state building faces in Africa. These challenges – such as the role of culture, indigenous forms of democracy and the transformation of post-colonial economies – contribute to a vibrant debate concerning the role of the state in Africa’s development (see for example Davidson 1992, van der Veen 2004). They also underlie the enormous differences between the Australian and Namibian states.

This chapter examines the role of the Namibian state in promoting development within its regions. Created on 21 March 1990, the Namibian state is relatively new. It is the result of a long period of transformation from exclusionary and exploitative colonial states to a new democratic and development-oriented sovereign state. This transformation has included the creation of new regional and local structures of government. By examining in detail the Namibian state’s role in development of one region – the Omaheke Region – this chapter makes it possible to better understand the relationship between the Namibian state and development actors found at local and regional levels. The nature of these relationships reflects the kinds of roles the nation-state performs in supporting developments that are initiated and managed by the regions.

The chapter is organised in three sections. The first section explains the processes that have led to the creation of peripheral regions in Namibia. There are clear historical reasons for the dependence peripheral regions in Namibia have on the decisions made beyond their boundaries. While the new Namibian state is attempting to address these, many regions continue to lack the political and economic clout required to take charge of their own development.

The second section examines the orientation of the Namibian state toward development in its regions. It examines the role the nation-state expects its regions to perform and describes factors that shape its approach to development in the regions. It also outlines the policy, institutional and program resources it has available to support the development initiatives of the regions. This section tests the first hypothesis. Because Namibia is a developing country it was expected to have fewer formal resources for the support of regional initiatives when compared to Australia. This chapter provides insights into the ways a very different nation-state approaches development in the regions and how it interacts with development actors in the region.
The third section of this chapter examines the roles of development actors in the Omaheke Region. It is here that the relative potential for regional autonomy in development matters is assessed and the second hypothesis tested. Because the regions in independent Namibia are new, it was expected that their systems of governance would be less mature than the Australian case and that there would be fewer endogenous resources that could be mobilised for development. It was anticipated that this situation would, therefore, offer limited opportunities for mutual cooperation between the Namibian state and development actors of the region. Because of this it was hypothesised that the Namibian case would show fewer connections between the nation-state and development that is inspired and managed by its regions than the Australian case. As a result, it was anticipated that the Namibian state would display a more centralised, directive style of development than the Australian case.

4.1 Creation and character of peripheral regions in Namibia

The history of Namibia demonstrates how regions can be used to achieve central political ends. Regardless of the ruling authorities, regions in Namibia have been formulated to achieve political objectives. This was the case from the first occupation of South West Africa, as it was then called, through to the annexation of this territory by South Africa, and finally to the establishment of the current independent Namibian state.

Prior to colonisation Namibia comprised geographically diverse ethnic groups. These included seminomadic herders known today as Herero, Nama, and Damara, as well as groups in the north of the country that were agriculturalists, such as the Owambo. Ngavirue (1997, p. 27) says the social organizations of these groups exhibited very little of what Tönnies called Gesellschaft. Instead, Gemeinschaft or community, says Ngavirue ‘characterised by ethnic and other particularistic bonds, was the medium for the expression of interests between groups’. Thus, these were autonomous tribal groupings that, while engaging in regional disputes with each other from time to time, were found in discrete locations across the country. There were also seminomadic
groups and the hunter-gatherer San, who were, in fact, the earliest inhabitants of Namibia.68

As with Australia, it was Namibia’s colonial settlement that brought it into contact with the world economy. Underlying Europe’s expansionist interest in Africa, says Hochschild (1998, p. 27) was the search for a ‘source of raw materials to feed the Industrial Revolution’. While initially opposed to the colonial occupations of Africa by Europeans the German Chancellor, Prince Otto von Bismarck (1815-1898), who was influenced by political and economic developments in Europe at the time, adopted an ambitious colonisation policy that saw the infiltration of Germany into South West Africa in the 1880s. The colonisation of Namibia was led, as in many African countries, by explorers, missionaries and merchants. As with most colonial establishments, the occupation of South West Africa was designed to serve German interests in the ‘scramble for Africa’ (Pakenham 1991).

From the very beginning of colonial occupation, the German administration of South West Africa was organised to profit from the ethnic divisions found in the land at that time. Pakenham (1991, p. 604) describes Bismarck’s ‘pounce on southwest Africa’ amid the disputes occurring over grazing land among the indigenous Herero and Nama tribes. In 1884 Bismarck’s Imperial Commissioner arrived and presented the Herero with a treaty and protection from the Nama. This heightened tribal rivalries for the benefit of the colonising force.

By 1892 pockets of the territory of South West Africa had been acquired by German interests and protected under the German treaty system, known as Schutzverträge, meaning ‘protection agreement’. This was not only an effective means of ‘political and economic control over the mobility of indigenous population groups, but was also intended to protect black groups and tribes from one another, to fragment their leadership, and to undermine their political autonomy’ (du Pisani 1986, p. 25).

68 Suzman (2000, p. 1 footnote) uses the term Ju’/hoansi to describe people in eastern Namibia who might otherwise be considered San or Bushmen. However, the term San refers generally to the collection of all these groups and will be used in this paper because it is the term most often used in official documents. The other common term ‘Bushman’ will not be used since it is broadly considered to be derogatory.
The management of the territory of South West Africa followed German colonial lines, reflecting a system of government administration that served German interests alone. Three levels of government were established: *Kommunal-Verbände* (local councils) were local administrative structures responsible for the maintenance and construction of roads, parks, street lighting and the provision of water; *Bezirks-Verbände* (district councils) had similar but broader powers than the *Kommunal-Verbände*, from which representatives were drawn; and the *Landesrat* (the Territorial Assembly), contained 15 representatives of the *Bezirks-Verbände* and 15 representatives who were nominated by the governor. Right from the start, says du Pisani (1986, p. 24), ‘the doctrine of the supremacy of German interests guided the deliberations of the *Landesrat*’. The governor was appointed by and responsible to Bismarck himself.

The German coverage of South West Africa was limited to Germany’s specific areas of interest. It wasn’t until South Africa became the colonial ruler that the first regional division of the territory occurred. When the South African Government put an end to 30 years of German rule in 1915, South West Africa became the thirteenth province of South Africa.

From 1915 South West Africa came under South African rule. The South African Government inserted an Administrator, who was directly responsible to the South African Prime Minister.69 This position was replaced in 1977 by an Administrator-General who oversaw the first flawed attempt at democracy in December 1978, which was essentially an election between two white-led parties: the Democratic Turnhalle Alliance and the National Party.

Regional delineations, when they finally came, were a result of the recommendations of a South African Government Commission, established in 1962 and named after its Chairperson, F. H. Odendaal. The Odendaal Commission created a

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69 In 1920 the League of Nations granted South Africa a C-Class Mandate to administer Namibia. Interestingly, the concept of a Class C Mandate was developed and adopted by the Paris Peace Conference in 1919 and included Australia’s protectorate control of New Guinea, along with South Africa’s control of South West Africa. The Class C Mandate was created as a ‘great compromise’ between the expansionist desires of South Africa and Australia who wished to annex their territories into South West Africa and New Guinea, respectively, and the self-determination of these territories (Slonim 1973, pp. 11-38).
series of homelands or communal areas across the country into which people of various racial and ethnic origins were assigned. This was ‘congruent with the apartheid state’s official policy of ethnic particularism and spatial social engineering’ (du Pasani 2000, p. 64).

Under the doctrine of ‘separate development’ the Odendaal Commission defined areas for black settlement (known as ‘reserves’) and white settlement (known as ‘police zones’). In some cases this involved resettling white farmers from the areas that became reserves, compensating them with land in the newly created police zones, which later became known as ‘commercial farming areas’. Thus, land and settlements were structured on the basis of race and ethnicity rather than on the recognition of any regional resources or characteristics that could have been mobilised for development.

Significantly, the division of land along racial lines was far from equitable. While about 33 million hectares were allocated to non-Whites who numbered around 640,000 in 1970, the Whites, of whom there were 91,000, were allocated 40 million hectares (du Pisani 1986, p. 163).

The Odendaal Commission rejected the idea of one central authority that would govern the different populations within the colony in preference to separate ethnically and geographically defined governments. This lead to the formation of 27 magisterial districts with administrative functions, which, according the Odendaal Commission’s recommendations, would promote self-determination within the homelands, without opening the doors to the domination of one ethnic group by another.70

Regional autonomy was limited by the powers defined by the central authority and difficult to maintain because it was founded on the basis of race, rather than any economic, political or geographic characteristic.

70 This was consistent with the South African Government’s policies of the day collectively known as ‘apartheid’ – an Afrikaans word, literally meaning ‘separateness’ and derived from the Afrikaans word denoting apartness or separation. D. F. Malan, the leader of the South African National Party and subsequently President of South Africa, popularised the term ‘apartheid’ as a political slogan in 1944. After the National Party’s election to national government, apartheid became official government policy from 1948 until 1989. South West Africa, as with all territories of South Africa was subject to these political dispensations.
The concept of separate development was predicated on the idea of African nationhood, but only on a highly circumscribed view of nationhood. Ethnic units constituted the building blocks in the policy of separate development. Consequently, such a policy logically entailed the allocation of a sense of ethnic separateness (and an accompanying sense of social distance), while it clearly provided for geo-political partition and the practice of sub-national politics (du Pisani 1986, p. 171).

The German and South African authorities used reserves to establish and maintain political control. They became the locations of racial division and a tool for economic exploitation. Invariably the homelands or reserves that were allocated to black indigenes were located on land that held little value in terms of mineral wealth or agricultural production.

The results of the Odendaal Commission are still apparent in Namibia today. They ‘left a deep scar in the social fabric of Namibian society’ (du Pasani 2000, p. 67). They also created pockets of land that were severely underdeveloped. Land title was only possible for whites in the police zones, commercial farming areas and urban areas. In urban areas within reserves, there were no land titles. Instead, a ‘permission to occupy’ (known as a ‘PTO’) was required. These repercussions will be illustrated later in this chapter when the development challenges of the Omaheke Region are examined.

As international pressure on the South African Government mounted, the Administrator-General of South West Africa issued yet another proclamation on 24 April 1980 (Proclamation Number 8, known as AG8) to reorganise the territory of South West Africa into eleven exclusive groups. Again this was done according to racial, ethnic and tribal lines. AG8 gave partial control of homelands and reserves to homeland leaders, which were homeland government structures with limited and essentially meaningless powers. As it turned out, this was a relatively short-lived attempt to reconfigure the country’s regions for the benefit of South African occupation.

This history of political repression through the use of regional (i.e., racial) systems of governance created a great distrust of regionalism within the new Namibian state. Shortly after Independence Namibia’s new Swapo Government sought to dismantle the racial and exploitative functions that had been assigned to the regions.\footnote{A brief history of Swapo: In the 1950s, representing some of the first stirrings toward nationalist liberation politics, the Owamboland People’s Congress, which quickly became the Owamboland People’s Organization, was formed. Growing from these roots, the South West Africa People’s}
On 3 September 1990 President Sam Nujoma appointed the First Delimitation Commission with the task of determining regions, constituencies and the borders of local government units in compliance with the letter and spirit of the new Constitution. The duties of the Commission were (Proclamation No 12, 1990): to determine the boundaries of regions and local authorities into which Namibia would be divided for the purposes of local authority and regional council elections; to determine the number of persons and constituencies for each regional council, and to set the boundaries of each constituency.

This work was carried out in stark contrast to that of the Odendaal Commission almost thirty years earlier. This time the Delimitation Commission was required to consider geographical issues without any reference to the ethnic origin of the inhabitants of such areas. Other factors to be taken into account when delineating the regions into constituencies were the number of persons who are ordinarily resident in the regions and were eligible to vote in terms of Article 17(2) of the Constitution. It was considered important that the number of eligible voters residing in the various constituencies should be as equal to those of other regions as reasonably possible. In redefining Namibia’s regions and the formal and traditional actors that were to be involved in their development, Tötemeyer (1996b, p. 9) – a member of the First Delimitation Commission and until recently the Deputy Minister for Local and Regional Government and Housing – indicated that the Government was ‘not interested in “punishing” those traditional leaders who collaborated with the colonial government when the “homeland” system was imposed on Namibia’.

The commission suggested that regionalization should not occur without an in-depth understanding of the role and dynamics of regional planning. Regional planning was seen as a tool Central Government could use to distribute resources from the centre

Organization, otherwise known as SWAPO was formed in April 1960. SWAPO’s armed wing, the People’s Liberation Army of Namibia (PLAN) fought a guerrilla war against South African occupation since the early 1960s while, as early as June 1960 Sam Nujoma, President of SWAPO, appeared before the United Nation’s South West Africa Committee to appeal for South West Africa’s independence. After Independence, the South West Africa People’s Organization (SWAPO), having established government, changed their name to Swapo – dropping the acronym (Dobbel 1997). In this way, the party was able to keep the name by which it was known, without maintaining the use of the old colonial term of South West Africa.
to the periphery. In addition the commission’s work was guided by two principles: firstly, it was important that regions were single, contiguous, spatial units; secondly, it was important that delimitation be goal and development-oriented.

The new regions were to be viable social, political and economic entities. Each region was to be administratively governable and it was important that the people inhabiting a region should be able to identify with such an administrative entity. This implied that the commission did not identify regions primarily as political entities but as predominantly administrative and socio-economic entities (Tötemeyer 1996b, p. 9).

The commission decided on the 13 regions and 95 constituencies that are currently in place. The 13 administrative regions are the Caprivi, Erongo, Hardup, Karas, Khomas, Kunene, Ohangwena, Okavango, OmahaKe, Omusati, Oshana, Oshikoto and Otjozondjupa. Subsequent to this, the government has initiated two other Delimitation Commissions to review and up-date the boundaries to these regions and their constituencies.

Figure 5 is a map of Namibia showing these regional boundaries.

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Proclamation No 6 of 3 March 1992 formally sanctioned the establishment of the boundaries of the regions and local authorities in Namibia. Proclamation No 25 of 1 September 1992 officially determined the boundaries of constituencies in the respective regions. The Government also identified the thirteen regional centres where the regional councils are located.
In the heady days of the early-1990s this new regional structure was considered a significant contributor to nation building. It improved and integrated administrative systems alongside human development and socio-economic progress. Development was not only equated to economic growth, or the redistribution of wealth, but also to social development, fulfilling specific human needs and attaining self-reliance (Tötemeyer 1996b, p. 9).

While regions such as Khomas, where the capital city of Windhoek is located, benefit from a growing urban population and new investment opportunities, most of the other regions are predominantly rural. While regional divisions based on race no longer exist, their legacies continue to influence economic and development priorities in the regions. Small towns and settlements located in homelands and communal farmlands, for example, were once areas where private ownership was forbidden. As a result, the Government has been involved in extensive efforts to create title deeds and draw up
town plans that were non-existent. It has also been engaged in a process of land reform and resettlement.

The above discussion suggests that all regions outside the Khomas may be considered peripheral within the Namibian context – if only on the basis of their shared history and low level of development. Indeed, rural regions remain locations of disadvantage and present a major challenge to the Namibian state. Some 68 per cent of the Namibian population were living in rural areas in 1997, and the population growth of these areas was estimated at 5.4 per cent (Central Statistics Office 1997).

The Omaheke Region was chosen as a region for investigation in this study because it is an isolated sub-national region with a small population. This makes the Omaheke a region with little political or economic power. It is a peripheral regional in national and international terms.

The Omaheke Region was subjected to the divisive practices of the apartheid state in the South African years, which led to separation of commercial and communal lands. While it contains a small number of white farmers who are on privately owned land and who earn a reasonable income, if not more than a reasonable income, it also contains a high number of very poor black farmers who live on land they do not own. It also has a small population of indigenous people known as the San. Unlike many other regions in the north of Namibia, the Omaheke Region contains opposition parties that have an influential role in the political dynamic of the region, although Swapo remains the majority party in the region.

73 The word ‘Omaheke’ means sandy in the main language of Otjiherero spoken in the region, referring to the region’s sandy soil and extreme flatness (Omaheke Regional Council 2001, p. 111).

74 Prior to German colonisation, the Herero and San communities inhabited large areas of Omaheke. Herero people originated from the north of Namibia and it was about 1750 when they moved into and settled the central parts of the country, including the area now known as Omaheke. Between 1830 and 1989, white commercial farmers operated alongside communal Herero farmers in the same area, albeit with different statuses (Malan 1995, p. 71). Suzman describes how large-scale settlement of white farmers in the Omaheke Region represented a crucial moment for the San in which their ‘autonomy in the region was steadily eroded as they were coerced, co-opted and cornered into dependence on the settler economy at its lower tier’ (Suzman 2000, p. 53).
Omaheke is made up of seven constituency areas: Aminius, Epukiro, Gobabis (in which the region’s main town of Gobabis is located), Kalahari, Otjinene, Otjombinde and Steinhausen. These constituencies are relatively recent having been created by the Third Delimitation Commission in 2002. The first delimitation of the region contained only six constituencies: Otjinene, Otjozondjou, Syteinhausen, Gobabis, Buitepos and Aminuis (Tötemeyer et al. 1997).

The town of Gobabis is the only municipality in the region, while the two villages are those of Leonardville and Witvei. In addition, there are seven settlements in the region: Aminuis, Corridor, Epukiro Post 3, Omitara, Otjinene, Summerdown and Talismanus.

Figure 6 is a map of the Omaheke Region showing settlements and constituent boundaries.
Figure 6: Map of the Omaheke Region showing settlements and constituent boundaries

Source: National Planning Commission

This map is not publicly available. It was provided in response to a personal request to the Chief Surveyor of the National Planning Commission in 2005.
There are six features of the Omaheke Region that contribute to its peripheral status. First, Omaheke has a very small population. Only 3.7 per cent of the total Namibian population are found in the region (Central Statistics Office 1995, p. 28).

Second, Omaheke has a particularly high incidence of poverty: 52 per cent of residents use the bush or a bucket as a toilet, while 85 per cent of the population in Omaheke do not have electricity for lighting – resulting in a heavy reliance on wood fuel for cooking (Central Statistics Office 1995, p. 31). Household and individual food insecurity have been identified as a chronic problem among the Omaheke’s poor (Omaheke Regional Council 2001, p. 15).

Third, Omaheke has little political significance in the national political landscape. This is, in part, a result of its small population, but it is also a result of the regional distribution of political interests. Most Namibians live in the very north of the country close to the border with Angola. SWAPO was formed in the north and it is this area that is considered the political heartland of the governing party.

Fourth, Omaheke is not a major contributor to the national accounts. Omaheke is dominated by beef production, which occurs in the commercial and communal farming sectors. Half the economic population are unemployed or underemployed (Central Statistics Office 1995, p. 26). Of the 14,600 people employed in the region, 58 per cent are employed in agriculture (Suzman 1995b, p. 23). Werner and Kangueehi (1996, p. 8) suggest productivity in Omaheke has declined because of continual droughts, overgrazing of land, and the high demand on natural resources such as wood and water. As a result, communities in the region are looking for alternative forms of income and job creation. Tourism, say Werner and Kangueehi (1996, p. 15), is one area of development that so far hasn’t been exploited in Omaheke. The opening of a sealed Trans-Kalahari Highway through Botswana to South Africa has shortened travelling time between Windhoek and Johannesburg and, as a result, the region is becoming the gateway to Namibia for tourists entering by road. Private enterprise is preparing itself for the influx of travellers that are initially expected to number more than 100,000 per year.

Fifth, Omaheke has poor infrastructure. Apart from the main Gobabis-Windhoek road and the new road to Botswana, all other roads in Omaheke are gravel. Generally, these are in a good condition, but some are impassable during the rainy seasons. Small feeder roads in the communal areas tend to be very sandy and can only allow one
vehicle at a time. There is no public transport system, so most people are dependent on private transport. This lack of access to transport makes it difficult for villagers to reach education and health services. At the same time, the Ministry of Health and Social Services claim that transport available to officials frequently breaks down due to the poor conditions of the roads and ambulances are said to be inappropriate for existing road conditions (Government of Namibia 1996). Telephone connections are generally available, reputedly reaching the farthest place, but only 12 per cent of the population in Omaheke have telephones (Central Statistics Office 1995, p. 31).

Unlike the Wheatbelt Region, Omaheke is a recently defined region with residents that have been on the periphery of economic and political decision-making for some time. While the Wheatbelt, along with other rural regions in Australia, once enjoyed a period of economic prosperity and consequent political power, Omaheke has not. Similarly, while the Wheatbelt contains some local areas of economic growth, Omaheke remains an entirely disadvantaged region.

The transformation from colonial rule to self-rule has placed new demands on the Namibian state. It has created new systems of government to address these demands. Where once regions were established to control and exploit, today they are part of the process of nation building and development. Within this new paradigm the Namibian state is required to address the economic, social and political needs of its constituencies. Democracy has given the regions political value and a democratic government is required to respond to the political demands of its electorate. This is a new phenomenon for the Namibian state and one that has fundamentally altered the way it governs and the mechanisms it uses for development of the regions.

4.2 Namibian state’s support for development in peripheral regions

Current Government structures and institutions in Namibia are overwhelmingly concerned with introduction of a working democracy and development efforts that redress the legacy of the past. This is in stark contrast with the interests of previous state authorities. After a 25-year armed struggle against colonial rule, Namibia became Africa’s last independent nation. Namibia’s struggle for independence and its current efforts to redress the legacies of colonial rule and a racially based system of regional administration are reflected in the current institutions of the nation-state. The new Namibian state has established new structures and institutions, which have been
influenced by Namibia’s history of colonisation and, more recently, by the prevailing wisdom of establishing liberal market-oriented institutions within a world economy.

This section tests the first hypothesis by considering the range of formal resources the Namibian state applies to supporting development in the regions. The Namibian state’s role in supporting development in the regions is presented according to the three main factors that have influenced this role. Firstly, the historical influences on the role of the state and the transformation to an independent nation are discussed. Secondly, the structure of the Namibian state and its institutions are presented. Thirdly, the policies and programs of the Namibian state are assessed.

4.2.1 Historical influences and transitions in the role of the state
This sub-section examines the way the past has set the development agenda for the new nation-state. This has required the nation-state, among other things, to re-examine the role of regions in national development.

As the previous section shows, historical factors have shaped the institutions of government in Namibia. The newly independent Namibian state is required to redress the inequities created by past rule. Thus, the current developmental orientation of government is a response to the exploitation of the past and sets a clear agenda for development at local and regional levels.

During the colonial period most citizens were the subjects of state-sponsored violence and genocidal policies. The impact of colonial rule and apartheid fragmented society along racial and geographical lines. Government structures and institutions were created for this purpose and the economy was designed to give special privileges to a white minority; land and cattle were expropriated from black communities and many people were selected for forced resettlement. These experiences gave impetus to African nationalism within South West Africa and to a renewal of international efforts in opposition to South Africa’s presence and behaviour in the territory. From the early incursions of white settlers a history of resistance and struggle against colonial rule was established.77

Bratton and van de Walle (1997), when examining the institutional characteristics of those African countries that have attempted the transition to democracy, claim that Namibia was one of two remaining settler oligarchies prior its independence. Unlike other African states whose core features were based on neopatrimonial regimes, Namibia operated as an exclusionary democracy. Political competition was high, but participation was low since the indigenous population was completely excluded from political life. Bauer (2001) describes Namibia’s transition to democracy as a process of decolonisation – a change from colonial rule to democracy – in contrast to a transition from indigenous authoritarian rule to an independent democratic rule.

The experience of colonial rule and the struggle for independence, fuelled by visions of African nationhood, set the scene in which the Namibian state was formed. Independence brought the promise of democracy and the removal of exclusionary and fragmented systems of governance. The new Namibian government was required to address these expectations as quickly as it could.

The formation of new structures and mechanisms of governance has been a dynamic process.\footnote{This process began some years before Independence in the period that SWAPO and PLAN was engaged in its military struggle against South Africa. While PLAN fought from neighbouring countries, in particular from Angola and Zambia in the north, SWAPO pursued an active campaign of international negotiations and lobbying. It wasn’t until the United Nations applied external pressure on the South African Government, that the prospects for peace and Independence rose. As Dobell (1995, p. 172) notes, SWAPO’s greatest resources were diplomatic and it was as early as 1976 that the Assembly General of the United Nations confirmed SWAPO as the sole and authentic representative of the Namibian people. Independence from colonial rule only came after decades of diplomatic struggle within the United Nations, which culminated in UN Resolution 435 that set the parameters for a yearlong supervised transition to democracy. This was the final landmark in the process of international diplomacy leading to the first ever, free nation-wide elections in 1990 which brought SWAPO into government with a comfortable 57 per cent victory.} This process too, has been influenced by international factors. Lusaka, the capital of Zambia, provided the base for SWAPO in Africa prior to Independence and it was here that many plans for the future independent state of Namibia were laid. The United Nations Institute for Namibia (UNIN) was founded in 1976 in Lusaka as a training centre for functionaries of the future independent state and
a research institute for developing policies and programs for a new SWAPO government. UNIN became an ‘important hub for the group of SWAPO intellectuals’ (Saul & Leys 1995, p. 53). Headed by Hage Geingob, who later became Prime Minister (1990-2003), UNIN undertook a comprehensive planning process for a new Namibia, which included consideration of structures, policies and values of an independent Namibia.

However, significant changes were made to these plans as the new nation developed. These were largely a result of international pressure – although many unexpected domestic pressures also brought about the need for policy reform or the development of entirely new policies. Initially, for example, visions for the new Namibian state demonstrated a strong interest in socialist principles of equity and government ownership. But it was soon realised that liberation movements of neighbouring African countries that had also promised socialist reforms had been unable to achieve these. Furthermore, as the negotiation process toward independence gained momentum, the more radical edges of the new Namibian vision were put aside as the fundamental objective of a Namibian state was sought. As Sam Nujoma, President of SWAPO said, ‘For SWAPO all questions about Namibia’s future can be discussed. The only issue over which there can be no negotiation is Namibia’s right to independence and sovereign right to determine its own destiny’ (Dobell 1995, p. 175).

The development of a new, independent state has required the design and introduction of new structures and mechanisms of governance, which has had a profound influence on peripheral regions. It has created a democratic state where all Namibians over 18 years of age are able to vote as equal citizens and has established many new institutions and policies. The Constitution, for example, which establishes Namibia as a sovereign, secular, democratic and unitary state founded upon the principles of ‘democracy, the rule of law and justice for all’, contains broad support for human rights and freedoms. While some concerns have been raised from time to time,

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80 Many writers have described the Namibian Constitution as the linchpin of Namibia’s multiparty democracy and hailed it as one of the most democratic in Africa and the world (Bauer 2001).
about the conduct and systems of administration in the new Namibian state, many
observers have responded positively. Forrest (1994, p. 98), for example, claims that ‘on
the whole the Namibian state bureaucracy has demonstrated a continuing effort to
achieve “good government” and to abide by public-sector rules’.

In summary, the Namibian state has adopted a developmental paradigm. Redressing past inequities and establishing democratic government institutions that are accountable to a newly enfranchised electorate have been major priorities. It is within this context that the Namibian state has turned its attention to the regions.

4.2.2 Structure of the Namibian state and its influence on development in peripheral regions
This sub-section continues the examination of the role of the Namibian state in supporting development in the regions by reviewing the structures and institutions of the state. Unlike the federated structure of the Australian state, Namibia is a unitary state. The Presidency and the Parliament form the pillars of Central Government. The president has widespread powers that are offset by those of the legislature and an independent judiciary. The president appoints the cabinet led by the prime minister, which is drawn from the 72-member National Assembly elected every five years. A 26-member National Council acts as an upper house and contains elected representatives of the 13 regions.

The incoming Swapo Government initially adopted a strongly centralised system of governance that was influenced by the socialist traditions in which SWAPO in exile found a home. The centralism of the past is often cited as one of the legacies of colonialism:

Colonialists established settlement with the primary aim of drawing financial and even spiritual benefits from the abundant natural resources and a docile milieu. They settled where there was good land to establish farms, a good harbour to provide for a fishing industry, a strategic place to protect the growth of an empire ... Colonialist were therefore, unconcerned about the growth of the rest of the wilderness, since in their estimation, they could not draw anything from it. The pattern of growth of Namibia’s towns and settlements also fitted this mould... Development, therefore, followed contemporary priorities (Kaure 1992, p. 10).

The creation of regions and regional councils is an example of a significant policy and institutional reform that was not foreseen by SWAPO in its planning
deliberations prior to Independence. Understandably, SWAPO in exile gave no attention to the role or function of sub-national regions. Its plans for new government structures were extremely centralised. Professor Gerhard Tötemeyer, formerly Director of Elections and later the Deputy Minister for Regional and Local Government and Housing, describes the trade offs that were made in the early years of the Swapo Government. At that time, Swapo planned to have strong central and local governments, ‘and not much in between’. The notion of a district level of government was removed during negotiations with Democratic Turnhalle Alliance (DTA) in the drafting of Namibia’s Constitution. DTA had objected to an executive presidency, while Swapo objected to DTA’s proposal for regional secretaries of government located in regional councils; so the compromise was, says Tötemeyer, ‘you accept one, we will accept the other one’. Hence, the Swapo leadership did not properly understand the nature of regional councils, but their creation was agreed upon in a political compromise. Even the then Minister for Regional and Local Government and Housing expressed her uneasiness in identifying with the new regions and the roles of the regional level of government (Tötemeyer 1996a, personal interview). This view is support by Forrest (1998, p. 299) who suggests that the ‘strongly negativistic attitudes’ of central government officials toward regional institutions is ‘a logical extension of the scepticism toward regionalism articulated during the course of the Constituent Assembly of 1989-1990’.

At the national level of government structures and institutions there is a range of line ministries and government agencies that play a role in supporting development in the regions. Chief among these is the National Planning Commission (NPC), whose mandate comes from the National Planning Commission Act of 1994. This is the peak planning agency for Central Government and is responsible for the orientation, design and surveillance of economic and social plans and policies that promote national development. It undertakes macroeconomic analysis, national and sectoral development planning and employment strategies, budgeting and project analysis.

Regional councils are responsible for regional and development planning, design and coordination. The NPC supports the work of regional councils by conducting economic and social studies, and collecting and analysing data required for regional planning. The NPC also coordinates institution building and capacity strengthening.
activities for regional councils and local authorities to assist them in performing their roles in development planning, program design and project management.

The NPC executive, the National Planning Commission Secretariat, collects socio-economic data and formulates, monitors and evaluates regional development plans. The National Planning Commission Secretariat has prime responsibility for coordinating the country’s National Development Plan, external aid, and the Government’s Development Budget, as well as for monitoring progress on development programs and projects. The director-general of the National Planning Commission Secretariat is the chairperson of the commission, which is made up of five central government ministers and eight eminent persons appointed from outside Government. The director-general is the principal adviser to the president on issues of economic development and planning, and is responsible for coordinating all international development cooperation assistance to Namibia.

At the regional and local levels of government there are regional councils and local authorities. Both these levels of government are supported and overseen by the Ministry of Regional and Local Government and Housing. The Omaheke Regional Council is the regional authority for the region. It comprises seven councillors, two of whom represent the region on the National Council.

The main functions of regional councils, as established by the Regional Councils Act of 1992 are to coordinate and spearhead development in the regions. Forrest (1998, p. 58) highlights the connection between regional councils and Central Government, indicating how the Act ensures that Central Government can override any legislative or administrative decisions taken by a regional council and that monies spent by regional councils are accountable to Central Government which is required to approve the budgets of regional councils.

In his New Year Message for 1993 President Nujoma described his vision for the role that regional and local levels of government should perform:

The Central Government expects the newly created regional and local Councils to play their full and complementary roles of identifying and articulating the needs and aspirations of the people at the grass roots level; and to coordinate their efforts with the various line ministries with a view to finding solutions to national and local problems (Nujoma 1993, p. 3).
However, in practice this is not happening because regional councils are not able to generate their own funds and are dependent upon financial allocations made by the Ministry of Regional Local Government and Housing.

In 1998, Central Government decided to allocate 20 per cent of the Development Budget each year to projects identified by regional councils. It was thought that this would allow regional councils to bypass line ministries and to receive funds directly from Central Government for use in their regions. However, Beatus Kasete (2001, personal interview), Head of Regional Planning in the National Planning Commission Secretariat, says in reality the ‘20 per cent fund is a three per cent fund’ since no more than three per cent of the national budget has been allocated directly to regional councils for this purpose. In fact, the National Planning Commission claims that in the Financial Year 2005/2006, it is expected that 11.3 per cent of the National Budget, some NAM$1,400,000 has been allocated to the Development Budget (National Planning Commission 2005). However, there is a strong concern within Central Government that the quality of the plans and budgets submitted by regional councils has been inadequate. This has been the reason given for the reluctance of the NPC to disburse these funds to the regions (/Goagoseb 2005, personal interview).

In addition to the Development Budget, regional councils should be able to draw financial resources from a five per cent levy taken from property taxes collected by local authorities. However, in a region such as Omaheke the potential for raising revenue through property taxes is severely limited due to the low amount of freehold title.

In a further effort to address the financial constraints of regional councils, Central Government has given consideration to the creation of a special fund for financial and technical resources. Trust Fund for Regional Development and Equity Provision Act of 2000 aims to provide regional councils and local authorities with technical and financial assistance for development projects. The board of the trust, which is not yet operational, will offer training and guidance to regional councils and local authorities in the fields of planning, appraising, monitoring, evaluating and financing development projects.

The third tier of government in Namibia is local government. The structures and roles of local governments in Namibia have changed dramatically since Independence. In the ten years preceding Independence there were some significant changes in
government policies and regulations affecting the functions of local government. However, this level of government was still considered to be:

discriminatory and anomalous, in that anyone could live, work and pay municipal rates and taxes anywhere within a local authority area, yet the voters’ rolls remained exclusively white. In reality, no full municipal elections occurred between 1980 and independence in 1990 (Simon 1990, p. 1).

Prior to Independence there were three forms of local government in existence. The first form contained those authorities located in established towns and cities. These were essentially white areas that adopted South African style municipalities and were largely influenced by British practices, although modified locally for colonial purposes. The second form was found in smaller towns and villages that were considered too small for an autonomous local authority and therefore were administered by the Peri-Urban Development Board – a statutory authority based in Windhoek, which was mainly concerned with the central and southern regions of Namibia. Finally, the third form of local government was found in communal lands – known as bantustans – that had no formal local authorities. Most bantustans lacked the basic services provided by local authorities, such as water and sewage reticulation, refuse collection and street lighting. However, after the reorganization of local and regional authorities in 1980 local authorities in bantustans were run by ethically-based representative authorities.

The Local Authorities Act of 1992 of the new Namibian state provides for the establishment of three categories of local authorities. The first category concerns municipalities. These operate independently of any financial or administrative support provided by Central Government. However, because of the diverse range of revenue capacities and institutional maturity that can be found among municipalities a division has been made between Part I and Part II municipalities. The distinction between the two is that ministerial approval is required before Part II municipalities obtain commercial loans, while Part I municipalities can operate completely independently of

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81 Such as the removal of pass laws and racial restrictions on urban residence, property ownership and the use of public amenities.
the minister.\textsuperscript{82} There is one municipality in Omaheke: Gobabis is the region’s administrative centre and is a Part II municipality.

The second category of local authorities is known as town councils. There are 12 town councils across Namibia, none of which is found in Omaheke. These are smaller entities that rely much more on Central Government support.

Finally, the third category consists of village councils. These councils usually perform only the most basic of services: the supply of electricity (where it is available), water and sewage services and refuse removal. There are 43 proclaimed villages across Namibia.

Local authorities are responsible for identifying, planning and financing their own development projects. However, the revenue base for local authorities is extremely limited, relying as it does on local taxes and charges. External funding for specified purposes can be requested from the Regional Development and Equity Fund, through the Association for Local Authorities in Namibia (ALAN) and from the Ministry of Finance.

Regional councils and local authorities in Namibia have established associations that serve as professional support and representation agencies. While these associations provide a representative function on behalf of local councillors and their staff they also perform functions that endeavour to enhance the roles of these structures in their development efforts. The Association of Regional Councils in Namibia aims to protect and enhance the image of the regional councils. It does this by liaising with Central Government, especially through the National Council and ALAN. In 2001, the Namibian Association of Local Authority Officers was established to addresses the professional concerns of local government personnel.

In recognition of the role of local authorities in local and regional development and to support the efforts of its members, ALAN – in cooperation with the Urban Trust of Namibia (UTN), a national non-government organization located in Windhoek – adopted a policy framework on local economic development in March 2000. This framework encourages local governments to take a lead in the ‘process of identifying

\textsuperscript{82} There are three Part I municipalities, being Windhoek, Swakopmund and Walvis Bay, and 16 Part II municipalities.
and harnessing local and regional resources and opportunities to stimulate economic and employment activity’ (Association of Local Authorities of Namibia and Urban Trust of Namibia 2000, p. 4).

The structures and institutions of the Namibian state are newly established. Coming from the turmoil of a struggle for independence the new nation-state has invested considerable effort and resources into restructuring government and creating new democratic and development-oriented institutions. These institutions offer a great deal of promise to the residents of peripheral regions. They are accountable to local and regional constituencies, while providing a direct link to the development agencies of Central Government.

Only a few Central Government agencies involved in the development of Omaheke have a permanent presence in the region. Those line ministries with regional offices located in Gobabis include the Ministry of Health and Social Services, the Ministry of Basic Education, Sports and Culture, the Ministry of Trade and Industry, and the Ministry of Higher Education, Training and Employment Creation. All of these agencies are directly responsible to their headquarters and, in turn, to their minister in Windhoek. These regional offices present a considerable resource to Omaheke, especially given the history of the area, which was largely an outpost containing few government instrumentalities. With the establishment of regional offices the residents of Omaheke are better able to access a wide range of government information and services. The planning of future government services in the region is also improved by the location of Central Government personnel in the region. As the Decentralisation Policy (described later) is implemented, regional offices of Central Government ministries will be more closely tied to the regional councils and local authorities.

The development of a new nation has brought with it new agendas for development. While the challenges of regional development and decentralisation are enormous, the creation of national, regional, local and village levels of government appears ambitious. Regional councils and local authorities are dependent upon financial disbursements from Central Government and a meagre, in fact virtually non-existent, revenue from property taxes.
4.2.3 Regional development policies and programs

This sub-section shifts the field of investigation from the structure of the state to its policies and programs. This will provide a better understanding of the kinds of support the Namibian state offers its regions.

Government policies and programs for development in the regions of Namibia have largely been arranged around national development priorities, with the specific concerns and special character of the regions only emerging in recent years. An examination of the policy frameworks adopted by the various tiers of government that directly affect development activities within the regions shows clearly that Central Government is still very dominant in setting the agendas of the regions. In most cases, regions are required to respond to the mandates presented to them by Central Government, either by requesting services or resources, or by presenting a case to Central Government for support. This is often done in competition with other regions.

There are four critical policy and planning instruments that have been developed by Central Government that impact directly upon the role of various development actors located in the regions. These are (1) the Regional Planning and Development Policy; (2) the five yearly National Development Plans; (3) the Decentralisation Policy, and (4) the Poverty Reduction Strategy. Some of these have been formulated primarily in the interests of the regions (e.g., regional development policies), while others respond to regional experiences (e.g., high incidence of poverty found in rural areas). Each of the four policy and planning instruments is briefly described to illustrate the nature of the relations that have been formed between Central Government and the regions.

The Regional Planning and Development Policy was adopted by Cabinet in October 1997 as:

…an instrument for achieving national unity and integration; ensuring full participation of the majority of Namibians in the country’s development process; and enhancing systematic and maximum utilisation of the country’s regional resources for overall as well as regional socio-economic development of the country thereby reducing existing differences in the scale and level of socio-economic development of the regions (National Planning Commission 1997, para. 3.1.1).

The Regional Planning and Development Policy was a precursor to the Decentralisation Policy adopted in 1998 and the subsequent promulgation of the Decentralisation Enabling Act of 2000 and the Regional Development and Equity Trust Fund Act of 2000. Under this policy, regional development planning is carried out at
three levels: national, regional and local. The key institutions involved are the Ministry of Regional, Local Government and Housing (MRLGH), other line ministries, and the National Planning Commission, as well as sub-national governments (i.e., regional councils and local authorities).

The Regional Planning and Development Policy promotes policy and structural change in order to achieve greater linkages between economic and political agendas and to make policy and lawmakers (i.e., the National Assembly and National Council) more responsive to regional development needs. It includes amendments to the Regional Council Act, a review of the life cycle of councils and the interaction between National Council and National Assembly with the aim of having regions more directly represented in the legislative process.

While inter-regional planning is described as a function of Central Government and its line ministries, the Regional Planning and Development Policy recognises the role of regional councils and local authorities as key institutions in regional and local development. The policy argues for a development of the regions, encompassing a range of economic and social sectors, including the disbursal of political power:

Regional development is much more than economic development. It is a multi-dimensional process which takes place in time and space and includes economic development; distributional aspects of development (social aspects); political and administrative development processes which are concerned with the shifts in the influence and power of groups and individuals (National Planning Commission 1997, para. 5.1.1).

The devolution of planning and administration is a major trend within the matrix of policy adopted by the Government of Namibia. Central Government claims it is increasingly devolving decision-making power to regional and local levels of government. However, as will be seen, the rhetoric of decentralisation and devolution does not appear to be matched by the actual distribution of resources or political power to the regions.

The Regional Planning and Development Policy is entirely concerned with the role of government agents in development and the management of government processes. While tacit references are made to the involvement of other actors, the roles of the private sector as well as non-government and community-based organizations
located in the regions are completely overlooked. In other isolated cases these agents, such as community-based organizations, are instructed by the policy to take part in regional development activities ‘under the coordination of regional councils… thereby ensuring broad-based participatory planning and development’ (Para. 4.3.1.4). Thus, these actors are expected to supplement the role of government in regional development efforts rather than to lead or initiate development efforts of their own accord. Regional autonomy is less desirable to the Namibian state than is governmental control of the resources these other actors can offer to the development process.

The Regional Planning and Development Policy also places special attention on the role of growth centres. In a manner not too dissimilar from that of the Australian Federal Government, the policy indicates that the ‘selection of places for allocating investment resources will be based on identification of growth points’ (Para. 4.2.2). The policy specifies ‘development poles’ that are comparatively well developed; ‘development centres’, including Gobabis in Omaheke; and ‘sub-centres of development’ such as township councils.

The Regional Planning and Development Policy is a central plank in the Government’s policy framework addressing regional concerns. Despite its narrow focus on the role of government in regional planning, it clearly gives local and regional institutions a role in development. However, little attention is given to the role of Central Government in supporting these institutions so that they can fulfil their mandates effectively. This issue, sometimes referred to as the ‘unfunded mandate’, is described more fully later in this chapter when the experiences of regional and local state institutions in the Omaheke are described.

The second major policy framework of Central Government that affects regional development in Namibia is the five-year National Development Plan. Two National Development Plans have been prepared since Independence. These plans are prepared by the National Planning Commission with the collaboration of Central Government

83 References to the involvement of non-state actors include paragraph 5.1.2, which in part, says: ‘If regional planning is to act as an effective management tool, it must seek to influence the various agencies (actors) with the powers to act, encouraging them to adopt and use regional plans and policy guidelines’; and paragraph 5.3.3 that refers to the formation of Regional Development Advisory Committees.
line ministries and parastatals, and establish a mechanism for the design and execution of national socio-economic policies, programs and projects. The First National Development Plan (NDP1) dealt with the period from 1995 to 2000, while the second National Development Plan (NDP2) deals with the period from 2001 to 2005. Each plan spans the full range of government services and institutions, and sets the priorities of government.

NDP1 established a series of strategies related to development in Namibian regions. These included the promotion of participatory development and equity in the provision of public services, such as the establishment and operation of democratic institutions at all levels of government; the promotion of equity in government services; implementation of affirmative action; integration of women in development activities; promotion of rural development and household food security; land reform; and the creation of a social safety net.

NDP2 continued with many of these themes and has paid greater attention to issues related to development in the regions, including the expanded delivery of government services through regional and local state structures. The second volume of the NDP2 contains the regional development plans of all 13 regions. The development in all 13 regions is described by the NDP2 as a pre-condition to overall economic growth. The effectiveness of regional development is considered to be dependent upon three factors: (1) the coordination and harmonisation of activities planned for regional development at central, regional and local levels; (2) regional development planning that emphasises the promotion of urban and rural linkages, addresses intra-urban imbalances and adopts a strategic approach by recognising growth poles, development centres and rural growth points; and (3) aligning regional comparative and competitive advantages within Namibia’s long-term vision as a transport and manufacturing hub in Southern Africa.

A major obstacle to national development identified by the National Planning Commission Secretariat’s Mid-Term Review of NDP1 in 1997/98 was the inadequacy of existing human resources. Sustainable human development, said the NDP1, can best be achieved if people are encouraged to take responsibility for their own development through development activities that address actual needs and by increasing community contributions to development services and infrastructure. The Mid-Term Review Report recommended that Central Government give serious consideration to initiating capacity
building initiatives aimed at skills and organizational development for almost every sector. In addition, the review indicated that many of the benefits from its rural development efforts have been constrained because:

> People have no access to inputs because of poverty. Erratic rains… aggravate the already critical rural condition… The absence of an integrated approach coupled with inadequate funding of rural development activities have slowed successful implementation of rural development projects (National Planning Commission 1998a, p. 118).

The directions and goals of national development may be admirable, but their implementation has been poor. Government efforts have been uncoordinated and funds have not been mobilised for development in the regions.

The NPC is currently reviewing NDP2. This assessment relies on ‘participatory poverty assessments’ and a National Household Income and Expenditure Survey undertaken in 2004. The outcomes of these assessments and survey have not yet been released (/Goagoseb 2005, personal interview).

Finally, note should be made of Vision 2030. This is a Central Government planning policy that presents a broad, unifying framework that will help guide Namibia’s five-year development plans from NDP2 through to NDP7 and, at the same time, provides direction to government ministries, the private sector, non-governmental organizations, international community and local authorities (Government of Namibia 2004).

Samuel /Goagoseb, Permanent Secretary of the National Planning Commission stated that Central Government is now more committed than ever to work with a wide range of development partners to promote development at local and regional levels. He claimed that the mechanisms for linking local and regional planning with national planning frameworks are in place, while recognising that these mechanisms have not been sufficiently resourced (/Goagoseb 2005, personal interview).

The third major policy initiative of Central Government that affects development in the regions is the Decentralisation Policy. This policy has a strong influence on the role of the nation-state in regional development. It provides a mandate for regional and local levels of government to take decisions that directly affect the development of their constituencies. By giving these levels of government more responsibility and placing resources in their hands, it has the potential to contribute
directly to greater autonomy in the regions and to more control over the realisation of their development potential.

This policy was adopted by Cabinet in September 1997 and aims to ensure economic, cultural and social development by providing people at the grass-roots level with the opportunity to participate in their own decision-making by extending democracy to them as a right based on national ideals and values. The Decentralisation Policy seeks to transfer political, administrative, legislative, financial and planning authority from Central Government agencies headquartered in Windhoek to regional council and local authority structures in the regions. It promotes ‘participatory democracy’ and attempts to ‘empower the local population to make their own decisions and determine their own destiny’. It also aims to improve public sector management so that there is close linkage between taxes paid and the quality of services provided. Thus, ‘local people shall be able to hold both their appointed and elected leaders accountable’ (Ministry of Regional and Local Government and Housing 2001, p. 21).

The Decentralisation Policy devolves agreed responsibilities, functions, and resources within the framework of a unitary state. Local authorities in Namibia already carry out certain functions assigned to them by the *Local Authorities Act of 1992*. However, it is expected that those municipalities with the highest grading (based on their institutional capacity) will adopt full responsibility for all the functions defined in terms of the criteria of decentralisation. Thus, the smaller the local authority, the more direct involvement and support from Central Government there will be.

There is a link between the decentralization of government services and regional and local development efforts. However, this link has proved elusive at times. While decentralisation should increase the access local and regional communities have to government resources – resources that can be used to address regional priorities and development needs – this has been a slow, centrally driven process. A national Decentralisation and Development Committee has been established by Central Government to address this situation. This committee aims to review regional project priorities and proposals that have been submitted to the national budget, create synergy between the National Planning Commission and the Ministry of Regional, Local Government and Housing to avoid overlap and duplication, and to mobilise more resources for regional development initiatives.
The Decentralisation Policy is ambitious – it attempts to decentralise a number of important line ministry functions. However, in reality the capacity of local authorities to take on these functions is limited. In recognition of this, Central Government has formulated a staged transition. In December 2000 Government approved the Decentralisation Enabling Act of 2000, which has been guided by the Decentralisation Policy and describes the roles of regional councils and local authorities with regard to decentralisation. It requires all regions to establish Regional Development Coordinating Committees, Constituency Development Committees and various other committees at local authority and settlement levels. These committees are made up of representatives from government as well as local community leaders. The relevant local or regional authorities appoint committee representatives, although in some cases, expressions of interest by local people are sought.

These committees are required to establish information systems in the regions and identify and assess the development needs and problems of the region. They are also required to prepare and evaluate development proposals for submission to Central Government and to assist in the maintenance of law, order and security. They are responsible for monitoring day-to-day emergency situations that arise, including natural and human disasters (e.g., drought, wildfire). Finally, they are required to provide a channel of communication from Central Government to the local communities in the region. They also coordinate and monitor projects and activities undertaken by Central Government, regional councils, local authorities, non-government and community based organizations in the area.

The scope of work and responsibilities that must be shouldered by this committee structure is enormous. While government is introducing this plan in phases, it clearly places excessive demands on people who occupy positions on these committees in a part-time, voluntary capacity. Moreover, many of the people who find themselves serving on these committees lack the practical skills and experience necessary to achieve these tasks.

This elaborate committee system is not yet fully in place and the extent to which the functions that have been outlined for them by the Decentralisation Policy has not yet been fully realised. Interviews with officials for the Ministry of Regional, Local Government and Housing indicate that these committees are not functioning as expected in all regions (Ministry of Regional and Local Government and Housing
Participation by regional and local stakeholders is poor, meetings do not take place on a regular basis, and feedback and information to the committees from Central Government is poorly communicated. The Ministry of Regional Local Government and Housing, has planned a number of initiatives to strengthen the role and involvement of these committees. However, as yet little action has been taken in this regard.

A countrywide public awareness campaign on decentralisation is being designed to clarify the roles of various actors in decentralisation. Targeted information on decentralisation is also being produced and disseminated, which will include a simplified version of the *Decentralisation Enabling Act of 2000*, in English and the vernacular languages. There will also be posters and information leaflets produced. The involvement of traditional authorities and leaders, churches and schools as decentralisation agents will also be promoted. Decentralisation has even been included as a subject in schools. Regular talks in schools on decentralisation were introduced by the Ministry of Local and Regional Government and Housing in 2001 to increase awareness and promote active and committed citizenship through the involvement of community and church leaders, traditional authorities, and non-government and community-based organizations.

Delays in the implementation of the Decentralisation Policy have caused a great deal of frustration among local and regional authorities. At the Central Government level there is an array of inter-ministerial taskforces and implementation plans that have been established to facilitate this process, but Central Government concerns remain regarding the financial, technical and organizational capacities of local and regional authorities to take on these responsibilities (Ndopu 2001a). Nicky Iyambo, Minister for Local and Regional Government and Housing acknowledges that ‘the people that are involved at the regional and local level want decentralisation to have been implemented fully yesterday’ (Keulder 2001). However, he believes that time must be taken to implement this policy properly:

> Taking into account the historical perspective a lot of these people have never been part and parcel of the modern management, modern administration, handling modern issues in terms of administration (Keulder 2001).

Unfortunately, the minister’s cautious approach in the devolution of power and resources is easily interpreted as an unwillingness to relinquish centralised power. According to the former governor of Omaheke, Paulo Thataone, the process of
decentralisation has been too slow: ‘We [the Omaheke Regional Council] should be the decision-makers for how and when money is spent in this region’ (Thataone 2000, personal interview).

The tensions surrounding the devolution of power became apparent in the National Assembly in September 2002, when parliamentarians were discussing an amendment to the Regional Councils Act to elevate the position of administrators in the regions from Regional Officer to Chief Regional Officer. Nahas Angula, at the time the Minister for Education, but since March 2005 is the Prime Minister, stated in the Assembly: ‘This subject of regionalization [reminds me] of AG8,’ referring to the 1980 proclamation of the apartheid State that reorganised the territory of South West Africa into eleven racially and ethnically based Homelands and Reserves, described previously in this chapter. ‘You are moving further and further towards creating homelands,’ said Angula, who went on to say, ‘I want decentralisation but not to create parallel powers’ (The Namibian, Monday, September 30, 2002).

The use of regional structures to achieve central political objectives remains dominant in many people’s minds in Namibia. In the past, these objectives supported colonial interests and apartheid principles. However, today, they are being realigned to the development challenges of the nation-state. The tensions that result from this transformation (e.g., suspicion of regionalism, frustration over a lack of resources) are felt at national, regional, and local levels.

The fourth policy initiative of Central Government that engages regional development actors is the Poverty Reduction Strategy. Thirty nine per cent of Namibian households in 1994, or about 47 per cent of the population, over 650,000 people, were absolutely poor, while 13 per cent of households were ‘extremely poor’ in the same year. The high incidence of poverty is associated with poor health, sanitation and nutrition among the people. It constrains overall purchasing power and reduces the effective size of the domestic market (National Planning Commission 1998b)

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84 According to the standard international definition, households are ‘absolutely poor’ if they devote over 60 per cent of their expenditures to food and ‘extremely poor’ if they in spend 80 per cent or more of their expenditure on food.
In December 1998, Central Government developed a Poverty Reduction Strategy, which contained three areas of concern. The first was the promotion of a more equitable and efficient delivery of public resources for poverty reduction countrywide. The second dealt with ways to accelerate equitable agricultural expansion, including food security and other crop development options. The third addressed options for non-agricultural economic empowerment, including the encouragement of informal and self-employment options. In the short run the Poverty Reduction Strategy promotes opportunities for growth and employment creation by developing the country’s agricultural potential, promoting tourism and the use of labour-intensive public works, and strengthening the social safety net through the social pension and other transfer programs. The strategy calls for re-focusing government services so as to deliver the most impact with the resources available. Capacity building in the public sector can contribute to poverty reduction, by improving the efficiency and overall performance of government.

In September 2000 the National Planning Commission Secretariat prepared a National Poverty Reduction Action Program (NPRAP), to elaborate the Poverty Reduction Strategy and describe plans for its implementation. The NPRAP recognised the importance of participation by people who are living in poverty in the design, delivery and assessment of poverty reduction activities. Thus, special attention has been given to the design of programs and practices that promote participation and broad consultation. The complementary role that non-government and community-based organizations can play alongside government was a special feature of this program as was the contribution of the private sector to poverty reduction. As a consequence, the NPC prepared a draft Civic Organization Partnership Policy, which still remains to be approved by the Parliament. The principles enshrined in this draft policy have been used to inform the design of a Capacity Building for Development Planning program, which aims to increase the involvement of civil society partners in development planning and management. In late 2004, the government issued a call for proposals under this program, which was supported by the European Commission. These proposals

85 The NPC is currently undertaking a review of the NPRAP to assess its success and to incorporate the issues of gender, HIV/AIDS and environmental management (/Goagoseb 2005, personal interview).
encouraged civil society organizations to develop projects that dealt with poverty reduction, employment creation and responses to the HIV/AIDS pandemic (National Planning Commission Secretariat 2004).

This section has reviewed three elements of the Namibian state’s relationship with its regions – the historical, the institutional, and the policy-base. It is clear that the regional dimensions to development have grown in significance since Independence. There is a concern among government to overcome the legacies of the past, while also addressing the current concerns of Namibian society. The shape and character of regions in Namibia have changed dramatically since Independence, creating a new set of demands and expectations for the nation-state. The Swapo Government has struggled to address the problems of the past with the realities of today. The regional fragmentation of the country under South African rule made the incoming Swapo Government wary of regionalism. It initially sought centralised solutions that promoted nation building and reconciliation. However, in time the value of regional responses to development became apparent and the Government has repositioned itself in this regard.

Nation building and the promotion of democratic systems of government at national, regional and local levels all feature prominently in the policies and institutions of Central Government. Decentralisation, national development planning and government responses to poverty all involve regional dimensions to government administration and development. The Namibian state has paid considerable attention to regional matters. It has invested strongly in the creation of state institutions at central, regional and local levels, and has formulated a policy environment that speaks to major regional concerns and to the engagement of other actors in development. However, there is a clear gap between the introduction of new policies and institutions, and the effective implementation of these. The paucity of relevant skills and experience – both in government and outside of it – undermines the contribution these efforts can make.

With respect to the first hypothesis of this investigation, this analysis shows that the Namibian state has allocated significant policy, program and institutional resources to regional development. While Namibia has a lower level of development compared to Australia, this has not prevented it from embracing regional development as an essential strategy for national development. It has fought off its internal tendencies toward extreme centralism and adopted an ambitious program of decentralization, alongside
regional planning and development. Furthermore, it has incorporated regional and local state institutions into its own responses to poverty and national development.

This endorsement of the nation-state’s approach to regional autonomy in development planning has to be set against the nation-state’s reluctance to devolve resources and political power to the regions. Central Government continues to hang on tightly to any of the resources it has, and regional and local-levels of government have been frustrated by a lack of funds. This issue – often referred to as the ‘unfunded mandate’ of regional and local authorities – is elaborated upon in the next section of this chapter. This problem is exacerbated by the Central Government’s desire to control the use of funds that come from external sources. Other stakeholders in regional development, such as international donors, the private sector and non-government organizations are required to follow the directions of Central Government. In the name of coordination, Central Government has imposed directives on all development actors, demanding (e.g., in the Regional Planning and Development Policy) that they seek government approval before taking action. This impedes regional or local autonomy, displaying an extreme centralism that is inconsistent with rhetoric used by government when describing other operational arrangements.

Forrest (1998, p. 303) describes how regional institutions, councillors and governors have become ‘highly active and vocal regional representatives who persistently struggled to advance the interests of their institutions’ even though this ‘was not anticipated by regional policy decision-makers within the central state’. Thus, regional structures of government have become a mechanism for the advancement of democracy in the new Namibian state. What is clear, however, is that there is a great deal of competition between central, regional and local levels of government, with the Central Government holding more influence through its use of financial resources.

When compared with the findings presented in Chapter 3, the Namibian and Australian states display some surprising similarities. While Namibia has fewer formal resources available to it to support development in the regions, it has invested in the creation of local and regional institutions. It has done this without the electoral motivations that are so apparent in the Australian case. Nation building and the creation of a strong participatory democracy appear to be the main motivations. Thus, support for the development in the regions does not appear to be completely dependent upon the amount of resources at the disposal of the state. There are other factors that affect the
state’s involvement in regional issues such as electoral concerns and the broader political agenda of the state.

Having examined the formal resources at the nation-state’s disposal and the influences upon its relationship with peripheral regions in general, the next section of this chapter investigates the relationship between the Namibian state and state and non-state actors in the Omaheke Region.

4.3 Nature of government support for development initiatives in the Omaheke Region

The final section of this chapter examines the ways the Namibian state interacts with development actors in the Omaheke Region and the extent to which endogenous resources found within Omaheke can be mobilised for the region’s development. This information is used to assess the second hypothesis of this thesis, in which the capacity of peripheral regions in Namibia to take charge of their own development was questioned. The second hypothesis is concerned the potential of peripheral regions to manage their own development. It was anticipated that regions in Namibia, such as Omaheke, were less likely to engage in development activities because it contains a lesser amount of social capital and other endogenous resources that can be mobilised for development. This situation would offer fewer opportunities for mutual cooperation between the Namibian state and development actors in the region.

This section is divided into two sub-sections. The first sub-section (4.3.1) examines the role of state actors in the development of the Omaheke. The presence of Central Government agencies in the region and the roles they perform in fostering development in the region is assessed. This is followed by an investigation into the role of regional and local levels of government. The extent to which Central Government collaborates in partnerships with regional actors is of particular interest. Examples of such partnerships can be used to demonstrate the nation-state’s interest and commitment to supporting regional initiatives. Conversely, examples of Central Government’s imposition of development agendas and strategies can be representative of an approach to regional development that diminishes local and regional concerns in favour of national interests. Thus, the manner in which government identifies regional and local development priorities and the way strategies are formulated toward these is of great interest.
The second sub-section (4.3.2) examines the contribution of non-state actors. The capacity of the nation-state to form collaborative development arrangements with non-state actors is influenced by the institutions, policies and willingness of the state to partner with local and regional non-state actors. These factors affect the capacity of the nation-state to engage with these potential development partners. However, the capacity of non-state actors in peripheral regions such as Omaheke to engage the nation-state in development activities is also a major influence. Partnership arrangements require a complementary level of capacity among all parties if they are to succeed. While this does not imply that non-state actors require the same level of capacity as state actors, they do need to exhibit an ability and willingness to take initiative to mobilise the resources they have and to engage in activities with others outside of the region.

4.3.1 State actors in Omaheke’s development
The two Central Government agencies with a direct role in the region’s planning and development are the National Planning Commission and the Ministry of Regional and Local Government and Housing. While both these agencies are headquartered in Windhoek, the Omaheke Regional Council represents them in the region.

In 1999, the Ministry of Regional and Local Government and Housing, in collaboration with the National Planning Commission, commissioned a private consultancy firm, Namibia Development Consultants, to assist in the formulation of five-year regional development plans for eleven of Namibia’s 13 regions. These plans have sought to integrate regional development efforts using a national matrix and to build a better database of regional development activities. The formulation of these plans involved a series of consultative community meetings at constituency and regional levels. Regional councils also responded to questionnaires concerning their current and planned capital projects and asset inventories for each region were also prepared.

The production of regional development plans was a centrally managed process that followed a uniform structure and format. Despite the foreword that was written by the governor of Omaheke, the look and style of the document prepared by the consultants for Omaheke was very similar to the documents prepared for the other regions. There were many parts of these documents where even the content is the same. Thus, the regional development plans reflected the expectations of Central Government
much more than those of agencies located in Omaheke (Omaheke Regional Council 2001).

The major concern for the National Planning Commission and the Ministry of Regional and Local Government and Housing is the lack of technical planning skills within regional councils. As a result the National Planning Commission, in collaboration with the Ministry for Regional and Local Government and Housing, appointed 13 planners who were deployed to every region in early 2001. Capacity building is a major priority for regional development and the effective implementation of key Central Government policies. ‘Before we do anything, we must build capacity,’ says Beatus Kasete, head of regional planning in the National Planning Commission Secretariat. ‘At the regional level, there is no capacity for project design, implementation or monitoring’ (Kasete 2001, personal interview).

This view is echoed by Regina Ndopu (2001b, personal interview), the director of decentralisation in the Ministry of Regional and Local Government and Housing – a ministry that has been involved in organising training for regional councils and local authorities, including staff and elected councillors. Along with its core training activities, the ministry developed a four-year collaboration agreement with the German Foundation for International Development (1992-1996) in which regional officers, administrative personnel, traditional leaders and training instructors obtained training relevant to their legislated regional and local development roles. The ministry also contracted private training providers for this purpose and a Financial Handbook and Manual for Local Authority Councillors were also produced (Ministry of Regional and Local Government and Housing 1998, p. 410).

Despite the desperate need for capacity building in the fields of regional development and decentralisation, little attention has been given to this issue in terms of practical support. The Decentralisation Implementation Plan of the Ministry of Regional and Local Government and Housing (2001) indicates that the ‘training and capacity building set-up is currently not in place within the government system’ (p. 14). Furthermore, the management capacity within the ministry was found wanting (p. 13).

Central Government appears committed to the decentralisation of its programs and services to the regions and has sought to address a number of problems that surround the implementation of these processes. While it appears to have pursued these endeavours in a highly centralised and uniform manner, it has created regional and local
structures that are pivotal in the development of Omaheke. Decentralisation presents an unprecedented and substantial opportunity for Omaheke to mobilise Central Government resources for development in the region, but these opportunities have not been realised to-date because of the slow rate at which this policy is being implemented. The centralization of government resources (i.e., the lack of local or regional control over these resource) creates a situation where development actors in Omaheke must view these as external resources and not a part of the endogenous resources of the region.

To be fair, decentralization is a long-term process involving steps that gradually devolve more power and responsibility away from Central Government. The first step involves the decentralization of line ministries in which staff are assigned to the region to create a capacity for planning at the regional-level. This is largely where things are now. The second step would be to delegate line ministry offices in the regions to regional councils, where central budget funds are received so that regional councils make decisions on program expenditure. This has occurred in the Omaheke in the fields of low-cost housing, through the Build Together program, pre-primary education, and the issuing of vehicle licenses. While these activities are not a part of regional development, they do build capacity in the region that can be built upon later for the development of the region. The third step, currently a theoretical consideration, is the devolution of power to the regional councils to control all stages from planning to fund-raising, to financial control (Ministry of Regional and Local Government and Housing 2001).

The implementation of this process appears to have combined centralist approaches that have muddled the distinction between decentralisation and devolution (Forrest 1998, p. 56). Forrest (1998) suggests the Namibian state’s approach to decentralisation has a ‘strongly centralist character’. Through regional delimitation and decentralisation ‘national government was essentially creating additional political-administrative rungs on its centrally controlled, national-scope bureaucratic ladder’ (p. 57).

The centralism of government is a concern for many. As the former governor of Omaheke states: ‘The Omaheke Regional Council does not have any real power… so it depends on whether Windhoek is interested in the region’ (Thataone 2000, personal interview). This view, while critical of Central Government’s regional development and
decentralisation policies, is strangely supported by comments by the Nicky Iyambo, Minister of Regional and Local Government and Housing, who claims that sub-national levels of government are ‘nothing more than the extension of Central Government’ (Keulder 2001).

At a conference on democracy and development in Namibia, held in Windhoek in 1999, Christopher Tapscott, Heribert Weiland and André du Pisani spoke of the trends that shape development at the regional level.86

… despite the formation of village, local, provincial or regional levels of government, these were found to wield less power than Central Government and certainly contain fewer resources. Such centralisation also reinforced the authoritarian nature of many governments in the SADC region (Forum for the Future 2000a).

Centralism occurs primarily because of the financial dependency that regional and local levels of government have on Central Government. Regional councils are mostly funded by Central Government, but a five per cent levy is applied to the property taxes administered by local authorities. The levy has been criticised as ‘insufficient and… insignificant in contributing to the financial independence of the regional councils. The lack of a billing system in settlement areas run by regional councils makes it difficult to recover the costs on services provided in settlement areas’ (National Planning Commission 1998a, p. 411).

A further example of insufficient resources available to regional councils is demonstrated by the regional development coordinating committee structures. This committee has been established in Omaheke, as well as in most other regions, to facilitate planning and the coordination of development activities in the region. The work of the committee and the slow speed of decentralisation of Central Government line ministries have been criticised. Specific concerns have been raised concerning the inadequacy of ‘socio-economic infrastructure’, including for example the lack of adequate office and residential accommodation (National Planning Commission 1998a, p. 410).

86 Professor Christopher Tapscott is from the School of Government, University of the Western Cape. Dr Heribert Weiland is political scientist and Director of the Bergstrasser Institute of the University of Freiburg, Germany. Dr André du Pisani, is from the University of Namibia where he is Dean of the Faculty of Economics and Management Sciences.
Decentralization is a means to an end. It is an expression of Central Government’s commitment to the effective delivery of services to its regions. However, these services are often nationally defined and do not necessarily respond to regional priorities (i.e., regionally defined needs, constraints, opportunities). Taking decentralization further, to the point where services are designed and administered in the region, requires a greater commitment to building regional capacity. Omaheke is a very poor region and because regional financial resources are scarce its development requires actors to access external resources.

Lack of a capacity to administer Central Government funds is the most common reason given for the slow pace of decentralization. Despite this, few capacity building programs have been provided to the region. It is hard to imagine how capacity will be built without programs that are specifically designed and systematically developed for this purpose. In the end, the government is facing difficulties putting its ambitious policies and programs into practice. While these difficulties may be associated with the immaturity of the new Namibian state as well as the limited financial resources a developing country such as Namibia has at its disposal, the result of these factors is not too dissimilar to that found in the Wheatbelt. Clearly there is a greater amount of resources available to regions in Australia, but in both cases a less than significant proportion of these are provided to the regions to support development initiatives. The nation-state prefers to hold on to control of its resources and ensure it applies these resources in its own interests.

Attention is now turned to the role of regional state actors in Omaheke’s development. The second tier of government operating in Omaheke is the Omaheke Regional Council. The Omaheke Regional Council consists of seven regional councillors. Initially, representatives of opposition political parties dominated the council, but since the regional council elections in 1999 this has no longer been the case. The 1999 election led to a close outcome in the race for governor. In a final settlement the position of governor was shared by Paulo Thataone (DTA) and Laura MacLeod (Swapo) – Thataone holding office for the first half of this period, MacLeod for the second. Laura MacLeod was re-elected governor in 2004. Swapo currently hold four constituencies, the National Union Democratic Organization (into which DTA has been subsumed) holds two constituencies, and the South West Africa National Union one constituency.
The Omaheke Regional Council approved the Regional Development Plan 2001/2002 to 2005/2006 for the Omaheke Region at the end of 2000. As mentioned above, this is a Central Government plan for development of the region, rather than a plan that was created by the region. Namibia Development Consultants, a consulting firm commissioned by the National Planning Commission, undertook a review of the region’s social and economic character and conducted consultation meetings with the Omaheke Regional Development Coordinating Committee as well as the constituency development committees that are chaired by specific regional councillors. The Omaheke Regional Development Plan pursues a vision of regional development that, says the former Governor Thataone in the plan’s foreword, includes the:

reduction of poverty through equitable, sustainable and decentralised provision of resources to all its inhabitants [that] will be realised through collective efforts and practical implementation of programs by all stakeholders as clearly contemplated in the Omaheke Regional Development Plan (Omaheke Regional Council 2001, p. 2).

The Omaheke Regional Council and the Namibia Development Consultants held a consultative workshop in Gobabis on 12 July 2000 (Regional Development Planning Workshop 2000, author's notes). Attended by a range of government, non-government and community-based organizations, this workshop provided opportunities for a number of critical development issues to be identified. Discussions and questions among participants brought immediate attention to what is typically described as ‘the legacy of under-development’ that has resulted from the policies of colonialism and apartheid. This has created a great deal of inequality within the region as well as between Omaheke and other regions. Added to this, it became clear that despite being relatively small in its population, Omaheke is far from homogeneous. The presence of a number of San and Tswana people, alongside a significantly smaller number of wealthy white farmers of German or Afrikaner origin, the reasonably well-off Herero farmers, and a growing number of homeless migrants who have recently begun to settle in Gobabis, presents a formidable development challenge for the region.

Thus, regional planning processes in Omaheke have been centrally driven, involving ad hoc consultation with local residents and organizations, rather than a bottom-up approach that articulates local and regional development aspirations and strategies to national frameworks. The process of preparing the Omaheke Regional Development Plan, and indeed an assessment of the plan itself, displays a strong
emphasis towards the provision of public services and the role of government in developing the region. During the consultative meeting in July 2000 a number of participants from non-government and community-based organizations indicated (in private discussions with the author) that consultation by government with the broader community had been too little, too fast. Many indicated that government should spend more time with local communities, encouraging them to formulate plans in a shared and collaborative way. However, this kind of local participatory process was completely absent.

The former governor of Omaheke, Paulo Thataone recognised that there is an issue of insufficient capacity within the regions, but says that funds and knowledge should be decentralised so that capable public servants are deployed to the region. One of the reasons he proposes for the slow speed at which decentralisation is occurring is party politics: ‘Decentralised Government was not on the agenda of the ruling party. It came as a compromise between the ruling party and others’ (Thataone 2000, personal interview). This view reflects the historical development of the regional government structure and policies, as described earlier in this chapter, and illustrates how people in the region tend to view this matter. Decentralization has a political dimension and not only a developmental one. The slow pace of decentralization is easily seen as a consequence of the Swapo Government’s reluctance to allocate resources to the regions.

When questioned about the impact of political divisions within and across the region, most people argue that support for development in the regions and the allocation of government resources to the regions is entrenched in the bureaucracy of government allowing it to overcome such party bias (Zimbazi 2001, personal interview). However, it is also acknowledged that regional and local councillors draw on the support of their political parities to demonstrate to their constituencies their commitment and effectiveness (Kasete 2001, personal interview). A regional or local councillor who is from the same party as the Central Government (i.e., Swapo) would, therefore, be in a more advantageous position when advocating for development in her or his constituency.
The Omaheke Region, says former Governor Thataone, is highly fragmented by tribal, language and social differences.\textsuperscript{87} The Omaheke Regional Council must ‘try to think regionally’ to overcome the divisions within Omaheke (Thataone 2000, personal interview). Keulder, Nord et al. (2000, p. 259) in their study of Namibia’s emerging political culture found that Omaheke was one of four regions displaying a poor sense of trust and confidence in the system of government. The authors associate this with party alliances. Those who rated the government poorly in this regard were more like to vote for political parties other than Swapo.\textsuperscript{88} It is clear that regional councillors who represent a specific constituency can become more concerned with their power-base within that constituency than the broader regional good. The head of regional planning in the National Planning Commission Secretariat in Windhoek, says it is common to see regional councillors fighting for development in their constituency (Kasete 2001, personal interview).

Apartheid and colonialism have undermined the internal resources of the region and constrained the potential for regionally managed development. Racial segregation, divisions in land ownership, and the prevalence of poverty have eroded the social and cultural base upon which development can occur. These problems have contributed to the political fragmentation of the region which, in turn, undermines the capacity of the region to design and administer its own development. The challenge for regional levels of government is to rise above political fragmentation in order to redress the legacies of the past.

Because of the limited resources of regional levels of government, it can be difficult to distinguish between activities of Central Government in the region and those of regional government. The Omaheke Regional Council is required to follow the lead of the Central Government. It may have the legal mandate to lead and coordinate the region’s development, but it lacks the capacity to do this effectively without the direct

\textsuperscript{87} Omaheke contains a wide range of ethnic groups, as evidenced by the following percentages based on speakers of first language: Herero 43 per cent, Nama/Damara 24 per cent, San 12 per cent, Afrikaans eight per cent, Tswana, seven per cent, Owambo three per cent (Suzman 1995a).

\textsuperscript{88} This partisan divide, say Keulder, Nord and Emminghaus (2000, p. 261) influences the shape of Namibia’s political culture and demonstrate that Namibia ‘cannot be considered a democratic society’.
support of Central Government. Hence, opportunities for development assistance are centrally determined. Regional state institutions in Omaheke are more likely to be arms of Central Government in the region, than facilitators or mobilizers of regional development resources.

Again, these findings are not too dissimilar from those of the Wheatbelt Region in which regional organizations – such as the Federally funded Wheatbelt Area Consultative Committee and the State funded Wheatbelt Development Commission – performed functions that primarily served the interests of the Australian state in the region. Despite their mandates, these regional bodies provided a regional character to policies and programs of the Australian state rather than means whereby regional issues could be transformed into national support programs.

The last level of state presence in the Omaheke examined is the role of the local state. As described earlier in this chapter, the structures and roles of local authorities in Namibia have changed dramatically. For Omaheke, this change has involved the transformation of old local authorities and the establishment of new ones.

There are no Part I municipalities under the *Local Authorities Act of 1992*, in the Omaheke (i.e., those municipalities that operate independently of any financial or administrative support provided by Central Government). The only Part II municipality is the Gobabis Municipality. Overall, the Gobabis Municipality is not involved in development initiatives. However, through the decentralization process, the municipality is becoming more involved in the delivery of government services, such as motor vehicle licensing, within its local boundaries.

The Gobabis Municipality is swamped with the demands placed on it by government administration. The transitions brought about by independence have required the authority to deal with a wide range of new local development challenges (e.g., town and land use planning, infrastructure development). This, and the need for housing and other basic government services, dominates the workload of the municipality. As a result, the Gobabis Municipality has become preoccupied with government administration and is less involved in development initiatives that focus on the strategic positioning of Gobabis and the Omaheke Region. The Gobabis Municipality provides very little support to local development initiatives undertaken by community or other non-state actors.
Among the 43 proclaimed villages in Namibia, three are located in the Omaheke: Otjinene, Otozondjou and Steinhausen. These are smaller local government entities that perform only the most basic of services – the supply of electricity (where it is available), water and sewage services and refuse removal. These entities have an extremely limited capacity to lead or manage development projects. They provide a focal point for government liaison with local people and, as a result, are often engaged in processes that involve local people in dialogues concerning their development needs. However, they do not have the resources to pursue local development initiatives.

In addition to local government, the other local state actors found in Omaheke are indigenous African community structures. The Traditional Authorities Act of 1995 recognises 36 traditional authorities and 174 traditional leaders. The act focuses on the roles traditional chiefs and headmen can perform in local governance. This level of governance forms part of the decolonisation process by drawing on those systems of governance that were eroded by colonisation and apartheid. However, the nation-state has not gone so far as to fully incorporate traditional structures of government. This, says Keulder (2000, p. 168), is the ‘single most important feature about the postcolonial state-building project’ in Namibia. Regional councils and local authorities have subordinated the roles of traditional authorities and traditional leaders. ‘In no instance do any of the legislation dealing with rural, local administration make formal provision for the inclusion of traditional leaders into local state structures’ (Keulder et al. 2000, p. 162).

Traditional authorities are representatives of indigenous social capital encapsulating social norms and modes of cooperation. Such agents could become important actors in the development of Omaheke, but to do so they must regain their place in the social and economic affairs of their communities. Apartheid and colonisation succeeded in dismantling indigenous forms of authority. The Traditional Authorities Act is an attempt to revive these systems. However, the present structure appears to simply acknowledge tribal and traditional forms of leadership without providing any practical support or meaningful empowerment.

From the above discussion, it is clear that regional and local authorities in Omaheke have been growing in importance, primarily due to the initiatives of Central Government that has come to recognise the value of bringing government closer to the people. While tacit recognition has been given to traditional forms of African
governance, the new Namibian state appears to have drawn its ideas from a growing body of experience in government administration that is not too dissimilar to that of Australia.

The Namibian state has placed a great deal of attention on the creation of democratic institutions of government at the regional and local levels, which is unsurprising given the divisive and exploitative nature of these institutions of the past. However, it is clear that these institutions are not all functioning as effectively as they should. They remain dependent upon the Central Government – not only for financial resources, but also for direction and a clear and achievable mandate. It is within this setting that we turn to the role of non-state actors in the development of Omaheke.

4.3.2 Non-state actors in Omaheke’s development
Having surveyed the roles of state agencies in the Omaheke at national, regional, local and tribal levels, this last sub-section investigates the role of non-state actors. These actors can mobilise the physical, human, social and economic assets of the region for development.

Non-state actors in Omaheke reflect the situation faced by non-governmental organizations (NGOs) across Namibia. Because they are subjected to national influences, the national issues affecting the role of non-state actors in Namibia are briefly assessed before describing some of the key non-state actors found in the Omaheke Region. This assessment locates the role of non-state actors in relation to the Namibian state and draws on the historical involvement of NGOs, which often opposed the government in the years of struggle against colonialist and apartheid governments. It also identifies the cultural context in which non-state actors in African societies often require recognition by the state.

There are an estimated 500 NGOs in Namibia involved in all aspects of society, such as rural development, human resource development, policy and advocacy, natural resource management, human rights, democracy and governance, education and
health. The Namibia Non-Government Organizations Forum (NANGOF) is an umbrella network organization for sharing and disseminating information of interest to these agencies and is pursuing the development of an environment that is more conducive to the operations of NGOs (National Planning Commission Secretariat 2000).

The evolution and identification of new paradigms for development across Namibia and within its regions have created new roles for state and non-state actors. For many, these changing roles represent a shift from ‘struggle politics’ to ‘development politics’, where non-state actors work in collaboration with the state, rather than in opposition to it. Post-Independence politics has called for a new approach to relations between state and non-state sectors, in contrast to those that typified these relations in the struggle for independence and democracy (Community Agency for Social Enquiry and South African National Non-Government Organizations Coalition 1998).

In an assessment of civil society in Namibia, the World Bank (1998) suggested that the lack of policy and regulations governing non-government operations does not inspire donor confidence and militates against government support of NGO activities. The World Bank found that collaboration between the government and NGOs is limited to a few NGOs because there are no clear guidelines on the process of collaboration, but

89 A contrasting survey carried out by the Southern African Development Community in 1999 indicates that there are about 160 non-government and 60 community-based organizations in Namibia.

90 In neighbouring South Africa the Community Agency for Social Enquiry and the South African National NGO Coalition, in their report Civil society and the state in South Africa: past legacies, present realities, and future prospects, describe a transition within the non-government sector that is not dissimilar to that in Namibia: ‘The notion of moving from resistance to reconstruction has captured the kind of change of vision and mission that civil society organizations have had to undergo… Civil society organizations have begun to adopt new roles as participants in the policy-making process, partners in service delivery, and monitors of the new government’s performance. This has implied a shift in orientation, as the skills, structures and modes of interaction involved in political resistance on the one hand, and reconstruction and development on the other, differ sharply. A need has been felt to focus on technical expertise instead of mass mobilisation, long-term strategies instead of spontaneous actions, administrative capacity instead of resistance creativity, and positive policy input instead of negative critique’ (Community Agency for Social Enquiry and South African National Non-Government Organizations Coalition 1998).
also because NGOs have not been able to present a common front on issues affecting them. It indicated that the Government of Namibia should assist the non-government sector by formulating a policy framework for the operation of development activities and provision of support services in the civil society. During the drafting of the NDP1 there was very little reference to development partnerships between civil society and in particular with NGOs. In order to address this gap, a special chapter on partnerships with NGOs and civil society was included in the NDP2. As described earlier the NPC has also recently prepared a Civic Organization Partnership Policy which, while still requiring approval by the Parliament, proposes a stronger role for NGOs in development programs (National Planning Commission Secretariat 2004).

Weiland (1999) has expressed concern about the fractured formation and poor maintenance of a democratic civic culture in Namibia. He claims that this leads to a failure to consolidate democracy and democratic behaviours that affect the way in which people respond to democracy, such as whether they are passive or whether they seize the opportunities democracy creates. This can lessen the capacity of non-state actors in the Omaheke, as well as elsewhere in the country, to make full use of their democratic freedoms and the institutional and program frameworks for bottom-up development.

The Forum for the Future, a non-government agency established to promote debate on democratic and civil society in Namibia, has commented on the weak state of civil society in Namibia and the role of leaders outside the sphere of the state:

One of the interesting aspects to the culture of democracy in Namibia and indeed in other African countries, is the attitude towards leadership. In many cases it is claimed that most leaders rely on personal prestige and power in a somewhat elitist manner. Thus, political leaders are less representatives of their constituents than they are glorified rulers... This tends to make people less likely to criticise their political leaders or less willing to participate in activities that may appear to oppose or pressure the government (Forum for the Future 2000b, p. 11).

In its assessment of civic society in Namibia, the Forum for the Future (2000a) describes a number of ‘past and present factors that have shaped the situation’. These include the legacy of colonisation and apartheid in Namibia – where the South African Government banned many types of civic organizations and closely monitored those few that were allowed to operate. The liberation struggle was also cited as a phenomenon
wherein the presence of nonconformist views was considered to be a threat. Individuals and organizations with different views were seen as the enemy.

The growth in employment opportunities for many Namibians in the public and private sectors since Independence was also found by the Forum for the Future to be a reason for the weakening of NGOs. This trend left the non-government sector with a shallow human resource base. In addition, the incoming government of the newly independent nation-state was greeted with high expectations. The role of civil society and non-government organizations was not generally understood because most people expected government to provide for all their needs. Thus, a general disinterest in civil society surfaced – leaving everything to government, rather than take an active role.

Many of the issues affecting civil society at the national level can be found in Omaheke. Only a few non-state development actors are found in the region. In fact, many of the non-state actors working in the region are based outside the region. These include Windhoek-based organizations, as well as international donor and development organizations. Thus, this discussion commences with a review of the involvement of international agencies in the Omaheke, followed by an analysis of regional, local and community-based agencies found in the region.

The major non-state actors in the region are, in fact, not located in the region at all. International development agencies are a major source of support to state and non-state actors. However, their efforts to promote development in the region are often based on collaborative arrangements with non-state actors. International development agencies come in different forms. Some are non-state (e.g., Oxfam), others are agents of their own nation-state (e.g., governments of Canada, France, Norway), while others are multilateral bodies representing a collection of nation-states (e.g., the European Union).

Since Independence Omaheke has received development support from foreign governments and NGOs. This has included the improvement of regional infrastructure with better roads, communications, water supply (mainly by providing new bore holes), and new schools. There has also been donor support and some training programs to help communities create employment and generate income—especially through farming.

The United Nations performs an important development function in most developing countries. In Namibia, the overall objective of the United Nations is to support the government to achieve higher levels of sustainable human development
with particular regard to poverty reduction. This is enunciated through the United Nations Development Assistance Framework.

In 1995, the United Nations agencies in Namibia formed a Poverty Reduction Theme Group, which led to the creation of a Task Group for the planning of a pilot project in the Ohangwena Region, in the north of Namibia. This pilot project sought to strengthen the capacity of regional councils to combat poverty and to develop program concepts and best practices that can lead to ideas that may be applied in other regions of Namibia. This project has become a model for integrated development services and both the United Nations and the Government of Namibia have been planning to expand these approaches to Omaheke and other regions.91

The United Nations Development Programme has been active in Omaheke with a two-year project focusing on the provision of water, shelter, sewage and support for income generation activities. This is a part of the UNDP’s 2002–2005 Country Cooperation Framework, which endeavours to reduce poverty and promote sustainable human development in Namibia through strategic partnerships with Central Government, civil society and the private sector (Blume 2000, personal interview). The United Nations also established the Omaheke Integrated Development Project in partnership with Oxfam (Canada) and the Ministry of Agriculture, Water and Rural Development with funding from the European Union and Oxfam (United Kingdom and Ireland) focusing on the development needs of the poor residents of Omaheke.

The British NGO, Health Unlimited, has been working with the Ministry of Health and Social Services to track tuberculosis patients in the region, promote school health, and assist in HIV/AIDS prevention. The French NGO, CRIAA has also been involved in supporting farming activities by assisting farmers to fence in former communal areas and through the promotion of leather works. Most of these agencies have a limited presence in Omaheke and are based in Windhoek (Girvan 1995).

Carla Bush (2000, personal interview), the Omaheke Manager of Organizational Systems with Oxfam Canada, located in Windhoek, described the process whereby

91 United Nations agencies participating in this exercise included the United Nations Development Programme (UNDP), the United Nations Children’s Fund (UNICEF), the United Nations Family Planning Agency (UNFPA), the Food and Agriculture Organizations (FAO), the World Health Organization (WHO) and the United Nations AIDS Agency (UNAIDS).
Oxfam (Canada), an international non-government development agency, decided to work in Omaheke. One of the troubles working in the region, she said, was the lack of local or regional development organizations. In response to this problem, Oxfam (Canada) established the Omaheke Development Forum (ODF). The ODF is made up of representatives from a range of government and non-government agencies working in Omaheke. One of the key strategies of Oxfam (Canada) in Omaheke has been to employ four ‘development promoters’ and to use the ODF to mobilise and organise community-based organizations toward development.

In 1994, Central Government began construction of the Ben-Hur Development Centre to ‘promote more efficient but environmentally sustainable production that will benefit poor rural communities through increased output and income-generating activities’ (National Planning Commission 1998a, p. 120). Construction was completed in 1997 and Oxfam managed the centre until 2001 when the management contract expired and regional state institutions took over. Carla Bush (2000, personal interview) described this project as ‘very successful’.

The interface between international development organizations and government in Omaheke is an interesting one. While non-government organizations generally express the view that they are eager to work closely with government at all levels, they tend to enjoy autonomy and believe this benefits the overall development process. However, government in Namibia has expressed a strong opinion at both national and regional levels, that government should direct non-government and donor organizations. As the former governor put it:

No bilateral work should occur with the region… We [the Omaheke Regional Council] have made some approaches to various embassies in Windhoek for development support. But all development support must be channelled through the Government of Namibia (Thataone 2000, personal interview).

Churches have performed a significant role in both the colonisation and development of Omaheke. While some churches supported or acquiesced to the rule by the South African Government prior to 1990, many were involved in the struggle against colonialism and apartheid. Similar to other social formations, the churches in Namibia have become more engaged in development activities since Independence.
Churches in the current setting represent a significant expression of social capital. An example of this can be found in the village of Metsweding.\textsuperscript{92} Formerly a mission station of the Roman Catholic Church, known as Epukiro RC, Metsweding is made up of 800 inhabitants almost entirely of Batswana origin. It also consists of German personnel of the mission station, people of San and Herero origin who are engaged as farm hands, as well as their children and school teachers posted by the Ministry of Education. Occasionally people from different parts of Namibia come to Metsweding to attend training courses in technical fields offered by the mission station.

Metsweding is an isolated community surrounded by commercial farms belonging to white farmers and, to the east, communal land of the Herero people. The largest town to the north, some 100 km away along an untarred road that is easily made impassable by bad weather is Gobabis. In the last few years a Batswana cultural group known as the Sunshine Kids formed in Metsweding. This song and dance troupe, which informally comprises some 60 young people, was the initiative of a local teacher who grew up in Epukiro RC and wanted to give young people in the village a sense of pride to any territory.

Source: Identity and community attachment were resources that the Metsweding community believed could be built upon. While the Sunshine Kids have received little support from Central or regional government, they have been supported by foreign donor agencies such as the Norwegian Agency for Development Cooperation (NORAD) and Norwegian Church Aid.

\textsuperscript{92} A Public Sector Analysis (Office of the President 1995) of Namibia reviewed the development of settlements in Namibia including small settlements such as Metsweding and highlighted the impact their historical legacy had upon their current challenges. Omaheke contains a number of these settlements, including a mission station. Because these towns lack official government recognition they are sometimes referred to as "church towns" such as Metsweding that run their own town administration.
Metsweding village needs to establish plans for its future survival. The Constitution of the Metsweding community says, in part:

If there are no drastic steps taken the village and the farm will perish. Time is slowly running out. To improve the situation immediate steps have to be taken. A new contract with the church can only be realised with a healthy and stable community (Metsweding Community 1995, para. 5).

At a local planning meeting held in Metsweding on February 1998 the local community came up with a number of local concerns around which development priorities could set (Metsweding Community Planning Meeting 1998, author's notes). These included the expansion of the cultural development program and the development of new enterprises based on tourism (i.e., attracting tourists to Metsweding to watch traditional dances and songs, eat traditional food and purchase handicrafts) and on the development of local markets (e.g., currently Metsweding has only two small stores operating on a commercial basis). Other proposals included establishing a community market; up-grading the community hall to incorporate video, music, and educational material such as a library; broadening local recreational facilities (i.e., sports ground, swimming pool, river park); and improving social facilities (i.e., clinic, library). Some of the strategies that the Metsweding community believed would help address these development priorities included the submission of project proposals to international donor agencies and Central Government; a volunteer program for young foreigners to live and work in Metsweding for, say, three months, to assist in specific community projects (i.e., Metsweding work and fellowship camps); and technical assistance in enterprise development.

To-date, none of the development initiatives identified by the Metsweding community have found their way into the Omaheke Regional Development Plan or the regional development plans of the NDP2. Thus, while some local non-state actors are engaged in participatory approaches to determining their development plans, state authorities at central or regional levels have not adopted these. As identified earlier, this is largely a result of the centralised manner in which the state undertakes its planning processes.

Metsweding represents a small pocket of hope in a sparse region in which settlements are loosely connected. Evidence of local planning and development initiatives of the kind found in Metsweding was difficult to come across elsewhere in
the region. This is largely a result of the racial divisions and exclusions of past development policies. As a missionary settlement, Metsweding was able to operate somewhat independently from the authority of the colonial-state. The protection of the Catholic Church allowed educational opportunities that were greater than the bantu-style schools of the rest of the country. Housing and community infrastructure were slightly better than elsewhere in the region and residents were encouraged to take an active role in the community. As a consequence of this separation, local community pride and other representations of social capital (e.g., cultural songs, dances, local committees, sporting groups, church activities) can be found. These have become important resources upon which the community can draw. Elsewhere in the Omaheke, these resources are more difficult to find.

The land issue remains politically sensitive but critical to rural development and equity in Omaheke. It has become a focal point for recent non-state activity. The existing land tenure system is an obstacle to agricultural stability and investment across Namibia as well as in Omaheke. The Commercial Land Reform Act has facilitated only limited land redistribution and little or no progress has been made with regard to communal land legislation – tenure in communal areas is not recognised as collateral for commercial credit and illegal fencing in communal areas continues to threaten the survival of smallholders who are being deprived of access to grazing land. Forrest (1994) believes that Namibia’s democratic framework rests more on the land issue than on the right to vote. Certainly, the recent events in neighbouring Zimbabwe are illustrative of the volatility of this issue in southern Africa.

On 28 June 2001, a group of black and white farmers predominantly from Omaheke announced the formation of a new organization known as the Namibia Beyond 2000 Movement, ‘to help Government resolve the unfinished land question’. The Namibian newspaper reported the chairman of the steering preparatory committee, Moses Katjiuongua, on 29 June 2001 as saying, ‘Although many of our people, especially those disadvantaged in the past, need land to improve their living conditions, political anarchy, violence, land grabbing and farm invasions and mismanagement should be avoided at all costs... We want the needs and needy people to be identified and categorised and rights, responsibilities and priorities clearly defined’.

The emergence of civil bodies such as the Namibia Beyond 2000 Movement, Forum for the Future and the Omaheke Development Forum suggest the growing
willingness of non-state agents to take a part in development processes. Nonetheless, such bodies are few in Omaheke.

Community participation in non-state structures is a critical issue in the region. Overall, participation in development-oriented organizations appears limited. This is in contrast to other social structures (e.g., churches, sporting clubs) that have been broadly accepted for some time. The predominance of farming in Omaheke has led to increasing participation by farmers in non-state structures. The Eastern Epukiro Farmers’ Association, located within the region, is one example. An interesting issue found within this association concerns the participation of women in this typically male-dominated sector. To this end, the Eastern Epukiro Farmers’ Association established an affiliated body that aims to give Herero women farmers a voice. This is one example among a number of NGOs that have sought to promote gender equality through women’s participation in community structures. Girvan (1995) argues women-only organizations formed around farming and other mainstream activities appear to enable rural women to assert their knowledge and interest and to gain experience in agriculture and rural development programmes.

The San people hold a unique position in the social and economic terrain of Omaheke. There are an estimated 7000 San living in the region and they feature predominantly in the region’s poverty profile. The Working Group of Indigenous Minorities in Southern Africa (WIMSA) is a non-government organization established in 1996 ‘at the request of the San in South Africa, Botswana, Namibia, Zambia and Zimbabwe, to provide a platform for their communities to express their problems, needs and concerns’ (Working Group of Indigenous Minorities in Southern Africa 1999, p. 1). With a regional office in Windhoek, WIMSA works with many San communities across the southern African region and receives financial support from a wide range of donor and development organizations. In July 1999, another non-government organization was formed to assist the local San population. The Omaheke San Trust was formed to build the capacity of the San in Omaheke towards self-reliance and self-sufficiency; to ensure that the San traditions and culture are recognised and preserved; to educate the San of the Omaheke on their rights and ensure that these rights are recognised and upheld; to ensure that San children will have equal access to school and education; and that the San are educated on health care and have adequate access to health facilities.
The Omaheke San Trust has formulated a series of development objectives. Most notable among these are the following:

...to be led by San people for San people; ... that San communities are supported to devise, plan and implement their own programs that will meet their needs both economically and socially; ...the San are encouraged to have a voice on a local and regional level; ...work with government bodies on a local and regional level to ensure that the rights of the San are recognised; ...support and act as an advocate on behalf of the San individuals and communities (as the need arises) in exercising their rights (Omaheke San Trust 1999, p. 3).

As with the plans established by the local community of Metsweding, the development plans of the Omaheke San Trust are not reflected in regional development plans. Again, regional planning has been structured according to centrally defined mandates and processes. Regional and local development initiatives must be formulated within these plans. Far from being a bottom-up process, regional planning has been top-down.

As described earlier, the Government of Namibia has sought to recognise the existence and role of traditional elders found within traditional communities through the formation of the Council of Traditional Elders. However, the San people of Omaheke have had to fight for recognition in this regard. Despite six applications for recognition from San traditional authorities being made, there was no formal recognition given to San communities and, hence, no one to represent the San community on the Council. As a result, many San were disillusioned at being ‘marginalised once again’ (Working Group of Indigenous Minorities in Southern Africa 1999, p. 13). The San community requested the assistance of WIMSA, and the Centre for Applied Social Sciences (CASS) within the University of Namibia to assist in a complaint to the government concerning the lack of recognition. This led to some anthropological investigations by CASS and a submission to the Committee on Tribal Disputes of the Council of Traditional Leaders. Two San tribal elders were eventually appointed to the Council.

Underlying the problems faced by the San in terms of representation is a fear of fragmentation and conflict based on race and ethnicity. At one level many Namibians highlight the importance of reconciliation and the value of being Namibian regardless of race or ethnicity, yet at another level there is a desire for people to be proud of their traditions and cultural roots. Pulling together as a local or regional community is part of
the vox populi, while efforts to highlight racial and ethnic differences can be interpreted as a slide back into a racially defined society.

Tötemeyer (1996b, p. 9) has warned of the danger of tribalism in efforts to reclaim traditional systems of governance. However, he also believes that the process of mobilising indigenous resources is essential: ‘Governance is a continuous process. The dynamics of development and change may demand a constant re-evaluation of concepts and institutions within a particular context and situation’. Fritz Bekker (1996, personal interview) of the School of Geography in the University of Namibia believes that the promotion of participatory approaches to development requires a better understanding of traditional forms of leadership and organizations. However, these are difficult to trace as a result of Namibia’s colonial past. It is critical, he says, to assess development actors in terms of their position in the society and whether or not this position is created from outside (such as by Central Government agencies) or from within.

Drawing from tribal or indigenous culture and social systems as a resource for development is a challenge to government. While, on the one hand, these resources represent an important source of identity, pride, attachment and support, they also present a danger in the fragmentation of the region, as well as to the nation as a whole. As with other elements of civil society in Namibia described earlier in this chapter, non-state actors require recognition and approval by the state before they can become effective mechanisms for development. Failure of the state to provide this relegates non-state actors to the limitations of their own social and cultural domains.

On the ground in Omaheke, taking charge of local development initiatives is not so much about indigenous knowledge systems as it is about changing the mindset of a people who have long been the victims of government-sponsored exploitation. Cordelia Zimbazi (2001, personal interview) Project Manager for the Oxfam Health Project, located in Gobabis and chaired by the governor, says that the only true source of local or regional development comes from three main local NGOs: Health Unlimited, the Oxfam project, and the Omaheke San Trust. The others, she says, are located and managed from Windhoek. The greatest constraint experienced by Zambazi in her work in the region is the ‘very long time it takes to lobby for any change in the region’. Added to this, however, is the challenge of working among the numerous divisions in the region — mainly ethnic divisions — that demand a high degree of consultation to
overcome. ‘These people are very slow at taking up new ideas… They must first be sensitised and this is a very time consuming exercise’.

The change in attitude required to create a more participatory form of development is significant. Coming from a history where local initiative was punished and where all services and opportunities were provided by the colonising administration, these patterns die hard. ‘Local people leave you to do all the work. They don’t want you to work with them, or to help them do their work. They want you to do it for them’, says Zambazi (2001, personal interview).

Regina Ndopu (2001b, personal interview), Director of Decentralisation in the Ministry of Regional and Local Government and Housing, makes the comment that broader participation in development in the region will occur ‘as residents begin to understand the rules and how to apply pressure on government’. In time, they will ‘organize themselves better’. Development of the regions is seen as a process that unfolds over time. Now the structures are in place there is a need to build local and regional skills and capabilities so that people can use these structures more effectively.

This assessment of the role of non-state actors in Omaheke highlights many interesting features regarding the ability of peripheral regions to collaborate with the nation-state to create new development opportunities. In the first instance, it is clear that the role of non-state actors is still unclear. The struggle for independence set a strong anti-government precedent for much of civil society and both the new Namibian state and the emerging civil society have yet to find an agreed position on the roles the non-state sector in the new Namibia. Government appears more concerned with regulating the non-state sector than with collaboration.

Omaheke contains a range of non-state actors. While there are far fewer than the Wheatbelt Region, the organizations found in the region represent a resource for development. In many cases, these organizations have been inspired or supported by NGOs located outside the region. Non-state participation clearly requires support so local people understand the importance of participating in these structures and the value of taking initiative. Colonial and apartheid structures punished individual or community initiative and a significant shift in mindset is required before residents of Omaheke see themselves as protagonists in the process of development.
Both the Wheatbelt and Omaheke regions contain evidence of non-state organizations formed by agencies located outside of the region. There are two possible motivations for this. The first is that external agents have been unable to find suitable regional bodies to partner with and, in the absence of such bodies, have facilitated the establishment of regional organizations for this purpose. This appears to be the case with the Omaheke Development Forum.

The second motivation for the creation of regional bodies by external agents is control. In some cases – such as the Wheatbelt Area Consultative Committee – external agents have supported the establishment of regional bodies so they can control development process in the region.

The Namibian state appears to undervalue the contribution non-state actors can make to development in the regions. Where signs of real community initiative are found, very little support is offered by the Namibian state. The planning processes undertaken in local areas such as Metsweding or by groups of people such as the San are completely disconnected from the extremely formalised and centralised planning processes established by Central Government and the Omaheke Regional Council.

Testing the second hypothesis of this thesis in Omaheke has revealed a highly disadvantaged region in terms of poverty and economic resources, with a historical legacy that undermines the development of social capital and reduces the potential of the region to take charge of its own development. In spite of this, Omaheke displays signs of initiatives on which development efforts can – over time – be built. Sadly, a lack of connection with the institutions and processes of the Namibian state further undermine these initiatives. Centralised planning and development processes dominate the nation-state’s work in the region, where even the process of decentralisation has been slow to unfold. Very few, if any, examples of true collaboration between the nation-state and regional development actors are found. Regional and local levels of government are severely hampered by the combination of limited resources and the directive style of Central Government agencies.
4.4 Conclusions

This chapter has reviewed a number of facets of the relationship between the Namibian state and development in peripheral regions to test the two hypotheses presented in Chapter 1. These findings help us to better understand the extent to which nation-states support regional initiatives.

The first hypothesis investigated in this chapter anticipated that Namibia’s lower level of development compared to Australia would exhibit fewer formal resources in the form of institutions, programs and finances available for development in the regions.

Coming from a history in which regional delineations were used by the colonial-state to exploit and divide the indigenous people of South West Africa, the newly independent Namibian state has redefined its regions and established democratic systems of government while redressing the inequitable legacy of racial divisions. The Namibian state has established institutions at central, regional and local levels, each of which are democratically controlled and accountable. In addition, the Central Government has introduced an ambitious decentralization policy that provides for greater powers, resources and responsibilities to be devolved to regional and local levels of government in the long-term. Through these developments, Namibia has also adopted many contemporary and best practices from democratic societies around the world. It has sought to be as progressive as possible in order to bring Namibia up to international standards of governance.

When compared to Australia, the Namibian case shows slightly fewer institutions for regional development. This appears partly to be a result of the two levels of government created by Australia’s federal system and not necessarily a result of greater attention given to regional concerns by the Australian state. State government institutions in Australia are found between national and regional levels of government, while no such level is found in the Namibian unitary state.

Resources are clearly a constraint for the Namibian state’s attempts to promote development in the regions. Most regional and local levels of government are dependent upon financial inputs from Central Government. While a number of mechanisms have been created to this end (e.g., the Development Budget and the Regional Development and Equity Fund), these do not appear to work properly. In addition to the financial deficits, administrative and planning capacities are also scarce among regional and local levels of government in Namibia. Central Government does not have enough
confidence in the sub-national levels of government to fully decentralize and, in most cases, this is the reason given for the continuation of a highly centralised approach to development. Presently, regional and local structures and organizations, such as development committees (i.e., settlement, constituency, local and regional committees) are too weak to facilitate and support these processes and participants and local actors lack the ability to conceptualise the problems and formulate appropriate responses.

Thus, the first hypothesis of this thesis has been proven correct in the Namibian case. There are indeed fewer formal resources of the nation-state that can be drawn upon by regions for their development.

The second hypothesis dealt with the character of the Namibian state’s support for regional initiatives and its use of endogenous resources. Because the regions in independent Namibia are new, it was expected that their systems of governance would be less mature than the Australian case and would contain a fewer endogenous resources that could be mobilised for development.

Clearly, the Omaheke Regional Council and the various village councils in the Omaheke are new. The Gobabis Municipality existed prior to Independence, but its charter and, indeed, its staff and councillors have changed dramatically. There are new people and new institutions involved in development in Omaheke and these are challenged by limitations in skills and experiences. These regional and local institutions, while constrained by limited capabilities, are also frustrated in their efforts by party politics and the legacy of previous regimes that fragmented and exploited the region. They are still learning to deal with non-state actors in a collaborative manner and seeking a balance between responding to national trends and expectations, and articulating the aspirations and development demands of their regional constituents. Most of these regional and local institutions are democratically governed. While local residents elect their representatives to these institutions, financial resources come from outside the region. This means that these institutions are accountable both to their electorates and their financial backers. Sadly, these are not the same people.

Development in Omaheke is largely based on representation rather than direct participation. It is through the representation of citizens at the constituency level that local and regional development efforts are focused. Representation is the key mode of operation for local authorities and regional councils – including the regional development coordinating committee and the constituency development committees
that feed in to the regional council structure – as well as Central Government agencies such as the National Planning Commission and, of course, national parliamentary structures. Even within the non-state sector there appears to be a stronger emphasis given to representation than to participation. Management or steering committees among local NGOs, as well as organizations such as the Omaheke Development Forum are all based on representative models, usually where representatives are elected rather than appointed to their position. Only in isolated instances, such as in Metsweding, has development been planned along participatory lines.

There are only a handful of non-state actors involved in development in Omaheke. Many of these have a broader field of operation than Omaheke alone and many have their headquarters outside of the region. The lack of a substantial pool of community-based and civil society structures appears to be a legacy of colonial and apartheid rule, but it is also a consequence of the struggle against the previous regime in which non-government organizations were anti-government organizations. Independence has brought with it a challenge to build new relationships between state and non-state actors in achieving a common development goal. The lack of maturity among both state and non-state actors has proved to be an obstacle to development in regions such as Omaheke.

In general, non-government and civil society activities in Omaheke all require some degree of support from outside the region, whether this is by international donors, national or international NGOs, or the United Nations. The Namibian state appears more concerned with coordinating and controlling non-government activities than with creating an environment in which NGOs are encouraged and enabled to take development initiatives. While government claims that this is due to the threat of duplication and the inefficient use of scarce resources, it is more likely that the Namibian state is unfamiliar with the notion of an independent non-state sector. The non-state sector remains a possible threat to the work of government and a sector of society that must be controlled as it was in the struggle for Namibian independence.

As a result of these factors, the Namibian case has shown fewer connections between the nation-state and development that is inspired and managed from within its regions than the Australian case. The Namibian state displays a centralised, directive style of development that instructs the regions rather than responds to its development needs and aspirations. This is remarkably similar to the findings generated from the
investigation into the Wheatbelt Region. Thus, despite the differences found in these regions, the Australian and Namibian states interact with their regions in similar ways.

A fuller synthesis of the findings of this chapter alongside those of Chapter 3 is presented in the following chapter.
CHAPTER 5

ENDURING POLITICAL CENTRALISM IN AN AGE OF GLOBAL LOCALISATION

This chapter draws from the findings presented in Chapters 3 and 4 and compares these while coming to a conclusion regarding the validity of the two hypotheses on which this thesis is based. It considers these findings and conclusions against the backdrop of an increasingly integrated world economy and the issues this raises for nation-states and their regions.

In Chapter 2 the increasing integration of national economies at the global level that has come to be known as globalisation was found to have created new challenges for nation-states and intensified the spatial inequities that dependency theorists have described for sometime. Globalisation challenges nation-states because it places greater significance on localities compared with national boundaries. Based on this analysis, the relationship between two nation-states and their regions have been examined to determine the extent to which nation-states have responded to these shifts. It was argued that, by supporting regional initiatives and enhancing the capacity of local and regional actors to manage development processes, nation-states can maximise the opportunities brought about by global localisation.

This chapter is structured into four sections. Section 5.1 examines the extent to which the Australian and Namibian states support regional initiatives. Section 5.2 discusses possible explanations for these findings by examining the interests nation-states have in maintaining control over the development of peripheral regions. Section 5.3 considers the arguments against and limitations of this thesis, while section 5.4 brings the discussion to a final conclusion.

5.1 State support for regional initiatives

This section relates the findings of the two case studies to the two hypotheses. It will be recalled that the Australian and Namibian states and the Wheatbelt and Omaheke regions were selected for investigation because they were considered to be more different than alike. These differences were expected to amplify the kinds of
relationships nation-states have with their regions. Surprisingly, however, important similarities were found in the way these states interact with their regions.

Figure 1 in Chapter 1 summarized the hypotheses and the method used to test the hypotheses. This has been expanded in Figure 7, below, to incorporate summaries of the research findings (referred to in Figure 7 as ‘Actual Findings’) and to revise explanations (referred to as ‘Explanation based on findings’). These issues are discussed in the sub-sections that follow Figure 7.

Sub-section 5.1.1 considers the national framework of development in the regions. Here, the findings of Chapter 3 and 4 are used to test the first hypothesis: that the extent to which nation-states support regional initiatives is dependent on the formal resources available to them.

Sub-section 5.1.2 considers regional and national development relationships. Here, the findings of Chapter 3 and 4 are used to test second hypothesis: that the character of the nation-states support for regional initiatives is determined by the quality of endogenous resources found in the regions.
**Figure 7**: Australia and Namibia: Outline and explanation of findings

<table>
<thead>
<tr>
<th>Two ‘most different’ nation-states</th>
<th>Australia</th>
<th>Namibia</th>
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<tbody>
<tr>
<td>Wheatbelt Region</td>
<td>Omaheke Region</td>
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<th>Two ‘most different’ regions</th>
<th>Wheatbelt Region</th>
<th>Omaheke Region</th>
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<table>
<thead>
<tr>
<th>Key Assumption 1:</th>
<th>Australian state possesses large formal resources to support development by the regions</th>
<th>Namibian state possesses few formal resources to support development by the regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated Finding 1:</td>
<td>Australian state is heavily involved in supporting development in the regions</td>
<td>Namibian state has only limited involvement in supporting development in the regions</td>
</tr>
<tr>
<td>Actual Finding 1:</td>
<td>Australian state (Federal and State) contains a wide range of resources to support development in the regions, but only a small proportion of these have been designed to support regional initiatives.</td>
<td>While the Namibian state has fewer resources than the Australian state, substantial attention is given to development in the regions. Little evidence was found of nation-state support for regional initiatives.</td>
</tr>
</tbody>
</table>

**Hypothesis 1:** The extent to which nation-states support regional initiatives is dependent on the formal resources available to them

**Explanation based on findings 1:** Hypothesis 1 has been confirmed. However, it was found that the amount of formal resources available to nation-states for supporting regional initiatives is not a sufficient condition for such support.

<table>
<thead>
<tr>
<th>Key Assumption 2:</th>
<th>The Wheatbelt Region contains a significant pool of resources, development actors and initiatives for the nation-state to partner with</th>
<th>The Omaheke Region contains few regional resources, development actors or initiatives for the nation-state to partner with</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated Finding 2:</td>
<td>Australian state builds regional capacity and partners with regional actors in support of development initiatives that are owned and managed in the region</td>
<td>Namibian state gives centralised direction to regions and does not provide much support to regional initiatives</td>
</tr>
<tr>
<td>Actual Finding 2:</td>
<td>Wheatbelt Region has a significant pool of resources and actors, but there is little evidence of partnership with the nation-state</td>
<td>Omaheke contains fewer regional resources, actors and initiatives than the Wheatbelt. Little evidence of support by the Namibian state for regional initiatives.</td>
</tr>
</tbody>
</table>

**Hypothesis 2:** The character of the nation-states support for regional initiatives is determined by the quality of endogenous resources found in the regions

**Explanation based on findings 2:** Nation state support for regional initiatives is not dependent solely on the quality of endogenous resources found in the region.
5.1.1 National frameworks for development in the regions

The case studies have described the Australian and Namibian policy, program and institutional frameworks for development in the regions. As expected, it was found that the Australian state contained more resources it applies to the support of regional initiatives than the Namibian state. However, in both cases only a small proportion of these resources were used to support regional initiatives. The Australian and Namibian states both apply their resources for development of the regions in a centralised manner.

This finding is based on two features of the national frameworks for development in the regions presented below. The first is the view the Namibian and Australian states have of their regions. The second is the institutions the Australian and Namibian states use to promote development in the regions.

There are two main interests the Australian and Namibian states have in development at the regional level – aside from the general interest national governments have for electoral power. First, the nation-states were found to be interested in improving the competitiveness of regions. They restructure industries that are dominant in regional economies (e.g., agriculture) to ensure these industries can compete more effectively in world markets. They also promote regional comparative advantages in the belief that all regions have a specific advantage or set of advantages that give them an edge over other regions and enable them to successfully compete in national and global economies. For example, the Namibian Regional Planning and Development Policy promotes the identification of ‘growth points’ and ‘development poles’ as locations with particular advantage and development potential (National Planning Commission 1997, para. 4.2.2).

In theory the potential advantages of the regions are numerous. However, in reality both Omaheke and Wheatbelt appear to have a narrow range of inherent advantages. Both have been promoted within their national, State or regional development plans as containing strong agricultural sectors on which future development prospects can be found. This is augmented in particular circumstances by the additional opportunities that come from mining, fishing and tourism. Both regions have been described as having particular advantages that stem from their location: Omaheke shares a border with Botswana and the recently completed Trans Kalahari Highway provides a more viable route for tourists as well as for the transportation of freight to and from Walvis Bay and neighbouring countries in southern Africa. The
Wheatbelt incorporates transportation routes that perform a similar function, in this case the national highway across the Nullarbor Plain to the east of Australia and to the northwest of Western Australia.

For the Australian and Namibian states, defining comparative advantages has involved the identification and promotion of regional features (e.g., endowment factors) that strengthen the national economy. This is a function that has largely been performed by the nation-state because it is at the national level that regional strengths and advantages are weighed against one another. Addressing specific regional needs and opportunities appears to be of secondary importance. For example, both the Wheatbelt and Omaheke regions have considerable tourism potential, which feature in their development plans. However, on a national scale, neither of these regions can be considered major tourist destinations, which means they are unlikely to attract much support from the national government for these endeavours.

Second, nation-states are interested in redressing regional imbalances. Both regions studied contain levels of unemployment that are higher than the national average. However, there are differences in the way these imbalances are framed by the nation-states. In Namibia the nation-state’s interest in the development of the Omaheke is couched in terms of redressing the balance of the colonial era. Coming from a history in which regional administration was used to fragment and exploit, the new Namibian state now wishes to ensure that previous inequities are redressed. This involves the spread of democratic government institutions into all regions as well as the introduction of land reform programs and poverty reduction initiatives – all of which are a part of the nation building process in Namibia.

In contrast, the Australian case has found regional imbalances that stem from the consequences of economic change and decline. Industries that were once central to the Australian economy have become less significant. As new industrial sectors have emerged within the national and world economy, many inland regional economies have declined and social problems increased. The Australian state participates in regional development by restructuring regional industries, improving infrastructure, and alleviating the social impact of structural change on groups such as farmers and the unemployed.

The Namibian and Australian states have both responded to regional imbalances with a national strategy that has made use of institutions based in the regions. These
institutions were found mostly to account to national (or State) ministers and were less connected or accountable to the regions. Thus, involvement it the regions is a means for the state to achieve national goals.

Namibia’s Regional Planning and Development Policy (National Planning Commission 1997) displays some features that set it a part from the two common interests discussed above. In many ways this is an ambitious policy that promotes ‘full participation of the majority of Namibians in the country’s development processes’ (para. 3.1.1) and encourages ‘shifts in the influence and power of groups and individuals’ (para. 5.1.1). However, these themes do not appear to be pursued beyond the creation of institutions and committee structures through which regional residents are represented. In many cases these structures are not working due to a lack of investment by the state into capacity building.

On the whole the Australian and Namibia states see their regions as part of a national grid in which all regions must find their place. They apply a national perspective to the identification of certain regional strengths and advantages. Very little effort is given to assisting regions to find their own place in the world economy and to supporting initiatives that attempt to strategically engage with the world economy. Instead, the nation-state maintains its conventional practice of working on behalf of its regions.

The Australian and Namibian states have established institutions in the regions to coordinate government services and plan for regional development. These are activities that are undertaken primarily in the national interest. In some cases, non-state actors were found to instigate local planning activities or to undertake other kinds of development initiatives, but were often unable to have their plans or initiatives feature in any of the regional development plans approved by the nation-state. State support for such actions were found to be limited to small grant funding programs or to one or two small capacity building programs.

In contrast to these experiences, there are many actions nation-states could take to support regional initiatives. These include the creation of planning and development frameworks that create more opportunity to accommodate regional initiatives, i.e., to more effectively balance top-down regional planning with bottom-up planning. They could invest more into building the capacity of local and regional institutions to take charge of development in the region so that they can plan, implement and monitor
regional initiatives better. The nation-state could be more active in facilitating links between local and regional actors and national resource agencies; they could improve the flow of information to development practitioners and give a national profile to the range of development initiatives that are taken within the regions.

Having considered two main interests the Australian and Namibian states have in developing the regions, attention is now turned to the institutions the states use to promote development in the regions. Both the Wheatbelt and Omaheke regions contain institutions of the nation-state that promote regional development. In the Wheatbelt Region this role is performed by the State Government agency known as the Wheatbelt Development Commission. However, a Federally-funded Wheatbelt Area Consultative Committee also performs this role on behalf of a number of Federal Government ministries. The Omaheke Regional Council performs this role in the Omaheke Region.

These agencies have a similar mandate in respect of the role of the nation-state in the regions, but they differ in one important respect. Residents of the region elect the Omaheke Regional Council, while government ministers (one State, the other Federal) appoint the two Wheatbelt agencies. This is in some ways a feature of Australia’s federal system compared with the unitary state of Namibia and highlights the difference in the way sub-national regions and sub-State regions are treated.

The financial capacity to deliver services and undertake regional initiatives is a concern to local and regional institutions in Australia and Namibia. The federal system of government in Australia places the bulk of responsibility for regional development on the State governments. However, the vertical fiscal imbalances that exist between the Commonwealth and the States creates a situation where State governments have a limited capacity to raise funds and has contributed to the Commonwealth’s entry into this domain.

In Namibia the Omaheke Regional Council struggles with the problem of its unfunded mandate: it has a growing range of powers and responsibilities for development the region, but insufficient resources – either in financial or human terms – to fulfil these roles. As a result, the Omaheke Regional Council is completely reliant on the support of the Central Government. Indeed, this reliance is entrenched by Central Government through the Regional Councils Act of 1992, in which Central Government has authority over the budgeting and expenditure of regional councils.
In the eyes of the Central Government in Windhoek regional development is mainly concerned with the provision of government services. While there has been space provided – in legal and policy terms – for a number of new institutions that engage citizens at the local and regional levels, many of these exist in name only. These include the constituency development committees and the regional development coordinating committees.

Bivand (1981) was cited in Chapter 2 for his description of the way divisions between the core and the periphery boil down to levels of linkage and access. This point is illustrated in the two regions under study: a region’s institutional linkage with the nation-state affects its potential access to resources for development. In the Wheatbelt and Omaheke regions the nation-state determines its connections with the regions (i.e., policies of the nation-state are delivered to its regions through institutions that limit the extent to which regions are able to access the support they require). Agencies such as the Wheatbelt Development Commission and the Omaheke Regional Council are more a part of the nation-state than they are of the regions they represent.

It is clear that the first hypothesis is correct. The Australian state does have a broader range of institutional, program and financial resources it can apply to development in the Wheatbelt than the Namibian state does in Omaheke. It has Federal and State agencies, headquartered in Canberra and Perth, which deal with regional issues. There are a wide range of Federal and State departments that provide programs and services to the regions either directly or indirectly through local agents. Both levels of government have also established regional institutions to deal with regional coordination, planning and development issues. In contrast, Namibia has fewer institutions, programs and finances that deal with development in the regions. While it has come to recognise the importance of development in the regions to democracy and nation building, and has invested in the establishment and strengthening of local and regional institutions, it has had fewer resources to apply to these efforts. Indeed, many

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94 It should be noted that a direct comparison of financial resources has not been made. This is mainly because of the difficulties of isolating government expenditure on a regional basis. In the Australia case, the Federal and State governments define the Wheatbelt Region differently. While it is possible to determine government expenditure on regional development in both the Namibia and Australia cases, this thesis has been more concerned with government support for regional initiatives, which can be a sub-set of a regional development budget in some cases and
of these new institutions are thwarted in their development efforts due to government resource constraints.

While the first hypothesis has been found correct, it is somewhat surprising that the Australian and Namibian states apply the resources they have in a similar fashion. Both the Australian and Namibian cases display a narrow range of approaches taken by the nation-state for the development of their regions. Both have established regional and local government structures that largely pursue national development interests. These institutions are more conduits for the top-down delivery of services that are adjusted to suit the character of the region, than for the bottom-up identification of regional needs and opportunities in the world economy. In both cases, regional and local institutions are reliant on the nation-state for direction and resources. As a result, these institutions are more a part of the nation-state than they are a manifestation of any kind of local state apparatus. Most regional and local structures exist to serve the nation-state in the region more than to serve the region itself.

There is a strong national context for the development of regions which affects the nation-states’ approach to the development of regions. Regardless of the amount of resources at their disposal nation-states tend to apply these in a top-down centralised manner. Furthermore, there are competing interests among the national architects of regional development policy frameworks and the development actors found in the regions. National policy frameworks are required to accommodate all regions; a central function of these frameworks is to describe how the nation-state will allocate its available resources across all regions. Development protagonists located in a specific region are usually less interested in how the state will address all regions in the country, than how it will support their region.

The Namibian and Australian states have been required to find a balance between pursuing top-down strategies (where regions are required to complement and conform to broader national development agendas) and responding to bottom-up demands (where regions themselves formulate development plans that are adopted and supported by the nation-state). However, the pursuit of national priorities often may also come from other line ministry budgets in other cases (e.g., small business, employment and training). In any event, it is clear that Australia has many more institutions, programs and finances it can apply to the support of regional initiatives than Namibia does.
dominates this contest. This means that nation-states set the terms for their support for development in the regions. If regions are to receive support from the nation-state for their initiatives, they are required to meet the demands of the nation-state first. While the authority of the nation-state has been reduced in the context of a more integrated world economy – through the removal of trade barriers and protectionist subsidies – nation-states continue to have a strong influence on the degree to which they will support the development initiatives of their regions.

Thus, as hypothesised, the extent to which nation-states support regional initiatives is indeed dependent on the formal resources available to them. Australia has shown that it is in a better position than Namibia to support regional initiatives because it has a greater range of institutional, program and financial resources. However, the extent to which these resources are applied to regional (bottom-up) initiatives compared with centralised (top-down) programs is questioned and it is this question that makes the second hypothesis relevant. Hence, attention will now be given to the relationship between the states and the development actors in the regions under study.

5.1.2 Regional and national development partnerships
This sub-section examines the testing of the second hypothesis. It was hypothesised that the Australian case would show the Wheatbelt Region contains a significant pool of endogenous resources and development actors that can be mobilised for development. It was expected that, in such circumstances, the Australian state would draw upon these resources to complement its own resources and that the Wheatbelt Region would have a greater capacity to plan, initiate and manage development strategies when compared with the Omaheke Region.

As initially expected, the Wheatbelt has displayed a far broader range of development actors involved in development than Omaheke. Indeed, there seem to be hundreds of community-based organizations within the Wheatbelt with some kind of development interest. Service clubs, chambers of commerce, local development agencies, landcare and conservation groups, tourism committees and farmer groups are found throughout the region. Many of these actors have taken initiatives to improve the economic or social conditions of the region and at times these development actors are supported by state agencies. Federal and State governments often co-opt community-
based organizations or support the creation of new agencies for the purpose of delivering national programs.

In Omaheke the number of development actors is significantly less. While there are some social formations found in the region, such as churches, sporting clubs and the occasional cultural or interest group, only a handful of groups are engaged in development activities. In some cases, local organizations have been formed with the direct support and guidance of external donor organizations (e.g., the Omaheke Development Forum). These arrangements are not too dissimilar to that of government support provided to local community-based organizations found in the Wheatbelt.

While the hazards of comparing social and cultural resources across two societies are acknowledged (see Chapter 2), the smaller range of civil society organizations found in Omaheke when compared with the Wheatbelt suggests a smaller pool of endogenous resources that can be drawn upon for regional initiative. While cultural considerations are important when assessing social capital and civil society, the wide range of community-based agencies found in the Wheatbelt remain an important resource upon which local and regional development efforts can draw.

Aside from variations in the number of development actors in the two regions, this thesis is interested in two features found among these actors. The first is the motivations of development actors. This is of interest because it illustrates the potential for collaboration with the Australian and Namibian states based on shared interests. The second is the way the Australian and Namibian states work with development actors in the regions. This will show the extent that state and non-state actors have been able to find common ground on which to collaborate.

Turning firstly to the motivations of development actors in the regions. Many development actors in the Wheatbelt believed they could not rely solely on national government agencies to solve their problems and held a strong desire to build a better community. This was particularly the case in times of crisis. Many small towns in the Wheatbelt have reached a point where the loss of residents and the decline of services brought into question the entire viability or sustainability of the town. Bruce Rock, Hyden and Corrigin are examples of small towns in the Wheatbelt that have demonstrated how a crisis has catalysed local development initiatives. Jefferies and Munn (1996) have described research demonstrating that in times of community crisis a
precipitating event, such as a threat to the survival of the community, helped to galvanise the local community.95

These experiences are consistent with those found in other countries. Local or regional initiative is often seen as a last resort of the consequence of a belief among local residents that they must be agents of change. In the United States the Heartland Centre for Leadership Development (1986, p. 6) claims local and regional communities must formulate the ‘conviction that in the long run, you have to do it yourself’. Focusing on global or national concerns, says Stoker (1996, p. 204), can leave local people feeling powerless. Instead, local action ‘provides a worthwhile benefit in itself and a broader capacity to act’.

However, not all the Wheatbelt is the same. Just as the smaller towns were responding to external threats other localities saw greater opportunities for development. The development efforts of the larger settlements in the region such as Northam, York and Narrogin, appeared to be less crisis-driven and more focused on maximising their potential as a regional centre. These are towns that are growing, compared with the others that face a gradual decline in residents and services.

Examples of crisis-inspired development activities are harder to find in Namibia. This is perhaps because national independence has created a more buoyant environment or attitude for development. However, high rates of unemployment and poverty have created a need for development initiative in Omaheke. An example of this is found in the former Roman Catholic mission school now known as Metsweding. This village displayed how a crisis has led the local community to the point where it must take its own initiative or disappear completely.

95 In this case it was the town of Tumby Bay, South Australia. An extremely negative portrayal of the town had been presented in an article in The Advertiser, South Australia’s only daily newspaper, in 1991. The town, while believing that this publicity was inaccurate, was concerned about the social impact of the rural recession upon its community. Families were leaving and stress levels among families that chose to stay were high. There was an increase in psychological and medical complaints and local businesses were in decline. Community morale was low. There was a growing awareness that something had to be done, and that the community could no longer depend on government assistance, or a sudden turnaround in the economy to change their situation. Thus, in retrospect, the negative publicity acted as a catalyst in mobilising the community into action (Jefferies and Munn 1996).
In the ten years since Independence a significant amount of political change has occurred in Namibia and there are few examples of a crisis-inspired development initiative. One of the reasons for this may be the apparent expectation that government, donors or some other kind of development agent will come to Omaheke and solve its problems. This view was expressed by Cordelia Zambezi, Project Manager of the Oxfam Health Project in the region and is understandable in light of the colonisation of the recent past (Zimbazi 2001, personal interview). Colonial governments, no matter how repressive they have been, were expected to provide for their subjects. The citizens of South West Africa were provided – albeit discriminately and inequitably – with many of the resources and services they required. Housing, for example, was allocated to citizens even though they required a ‘permission to occupy’ from the government.

Despite the requirement for local and regional communities to act, there are forces found within the regions have often undermined local or regional development initiatives. Omaheke faces deep and troubling rifts in its social and economic fabric, largely due to the recent history of colonialism and apartheid. These divides have both racial origins (i.e., black and white divisions as well as tribal divisions between the Herero and San) and economic origins (i.e., landowners and the landless poor as well as employed and unemployed) – although the sources of these divisions are often closely connected. Historically the black population was excluded from participation in formal political and economic processes. While this has now changed, the practice of participation is taking some time to emerge.

The Wheatbelt also has divisions to be addressed, although not of the same magnitude as found in Omaheke. The Wheatbelt is large and diverse. Where some towns are dying, others are growing. Some local economies are doing well (e.g., those close to Perth that benefit from the growth in tourism), while others are experiencing the harshness of economic downturn (e.g., those with high agricultural inputs and limited yields). There are also people of Aboriginal decent who are more likely to be afflicted with unemployment, ill health and poverty, and who are often excluded from mainstream development processes.

There were also examples found in the two case studies of unhealthy competition within regions. Many development actors – either in local government areas in the Australian case or local constituency areas in the Namibian case – are more likely to think in terms of their immediate locality than the region as a whole. The
Wheatbelt is almost twice as big as Omaheke, with almost twice its population. It contains 44 local government authorities and, as a larger region, its chances of a regional attachment are reduced. While there are a few examples of local government co-operation to be found (e.g., Avon Regional Organization of Councils), many local authorities compete with each other for State and Federal government resources. These divisions can undermine the capacity of local and regional actors to undertake initiatives and highlights the need for regional institutions to work with local actors for the benefit of the region as a whole.

An additional concern in the Wheatbelt is the competition between Federal and State government agencies. The Federal Government makes very little use of the Wheatbelt Development Commission and the State Government has limited contact with the Wheatbelt Area Consultative Committee. While there are projects that have been supported by both agencies, the formal links between these two agencies are tenuous. Furthermore, the regional boundaries used by the Wheatbelt Development Commission are different to those of the Wheatbelt Area Consultative Committee.

In summary, many development actors in peripheral regions were found to take initiative in response to a perceived threat. In the face of declining economic and employment opportunities and dwindling populations local residents and their organizations have taken steps to improve their circumstances. They have often done this in the belief that they can no longer wait for the nation-state to help them. In other cases residents continued to wait for action by national or regional government to address the development problems they face. Indeed, in each region examples of fractures or competition that could undermine the efforts of local and regional actors to mobilise the region for development were found.

It is beyond the scope of this thesis to determine the reasons why one community responds to a perceived threat by taking initiative and another continues to wait for government to solve its problems. This thesis is concerned with the role of the nation-state in such circumstances and neither nation-state under study was found to provide substantial support for development initiatives that they did not instigate or manage.

The second feature affecting regional and national partnerships for development concerns the ways the Australian and Namibian states work with development actors in the regions under study. The Australian and Namibian states were found to rely on
representational forms of collaboration in the regions. This included the co-option of non-state representatives onto boards of management or advisory committees and the contracting of community-based organizations to perform specialised functions on behalf of the state.

Structures such as the Wheatbelt Area Consultative Committee and the Wheatbelt Development Commission, and the Regional Development Coordinating Committee and the constituency development committees in Omaheke rely on regional representatives. These were usually chosen on the basis of their affiliation with specific industries, areas, or localities within the region, as well as ethnic groups and even political parties. The mechanisms used for the appointment of these representatives involve nominations, selection, or appointment by a minister or governor.

These kinds of representational mechanisms for collaboration between the nation-state and regions are not unique to Omaheke or the Wheatbelt. Stewart (1996, p. 175), writing about local government in the United Kingdom, laments the growth of what he calls a ‘new magistracy’: a non-elected, largely central government appointed personnel that control an increasing proportion of services provided by the state at the local level. Chief among his complaints with these bodies are the issues of accountability, local choice and public interest. These bodies serve the interests of the central government far more than those of the region. ‘Where an appointed body is merely administrating national policy, it would be inappropriate for it to be accountable at the local level’, says Stewart (1996, p. 175), ‘although it is not clear why a layer of appointees is required in such circumstances’.

Non-state organizations within Omaheke have complained on occasions about the lack of broad and in-depth consultation by government on development matters. Only among a limited range of non-state agencies (e.g., San Trust and Omaheke Development Forum in Omaheke and in the towns of Corrigin and Hyden in the Wheatbelt) are there examples of consultation, planning and development models that are more participatory.

Representational modes of collaboration are not necessarily inferior – ethically or administratively – to participatory ones. Some of the more mundane aspects of government services are often better managed through representatives than through the full participation of all beneficiaries. However, it is clear that the Australian and Namibian states rely almost exclusively on representative modes of collaboration than
on participatory modes. Furthermore, representative modes appear to benefit the nation-state more than they benefit the regions. Representation has become a way of reframing national programs to suit the top-down delivery of programs into a region than a means of eliciting bottom-up priorities for regional development.

Both the Wheatbelt and the Omaheke Regions display examples of a high regional need on the one hand and limited government response on the other hand. Within the regions studied there appears to be a high demand for skills, resources and support to enhance the capacity of non-state and local state actors to take a greater and more effective role in the development of their region, but government rarely matches this demand.

In Australia the role of leadership has become recognised as an important ingredient to development. In 1997, the primary industries minister claimed that ‘leaders with vision, both men and women, will help rural industries grasp opportunities and revitalise the rural sector’ (Anderson 1997). McKinsey and Company had previously elevated this view within policy-making circles in their 1994 study into private sector investment in Australia’s regions, which found that the key to successful regional growth lies in strong leadership within the regions. They suggested that governments are required to ‘provide a stable, world competitive environment’ such as through the provision of industrial relations laws, the provision of infrastructure, management and legal compliance. They also stressed the need ‘to act as change leaders with regard to the factors over which they have less direct control… Here the role should be one of facilitator, encouraging the changes in attitudes and behaviours necessary for economic growth’ (McKinsey & Company 1994, p. 9).

The role of government in providing or encouraging leadership and setting a conducive environment for regionally-led development has been raised within government circles as well as through research. Kanter (1995) has also stressed the need for regional communities to develop leadership in their efforts to become more cosmopolitan by forging links with the global-economy. Local communities, says Kanter (1995, p. 353) ‘must exert leadership to develop these skills, with or without the help of national governments’.

In the Wheatbelt some of the most appreciated support of the Western Australian Government came from the programs that focused on enhancing local leadership skills and building the capacity of local individuals and organizations to participate in development activities in the region. In Namibia a great deal of attention has been given to the need to build capacity in Omaheke so that the directions of government, in the form of decentralisation and regional development, can be effectively implemented. However, this attention does not appear to have been translated into action. While some members of the Omaheke Regional Council and those from the Gobabis Municipality have received sporadic training, the only major attempt to improve capacity in the region has been to appoint a regional planner to the region. Here again the emphasis is strongly applied to the delivery of Central Government services, through a regional or local structure, rather than the mobilisation or facilitation of development through other actors. Where other non-state actors are involved in development in Omaheke, government’s concern is with the coordination and management of these actors, rather than providing an environment conducive to their work.

The findings in relation to the second hypothesis are not as clear as for the first hypothesis. As expected, the examination of the Namibian state and the Omaheke Region has found fewer connections between the nation-state and development that is inspired and managed from within the region when compared to the Australian case. As expected, the Namibian state did display a more centralised and directive style of development, which appears to be a result of the lesser amount of regional initiative. However, the Namibian Government has a strong thrust toward decentralisation and has established regional institutions that are directly accountable to regional voters. The Omaheke Regional Council is a government institution that is closely tied to the region through a regional electoral process. In Australia, on the other hand, regional institutions of the state are less accountable to the region and its constituencies because they rely on the State minister’s representation in the Western Australian Parliament. 97

Both the Namibian and Australian states have invested in building capacity in the regions.

97 This situation is perhaps balanced by Namibia’s national electoral system, which uses the list system and does not assign members of the lower house to any territory.
The Australian and Namibian cases examined in this thesis have displayed a pattern of intervention by nation-states that appear to undervalue the social, informal and non-governmental assets of their regions. While they increasingly rely on civil society to deliver government programs and services, nation-states provide limited space for these agents to take charge of their own development. Governments in Namibia and Australia see non-state agents as important stakeholders or partners in the process of development in their regions, but the government’s stake in these partnerships is significantly more commanding than those of the non-state actors in the region.

Thus, while it was hypothesised that the character of the nation-states support for regional initiatives is determined by the quality of endogenous resources found in the regions, there appear to be other factors that affect the kinds of relationships that are formed between nation-states and their regions. It is clear that the nation-state’s support of regional initiatives is not dependent solely on the quality of endogenous resources found in the regions. There are other factors that contribute to this dynamic. This will be explored further in the following section.

5.2 Politics of regional initiatives in the world economy

This section considers the political influences affecting nation-states and their support for regional initiatives. Much of this analysis is based on the political interests of the nation-state, which, despite the increasing opportunities for regions to participate directly in the world economy, have continued to apply their resources in manner that maintains national authority and control. The politics of regional initiative is first presented within the context of the approach nation-states have taken to responding to the regions. This provides an insight into two significant features concerning the way nation-states and regions interact. Following this, the political interests of the nation-state in maintaining control over the development efforts of peripheral regions are considered.

Richardson, Gustafsson, et al. (1982) provide a useful framework for examining what they call ‘policy styles’. This is reproduced in Figure 8. Two dimensions of this relationship are featured in their framework. The first dimension (illustrated on the horizontal axis) concerns the government’s approach to problem solving in which two extremes are presented. One extreme is a policy style in which government is
anticipatory or pro-active towards problems. The opposite extreme is where government is entirely reactive to problem-solving by responding to the immediate pressures of specific groups.

**Figure 8: Two policy styles of the state**

![Diagram showing two policy styles of the state](source: Richardson, Gustafsson, et al. (1982))

The second dimension (illustrated on the vertical axis) concerns the relationships between government and other actors. Again, two extremes are presented. At one extreme government consults with and attempts to accommodate the views of key actors when trying to achieve a consensus of opinion. At the other extreme government imposes its decisions, notwithstanding the opposition from other actors.

The research findings can be applied to this framework and can locate the Australian and Namibian states within these two dimensions. This is presented in Figure 9, which is an adaptation of the Richardson, Gustafsson, et al. (1982) framework. This figure shows how these policy styles feature in the ways nation-states and regions interact in Australia and Namibia. In Figure 9 the horizontal axis illustrates the government’s approach to the problems faced by peripheral regions. On one extreme the anticipatory feature of government policy styles is described as building the capacity for development actors to respond to global change. This is a long-term approach that prepares development actors to more effectively take initiative by anticipating the
challenges greater involvement in the world economy will bring. On the other extreme, government is entirely reactive to regional issues. It applies its programs and services are short-term responses to problems in which capacity building hardly features.

**Figure 9:** Two features of nation-state relationships with regional actors

<table>
<thead>
<tr>
<th>Working in close collaboration with other development actors in the region</th>
<th>Building the capacity of development actors in the region to respond to global changes</th>
<th>Using development actors in the region as a conduit for centrally defined services with a short-term focus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td><strong>N</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Legend**  
A = Australia  
N = Namibia

The vertical axis is concerned with the relationships between the nation-state and development actors in the region. Again, two extremes can be found. At one extreme government collaborates with development actors in the region. It attempts to accommodate the views of these actors when trying to achieve a consensus of opinion. At the other extreme government imposes its decisions on the region. Here, development actors provide a regional character to national programs.

Figure 9 attempts to locate the Australian and Namibian state within these two policy styles. Both nation-states are positioned to illustrate their emphasis towards centralised policies and programs and their use of regional actors as conduits for central programs. This positioning reflects the research findings of the thesis.
The previous section has shown that, while the amount of formal resources available to the nation-state can affect the support it provides to regional initiative, this is not the only determinant. Although the presence of regional resources and regional development actors can improve the prospects of partnership between the region and the nation-state, this does not ensure the support of the nation-state. These findings suggest that there are other influences on the interests of the nation-state to support regional initiatives.

The Australian and Namibian states provide support for the development of the regions that is highly centralised and primarily serves the interest of the nation-state. This is despite the differences in the amount of resources available to the nation-state or the amount of endogenous resources of the regions. Therefore, it is necessary to consider why the nation-state acts this way.

One of the most likely answers to this question lies in the maintenance of state power. Chapter 2 described the threat globalisation creates to the authority of the nation-state (described as the ‘hollowing out’ of the nation-state) and it is clear that the Australian and Namibian states have held on to power in many of their dealings with the regions. They have relied on representational forms of collaboration. They have created their own – controllable – structures in the regions and used these to administer their programs. Regional advice is often sought, but the final decisions on the allocation of resources remains in the hands of the nation-state. Collaborative relationships between nation-states and development actors in the regions have the potential of disbursing power that is held by the state and, as a result, very few such relationships were found in either region. In most cases, the nation-state involved development actors in the implementation of state-owned programs and often relied on their own institutions located in the regions.

State power can take a number of forms and the use of power will vary according to circumstances. DiGaetano and Klemanski (1999) describe four kinds of power they found are used in the governance of cities. The first concerns dominating power, where political directions and decisions are formed in situations of conflict by the use of formal power relationships and resources. The second is bargaining power, which is applied in situations where actors see that conflict is too costly and when the complementary resources of each party are recognised. The third is system power, referring to the use of power by those who hold powerful positions in society. The
fourth, *pre-emptive power*, combines the power of position (i.e., system power) with that prescribed by formal power structures (e.g., dominating power). They suggest that these power relations are functions of social control and social production. For example, situations of crisis or conflict may typically lead to the use of dominating power to overcome rival factions within a fragmented environment, while cooperative decision-making can foster relations among governing elites to promote coalition building through the use of bargaining power.

Bargaining power is used to bind coalitions toward cooperation over time and is an example of the policy style referred to in Figure 9 in which nation-states work in collaboration with development actors. DiGaetano and Klemanski (1999) suggest bargaining power is based on the pre-emptive use of power which forms the basis for creating regimes that both dominate agenda-setting and exclude challengers from the process.

The reluctance of the nation-states to provide greater support to development initiatives in the regions and to invest significantly in building regional capacity may have its roots in these power dynamics. While some level of decentralisation was found in both cases under study, this does not appear to have contributed significantly to the building of regional capacity.

The Australian and Namibian states have offered little in the form of financial or technical resources to support development initiatives or to improve regional management and development systems. There may be two reasons for this. The first and most obvious reason is that nation-states prefer to manage their own resources and to use these for the purposes they believe are most relevant. Central agencies will hold on to power and resources as long as they can. Even though nation-states wish to improve their systems of governance by bringing government closer to the people, it does not want to lose control in the process. Peters (2001) has described how government reform processes can be the result of a number of influences: administrative, technical and political. However, while the dominant reason for continuing cycles of reform are political, the most common arena for political contests, apart from partisan politics, is the ‘real or potential conflict among organizations within government’. In particular, this refers to the political conflicts that often arise between central agencies that want to maintain or recapture their control over budgets and management and that also ‘seek to
exert control over the newly created organizations in a more devolved public sector’ (p. 157).

The second reason nation-states may be reluctant to provide greater support to development initiatives or build the capacity of regions to design and manage their own development initiatives is because they view these as insignificant in the big picture. Brohman (1996, p. 273) claims that during times of structural adjustment, many bottom-up development initiatives have simply tried to ‘fill the gaps’ created by national development efforts. However, he suggests this is just as much a problem of the state view of development initiatives, as it is of development actors failing to ‘scale-up’ their operations to ‘create micro-macro linkages that can affect the overall framework of development policies’.

In some cases, nation-states view development initiatives as a threat to their authority. Indeed, there are cases in Omaheke where government at both national and regional level is wary of the development activities of non-state actors and is looking for ways to ensure these actors fall into line with government policy. Government saw that its role was to direct these actors, not to respond to them.

Brohman (1996, p. 275) argues for better partnerships between states and other development actors. He says that if development initiatives are to occur in more than a handful of isolated communities they require the support of a strong state. ‘However, a strong state is not top heavy with arrogant and cumbersome bureaucracy dominated by elitist interests; instead, it is agile, responsive, and accountable to the popular majority.’ This should include measures to ensure the state is accountable to local and regional majorities.

This discussion gives rise to a consideration of the importance of the local state in building a capacity for the regional initiative and in garnering the support of the nation-state for such actions. The concept of the local state was briefly introduced in Chapter 2. Here the concept of the local state was seen by some as comprising state institutions located at the local level (e.g., local government), and by others as a broader collection of state and non-state actors collaborating at the local level. This latter concept has particular relevance for the initiatives of development actors and the partnerships that can be formed with the nation-state. However, it is the nation-state’s recognition of and relationship with the broadly defined local state that appears to undermine these efforts.
Local authorities are found in both the Omaheke and Wheatbelt regions – though with its 44 local councils the Wheatbelt outstrips the one municipality and handful of village councils in the Omaheke. Despite the unique position local authorities fulfil, their roles were hampered in both the Wheatbelt and Omaheke regions by the lack of financial resources. This is critical. Local authorities ‘need access to resources to oil the wheels of cooperation’, says Stoker (1996, p. 205): ‘The capacity for integrated action so critical to modern local governance needs active and involved local authorities’.

There are dramatic differences in the roles local governments play in development in the Wheatbelt, ranging from those that are very active, providing local leadership and facilitating the efforts of other actors (i.e., government, private and community) in development, to those that maintain a narrow focus based on the provision of essential services. Omaheke has a number of local institutions that are encouraged to act as a conduit for local inputs into regional planning and development. Village councils and constituency development committees are two such examples. While village councils operate more like local authorities, within a smaller area (where it is not considered viable to establish a full local authority), constituency development committees provide local representation in regional planning and development.

It is interesting to consider where the nation-state ends and where the local state begins in the Wheatbelt and Omaheke. Because they contain councillors who are directly elected by their local constituencies, local authorities in the Wheatbelt and Omaheke form a part of the local state. The same is true of the Omaheke Regional Council which also has elected councillors, but not for the Wheatbelt Development Commission which is responsible to a State Government minister.

The local state represents an important mechanism for development in the regions because it contains more than government authorities alone. While local authorities can perform an essential role in designing and managing development initiatives, they can also work in partnership with other actors. Garnering state and non-state resources for greater participation in the global economy is a significant role for the local state – a role that appears to have been overlooked by nation-states.

This thesis has argued for a strong and decisive role for the nation-state in promoting development in its peripheral regions. While globalisation has challenged nation-states and the capability of their boundaries to protect their economies from the
rapid changes occurring in the world economy, it has also opened regional economies to new markets and new threats. Many of these economies have suffered from structural shifts that have left them in various conditions of decline, but amidst these shifts new possibilities for development have been raised. It is a sad irony that an inhibiting factor to such integration and the development opportunities that this may generate is a nation-state that remains undeterred from a centralised pattern of relationships with its regions that was more relevant in the protectionist era of national industrial development, than to the global network that currently typifies the world economy and the processes of globalisation.

5.3 Limitations and counter-arguments

This section considers the limitations and counter-arguments to this thesis. While this research has identified some important aspects of the relationship between nation-states and their regions, care should be taken in the application of these findings. There are two issues around which this section has been structured. The first issue is the method used in this research to test the two hypotheses and limitations this places on the research findings and conclusions drawn. The second issue concerns the argument that has been presented in this thesis. This argument was initially presented in Chapter 1 and has been informed by findings from the two cases.

This research was based on a comparison of two cases that can be considered most different. Chapter 1 identified some of the advantages and disadvantages of this method. Namibia and Australia are very different countries. However, Chapters 3 and 4 have shown remarkable similarities between these cases and these similarities have been of use when considering the roles the Australian and Namibian states perform. This research could have been improved by comparing more than two cases. While this would have taken more resources, it would have produced additional information on the relationships between nation-states and peripheral regions. As it stands this research draws from only two cases and care must be taken when applying these findings to all nation-states and their peripheral regions.

Furthermore, this research could have been improved by not limiting the investigation to the role of the nation-state in peripheral regions. Instead, this research could also have compared these results with the relationship between the nation-states and core regions. Two peripheral regions were selected to highlight the political
relationships between regions and their nation-states. It is expected that comparing a region that exhibits high economic growth and significant political power would have shown instances where the region has more control over its relationship with the nation-state. Because these regions have greater economic and political significance the nation-state would listen more to development actors in the region and look for ways to support their initiatives. Comparing these relationships with those of peripheral regions would help to understand some of the influences on the way nation-states interact with their regions. Thus, this thesis sets some directions for further research in this field. It has shown how neither the resources of the nation-state nor the range of development actors and other endogenous resources found in peripheral regions determine the level of support the nation-state offers to regional initiatives. Further research that compares these findings with the relationships between nation-states and core regions would help to understand these dynamics better.

Finally, objections to the argument presented in this thesis should be considered. The central argument has been that nation-states maintain a relationship with their regions that, in most cases, limits the capacity of these regions to respond adequately to the opportunities and threats of globalisation. Nation-states of different characters and backgrounds perform similar functions in relation to the development of their regions. While globalisation challenges nation-states to adopt policies, programs and institutions that are relevant in an increasingly integrated world economy, the nation-state’s response to this challenge has largely ignored the potential role of peripheral regions. Nation-states have focused their attention on national competitiveness, rather than supporting peripheral regions in their efforts to compete directly in the world economy. This has fostered programs that tend to deal more with ameliorating the pain of regional disadvantage than strengthening regional competitiveness.

There are four possible objections with this argument. The first objection is that nation-states are, and should remain, primarily responsible for national interests in the context of nationhood. National interests are more important than local or regional interests. The nation-state has a role to play in mediating between different and sometimes competing regional interests for the benefit of the nation as a whole. This point is recognised and supported. This thesis does not argue for the nation-state to dismiss issues of national concern. Instead, it is argued that the nation-state can achieve national development interests by working more closely with development actors in the
regions. An increasingly integrated world economy places new demands on regions and the nation-state must find new ways of helping regions address these demands. It can arguably no longer rely on the instruments it once used to protect regions from these demands and should recognise that adjustment and reform programs that are rolled out across the country are not sensitive to the variations found within the regions. Nation-states should build the capacity of development actors in the regions to effectively engage in the world economy. It should look for regional initiatives that demonstrate these endeavours and support and add-value to them where this is possible.

The second objections is that, by focusing on sub-national concerns, nation-states may ignore the possibilities that emerge in the global arena; the argument suggests that nation-states should focus more on opportunities that stem from international regionalism (i.e., alliances with other nation-states in the supranational region). Globalisation has broadened the canvass on which national economies are configured and nation-states need to focus more on participating in the international arena. Reducing the sphere of interest of the nation-state back to sub-national levels is an unhelpful retreat from the world economy.

This is a strong objection and one that is relevant to nation-states in an increasingly integrated world economy. Supranational regional economic communities are becoming more common. This thesis does not argue against such international alliances. Indeed, it is recognised that states can have multiple strategies that respond to globalisation. However, it does argue that while the nation-state has an important role to play in representing their constituents in the international arena, it also has a role to play in ensuring the impact of such agreements benefit its regions. The support of regional initiatives should not be seen as a case against international alliances. It should become the one prong in a multi-pronged response by the nation-state to integration of the world economy. This thesis has examined two peripheral regions that have serious challenges to face when dealing with the world economy. Supranational economic alliances may help create new opportunities for these economies, but the nation-state should improve the capacity of regional actors to take charge of development in order to realise these opportunities.

The third objection to the argument has to do with the paradigm in which the role of the nation-state is considered. This objection suggests that the state should play a stronger role in development and should not leave these matters to the markets alone.
This thesis has shown that a strong neo-liberal approach dominates the response of states to globalisation. Most nation-states consider greater participation in the world economy essential, with the only other options leading to international marginalisation resulting in disinvestment and economic decline. The role of markets is emphasised within this paradigm and various critiques (such as those reviewed in Chapter 2) have challenged the minimalist role of the state. However, this thesis has not argued for a minimalist role for the state. It has highlighted the importance of the state working with other development actors (i.e., private and civil society actors). It has suggested that nation-states should be closely involved in helping regions respond to global changes and has encouraged a greater role for the state at regional and local levels.

A fourth possible objection to the argument is that too much importance has been accorded to endogenous regional resources and the role of social capital. Such an approach can be criticised for being overly simplistic because it attempts to wallpaper over the fragmentation and conflicts that are found in regions. The presence of regional resources and development actors is a culturally bound and incomplete description of the determinants for development in the region. Furthermore, regional capacity for initiative is hardly the sole predictor of a region’s potential for success in the global economy. Class and power relations within regions, as well as between them, are an important factor in development. Indeed, it is recognised that class and power relations infuse political dynamics between nation-states and peripheral regions influencing the potential for peripheral regions to develop. However, this thesis has argued that, independent of such factors, the way the nation-state interacts with its regions can affect the opportunities for regions to take charge of their own development. It has been suggested that central government support for regional capacity and initiative is likely to be an important determinant of development. Of course, the success of regional initiative is not guaranteed, even when supported by the state.

5.4 Conclusion
While the emergence of the world economy is not a new phenomenon, the processes of globalisation have intensified its experiences and outcomes. Globalisation shifts the foundations upon which nation-states develop policy and forces them to accommodate new paradigms in development. While many nation-states are focusing on the changing
dynamics occurring ‘out there’ in the globalised world, they may be ignoring their own intangible vibrant assets that lie within their own boundaries.

At the beginning of Chapter 1 an account of a fruit farmer in a declining rural community was presented. This farmer produced for markets that lay well beyond national boundaries and was experiencing changes to his business, his family and his local community that were a result of globalisation. Some of these changes were due to more closely integrated economies that enabled him to get his product into the European market, others were related to the national government’s efforts to make the national economy (and its regions) more competitive in the world economy. The farmer and his community saw opportunities to build on their regional competitive advantage and planned initiatives to realise this. However, the nation-state applied national criteria to the use of its resources, which offered little to this small farming community.

This is a fictitious story composed from fact. It is used to provide an account of experiences that are common to many families living in peripheral regions. While the Australia and Namibia case studies assess these issues on a national and regional scale, the farmer story simply and briefly highlights some of the issues that are pertinent to this study. It illustrated how shifting patterns in agriculture had contributed to negative changes in a small town. But it also showed how local communities are not necessarily passive recipients of these changes; they can organise themselves and take initiative. These are activities that can be built upon by the nation-state in its efforts to help regions deal with the changes globalisation creates. However, more often than not, national programs are insensitive to the diverse needs, opportunities and capacities of the sub-national locales.

Globalisation brings both opportunities and threats into sub-national regions, but not necessarily in equal measure. Peripheral regions have been subjected to many of the negative consequences of globalisation. While the two peripheral regions examined in this research are entirely different, they share varying degrees of economic disadvantage, unemployment, poverty and limited political and economic power. Nation-states have intervened in these regions to help them adjust to the challenges of globalisation. They have established regional and local institutions and have allocated resources for the development of these regions. However, in the way they have gone about doing this, nation-states have ensured the peripheral regions remain dependent upon them. They have been reluctant to disburse financial or technical resources or
political power to regional institutions and have displayed a high degree of institutional self-interest in face of threats concerning the hollowing out of the nation-state’s authority.

The concept of global localisation suggests that sub-national regions can become more autonomous from the nation-state in their dealings with the world economy. While this may be seen as a threat to the authority of the nation-state it may imply no more than a change in the ways nation-states work with their regions. Building and backing regional capacity may, in the long term, strengthen national sovereignty and authority much more than it may challenge it in the medium term.
APPENDIX 1 SOURCES

This appendix provides a brief account of the method used to collect primary data for the case studies used in this research. Differences in the structure of the two nation-states under study and the institutional arrangements in each region made it difficult to collect data from the same sources. However, every effort was made to ensure that in each case data was collected from the sources that were most relevant for a comparative study.

The main sources used in this research were written documents and personal interviews. A wide range of documents was reviewed. This included annual reports from state and non-state agencies, government research reports, regional profiles (i.e., economic, social and institutional profiles), regional development plans and progress reports, local government documents, online resources, project reports prepared by community-based, development and donor agencies, as well as newspaper reports on regional initiatives.

Personal interviews were also an important source of information for this study. Interviews were conducted with informants from each region. Interviewees were chosen on the basis of their location in state structures in the region or their involvement with regional development initiatives.

Two kinds of interviewees were sought. The first were officials from government agencies located in either region. This included federal or state government agencies in the Wheatbelt Region and government officials in the Omaheke Region.

The second kind of interviewee sought was representatives from non-state agencies such as community organizations, consultants, and donor and development agencies.

A formal set of questions was not followed for each interview. This would have been inappropriate for some interviewees in the Omheke Region who are not confident in answering formal questions in English. Instead, interviews were loosely structured around common themes.
The kinds of issues discussed included the following:

- Regional development priorities: What are the priorities for development in the region? Who was involved in identifying these priorities?

- Regional development plans: Is there a plan for development in the region? Who contributed to the development of this plan? Does the plan include support for initiatives undertaken by state or non-state actors in the region?

- Regional development programmes and services: What kinds of programmes and services exist in the region? To what extent do these support the identification and development of local or regional initiatives?

- Regional and local structures: How are local residents and business represented in local and regional development structures? To what extent do local residents and businesses participate in these structures? To what extent do state and non-state actors in the region discuss regional development issues?

- Regional and local development initiatives: What kinds of development initiatives can be found in the region? What role has the state played in supporting these initiatives?

Not all of these issues and questions were raised with every interviewee. In some cases interviewees were capable of addressing only some of these issues and questions due to their position or role in the region.

**Australian case interviewees**

Interviews were conducted with the following people when preparing the case study on the Wheatbelt Region and the Australian nation-state:

Ms Michelle Beer
Senior Project Officer, WA Community Leadership Initiative, Department of Local Government and Regional Development, Government of Western Australia, Perth
17 November 2004
Mr Peter Kenyon  
Director, IDEAS (a community development consultant based in York, Wheatbelt Region, working in many towns in the region)  
29 August 1999

Mr Graeme Little  
Town Clerk, Shire of Three Springs  
4 July 2001

Ms Sue Middleton  
Coordinator, Doing More With Agriculture Programme (Wheatbelt Region)  
29 September 1998

Ms Sally Robson-Bullaring  
Community Development Facilitator  
9 August 2001, Wheatbelt Region

Ms Jenny Sheehan  
Avon Regional Organization of Councils  
8 August 2001, Northam

Ms Lisa Shreeve  
Executive Officer, Wheatbelt Area Consultative Committee  
9 August 2001, Northam

Mr David Singe  
Director, Wheatbelt Development Commission, Government of Western Australia  
18 July 1996, Northam

Staff of the Wheatbelt Development Commission (i.e., assistant director and other sub-regional programme officers), Government of Western Australia  
18 July 1996, Northam
Namibian case interviewees

Personal interviews were conducted with the following people when preparing the case study on the Omaheke Region and the Namibian nation-state:

Dr Fritz Bekker
School of Geography, University of Namibia
Windhoek, 4 June 1996

Mr Achime Blume
Programme Officer, United National Development Programme
12 March 2000, Windhoek

Ms Carla Bush
Omaheke Manager, Organizational Systems, Oxfam Canada
14 March 2000, Windhoek

Mr Samuel Goagoseb
Permanent Secretary, National Planning Commission, Government of Namibia
23 February 2005, Otjiwarango

Meeting with staff of the Ministry of Regional and Local Government and Housing, Government of Namibia
31 May 2000, Windhoek

Ms Regina Ndopu
Director, Decentralisation, Ministry of Regional and Local Government and Housing, Government of Namibia
25 July 2001, Windhoek

Mr Paulo Thataone
Governor, Omaheke Regional Council
12 July 2000, Gobabis

Dr Gerhard Tötemeyer
Director of Elections, Government of Namibia
29 May 1996, Windhoek
Ms Cordelia Zimbazi  
Project Manager, Oxfam Health Project  
31 July 2001, Gobabis

Mr Beatus Kasete  
Head, Regional Planning, National Planning Commission, Government of Namibia  
25 July 2001, Windhoek

In addition to the above interviews, the author attended a community planning meeting in Metwseding, Omaheke on 21 February 1998.

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