

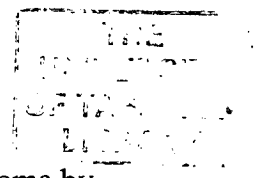
Identity, Power and Prosperity

Why Image is Important in Regional Economic Development

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**Submitted in fulfilment of the
requirements for the degree of
Masters of Arts**

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A handwritten signature in black ink, consisting of a stylized 'S' and 'P' followed by a long horizontal stroke.

Stewart Prins

Date 13/10/04

Abstract

This thesis examines the argument that creating a 'regional identity' that embraces entrepreneurship, innovation and change also serves to create an environment that supports economic growth. This thesis constructs a broad, multi-disciplinary framework by which the relationship between the key variables of 'identity', 'power' and 'prosperity' is explored using Richard Florida's concept of the 'creative class.'

Florida argues that 'creative' people drive regional economic growth. Furthermore, these people are increasingly mobile, and are attracted to regions that embrace a particular set of lifestyle values. Florida identifies six themes or factors that influence the locational decisions of members of the 'creative class.' This thesis uses Florida's six factors in locational decision-making to form the basis of six criteria by which regional identities can be evaluated – competitive advantages, thick labour markets and innovation, lifestyle, diversity, authenticity and identity/status. This thesis also places the work of Florida in the context of broader regional development theories.

This thesis shows that the 'creative class' approach can also be used to explain how regional identity affects regional economic performance – or why image matters in regional economic development. Furthermore, the 'creative class' approach can also be used prescriptively to develop a framework for the redefinition of regional identities in order to improve economic outcomes over time. Florida's approach is still a relatively recent addition to regional economic development theory, and the extension of Florida's analysis to the broader concept of regional identity represents a new contribution to the field.

The analytical framework is applied to two regional case studies – Tasmania and Wales. In recent years, both regions have undertaken extensive community consultation programs to define their respective regional identities, and to identify causes of their respective economic disadvantages. These programs - *Tasmania Together* and *Better Wales* – are analysed in light of the six criteria, and strengths and weaknesses of the two regional identities are highlighted.

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Finally, I would like to acknowledge former Tasmanian Premier, the late Jim Bacon, who intuitively understood why image is important in regional development.

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Chapter 1 - Introduction

The field of regional development is one of the most contentious and widely debated areas of political and economic discourse. Moreover, it is one that affects everyone – and is a topic of kitchen table debates around the world. Michael Porter expressed the basic question of regional economic development in the preface to *The Competitive Advantage of Nations*:

Why do some social groups, economic institutions, and nations advance and prosper?¹

American satirist PJ O'Rourke phrased the same question in a similar, but slightly more memorable fashion in the introduction to *Eat the Rich*:

Why do some places prosper and thrive while others just suck?²

The regional development question has no easy answers, and has spawned a wide range of theories and approaches. This thesis will attempt to build on the existing literature by examining the linkages between regional identity and economic development. Essentially, it will be argued that regional identity serves a particular function in the economic system – either stimulating entrepreneurship, innovation and development in successful regions, or acting to deter entrepreneurship, innovation and development in economically disadvantaged regions. In particular, this thesis will examine the argument that creating a regional identity that embraces innovation, entrepreneurship and change serves to create an environment that supports economic growth.

Implicit in this hypothesis is the reverse argument - that a regional identity which embraces conservatism and opposes change will foster an environment that hinders economic growth. The obvious difficulty with testing the hypothesis lies in isolating the key variables. The relationship between power, regional identity and economic development is complex and difficult to unpack. This thesis will not attempt to do the

¹ Michael Porter. *The Competitive Advantage of Nations* (New York: The Free Press, 1990), p xxiii.

impossible - it will, however, attempt to construct a broad, multi-disciplinary analytical framework in which the relationship between the key variables can be explored. The framework will then be applied to two regional case studies – Tasmania and Wales.³ The case studies have been chosen as examples of regions where economic disparities are clear, and issues of regional identity are well documented. In recent years, both regions have also undertaken extensive community consultation programs to define their respective regional identities, and have set targets and objectives for their economic and social development. If image does matter, then these programs must be considered as having potentially significant consequences for economic development in the respective regions.

1.1 Case Studies – Tasmania and Wales

In Tasmania, a Government-initiated program called *Tasmania Together*⁴ sought to draw a picture of what the local community wants the State to be like by the year 2020. After a comprehensive community consultation process, a board made up of community representatives prepared a series of social and economic goals and benchmarks for the State to achieve. Underneath the broad vision statement of making Tasmania

an icon for the rest of the world by creating a proud and confident society where our people live in harmony and prosperity.⁵

Tasmania Together set out goals and benchmarks relating to health, education, the environment, business and the political process.

² PJ O'Rourke. *Eat the Rich* (Sydney: Pan Macmillan Australia, 1998), p1.

³ There is a rich literature on comparative methodology and case study analysis. The purpose of comparison is to highlight similarities or, more importantly, differences. Tasmania and Wales share similarities as 'peripheral' regions but have distinct differences relating to population, political structure and history. See, for example, Tom Mackie and David Marsh, "The Comparative Method," in David Marsh and Gerry Stoker (Eds), *Theory and Methods in Political Science* (Basingstoke: Macmillan Press Ltd, 1995), pp 173-188.

⁴ *Tasmania Together*, Community Leaders Group, September 2001. Note – The *Tasmania Together* documents are titled with the word 'Together' italicised (and 'Tasmania' not italicised) for stylistic effect. For the sake of consistency, however, the body text of this thesis italicises both words when referring to the *Tasmania Together* program. Similarly, references to *Better Wales* and other government programs are italicised.

Similarly, Wales has undergone a process of goal-setting under the banner of the *Better Wales*⁶ plan. The *Better Wales* plan signalled an important shift in Welsh nationhood and national identity. The process of political ‘devolution’ in the United Kingdom has contributed to (and resulted from) a resurgent sense of nationalism in both Wales and Scotland. Importantly, the creation of an independent Welsh parliament has given Wales a new level of political autonomy and a specific Welsh political voice. The *Better Wales* plan set out to establish a series of objectives and priorities for the Welsh parliament, and in the process developed a picture of how the Welsh people wanted their region to evolve. Like *Tasmania Together*, *Better Wales* established a series of economic, environmental and social targets or benchmarks for the region to achieve over a period of around 20 years.

Ostensibly, both *Tasmania Together* and *Better Wales* were established to provide a framework for policy development in their respective regions, and to stimulate community engagement in the policy development process. They also, however, can be seen as attempts to redefine regional identities of Tasmania and Wales.

1.2 The Problem of Regional Economic Development

Regional development is a field where prevailing wisdom changes regularly with political currents of the day. As Donald Savoie noted in the preface to the second edition of *Regional Economic Development: Canada's Search for Solutions*, “There is probably no other policy field that lends itself to such dramatic shifts in direction as regional development policy.”⁷ Savoie also noted the broad intellectual canvas upon which regional development theorists express their ideas:

⁵ Ibid, p 1.

⁶ *Better Wales* see <http://www.wales.gov.uk/themesbetterwales/about-e.htm>, accessed 23/5/2004. Note the original *Better Wales* document was located at <http://www.betterwales.com>. The plan has since been updated under the title *Plan for Wales*, however the original document has been archived on the Welsh National Assembly web site. This paper will refer to the original *Better Wales* plan of 1999.

⁷ Donald Savoie. *Regional Economic Development: Canada's Search for Solutions* (Toronto: Toronto University Press, 1992), p vii.

It is of interest to students of economics, public policy, public administration, political science, sociology, geography and demography.⁸

Because the field does not fit directly into any of these disciplines, Savoie argues that it has suffered from neglect. Furthermore, the attention it has received has generally involved analysis from within a specific discipline:

There are understandable reasons why regional development has not received the kind of attention one would expect from the academic community. The subject falls naturally into no single discipline ... A number of specialised studies on specific issues in regional development have been carried out, but, most have failed to look at regional development from a broad perspective.⁹

1.3 Neo-Classical Approach

The field of regional development has evolved in essentially two conflicting directions, or in Hettne's phrase 'development ideologies'. Nigel Harris noted that the 'orthodox' approach to development was based on the principles and assumptions of neo-classical economics, in which different countries build on areas of specialisation, thus creating a global economy based on interdependency. To orthodox theorists, therefore

economic development could only mean working towards a given level of income, since each national economy would be different, depending upon its specialisation.¹⁰

According to Savoie, the neo-classical approach applied the basic principles of market economics to regional problems. Neo-classical economics thus saw market imperfections as the cause of regional disparities, and problems such as unemployment could be overcome by allowing market forces the freedom to act, unencumbered by Government intervention. Government development programs

⁸ Ibid, p5.

⁹ Ibid, p 5.

¹⁰ Nigel Harris. *The End of the Third World* (Harmondsworth: Penguin Books, 1986), p 14.

were therefore considered undesirable, not only because they are ineffective, but because they create additional barriers to the operation of market forces.¹¹

Bjorn Hettne noted that the neo-classical paradigm operates in its most typical form in the sphere of international trade. The neo-classical approach argued that the principles of free trade served to spread the benefits of 'development' through the global economy, with competition as the driving force behind the division of labour and specialisation. Indeed, Hettne stated that "in the neo-classical world underdevelopment does not exist except as a lack of entrepreneurial spirit."¹²

1.4 Keynesianism and the Conservative Reformers

The great depression, which began in 1929, led to a general acknowledgement that neo-classical or laissez-faire economics itself could not solve the problems of underdeveloped economies. Attention was turned to perceived market failures within broad revisions of the neo-classical thesis – leading to the development of Keynesian economics, which advocated Government intervention in the market to smooth out the extremes of the business cycle. In the post second world war period, Governments became more interventionist as they engaged in reconstruction and 'nation building' activities. Hettne noted that:

on the whole the Keynesian interventionist line of thinking became dominant in the field of development economics, whereas the neo-classical view was relegated to the backbenches.¹³

Harris noted that the new orthodoxy in the post-war period was that of the 'conservative reformers'. Under the 'new orthodoxy', investment was seen as the key to stimulating development and growth, with the role of government being to encourage savings and investment in industry. This could be done through taxation measures, which would then be invested into public infrastructure and industrial

¹¹ Savoie, *Regional Economic Development*, p 9.

¹² Bjorn Hettne. *Development Theory and the Three Worlds* (Harlow: Longman Group UK, 1990), p 48.

¹³ Ibid, p 48.

projects. A second important role for Government was in protecting the development of domestic industry through the application of tariffs on imports and subsidies for local products.¹⁴ WA Lewis summed up this approach to economic management:

The central problem in the theory of economic development is to understand the process by which a community which was previously saving and investing 4 or 5 per cent of its national income or less, converts itself into an economy where voluntary saving is running at about 12 to 15 per cent of national income or more.¹⁵

1.5 Neo-Marxist Approach

The second stream of regional development theory is the neo-Marxist or dependency approach. Savoie noted that the neo-classical strand has generally placed little emphasis on regions or 'space', focusing instead on the system in its totality.¹⁶ Neo-Marxist theorists, however, generally explained regional disparities in terms of relationships between a centre, where monopoly capitalists have their headquarters, and a periphery, which is systematically exploited by the centre.¹⁷ The dependency approach is therefore 'structuralist', in that regional economic disparities are explained by relative positions in an economic structure. Or, as Hettne stated:

Development for one unit could therefore lead to under-development for another, depending on how the two units were structurally linked.¹⁸

1.6 Alternative Approaches

Alternative approaches to these two major strands of development theory can generally be seen as variants of either, or combinations of both. The 'growth pole' thesis, for example, posited that regional growth can occur around a catalyst. This theory was developed by French economist Francois Perroux, who argued that economic activity tended to concentrate around certain focal points, rather than

¹⁴ Harris, *The End of the Third World*, p 20.

¹⁵ WA Lewis (1954), cited in Hettne, *Development Theory and the Three Worlds*, p 52.

¹⁶ Savoie, *Regional Economic Development*, p 9.

¹⁷ Ibid p 10.

spreading itself throughout a region consistently.¹⁹ Regional development can therefore be stimulated by strengthening these focal points, or growth poles.

More recently, neo-classical revisionists focused on the mechanics of trade between regions. In a variant on the neo-classical approach, trade theory identified comparative advantage and specialisation as crucial to development. The focus of this approach, however, is on trade between regions rather than on the internal structure of an economy.²⁰

Other theorists have focused on the role of 'human capital' in driving economic growth. Richard Florida, for example, argued that innovative (or 'creative') people drive regional economic growth. As Chapter 2 will explain in more detail, Florida argued that these people are increasingly mobile, and are attracted to regions, which embrace a particular set of lifestyle values and options. Florida in fact identifies six themes or factors which members of the 'creative class' look for when making decision about where to live:

- Thick labour markets;
- Lifestyle;
- Social Interaction;
- Diversity;
- Authenticity; and
- Identity.²¹

These six factors will form the basis for the analytical framework analysis of this thesis. Florida's most significant insight is the recognition that the locational decisions made by 'creative' people are essential to creating economic growth. This is a major reason why image is important: if a place has an image that is attractive to the 'creative class' then it will attract more business leaders and develop a culture that is more conducive to economic growth.

¹⁸ Hettne, *Development Theory and the Three Worlds*, p 5.

¹⁹ Francois Perroux, *L'Economie du xxe siècle*, p179, cited in Savoie, *Regional Economic Development*, p 6.

²⁰ Savoie, *Regional Economic Development*, p 8.

²¹ Richard Florida, *The Rise of the Creative Class* (New York: Basic Books, 2002), pp 223-231.

1.7 Thesis Outline

In order to construct a theoretical framework that can explain the linkages between the concepts of identity, power and prosperity, Chapter 2 begins with a broad overview of selected writers on those topics. The overview of power relationships serves to place economic development theories into a broader context, and provides a link between the two key variables of identity and prosperity. The discussion of regional development includes reference to the work of Richard White,²² who examined the changing nature of the Australian 'identity', the role that this 'identity' played, and the forces that created and manipulated it. White's analysis of the Australian national identity shows how regional identities are constructed and malleable, and serve to reinforce and promote the interests of certain groups.

White's analysis raised the question of the role of power relationships in creating regional identities. The work of writers such as Steven Lukes²³ and John Gaventa²⁴ are examined to demonstrate how structural forces shape values, beliefs and expectations. The role of power relationships can also be seen in the context of the dependency school approach to regional economic development. Chapter 2 examines the principles of dependency theory, and considers the role of regional identity in supporting the 'world system', and in keeping peripheral or semi-peripheral regions in dependency relationships with core regions. After considering these structural elements, Chapter 2 will then focus on role of entrepreneurship and innovation in the economy. The work of a number of writers will be examined, including Max Weber,²⁵ Joseph Schumpeter,²⁶ Thorstein Veblen²⁷ and Michael Porter.²⁸ Finally, Chapter 2 outlines Richard Florida's concept of the 'creative class', and brings together the various theoretical strands discussed into a broad analytical framework. Florida's work on the location choices of members of the 'creative class' will be

²² Richard White, *Inventing Australia: Images and Identity 1688-1980* (Sydney: George Allen & Unwin, 1981).

²³ Steven Lukes, *Power: A Radical View* (Hampshire: Macmillan Press, 1974).

²⁴ John Gaventa, *Power and Powerlessness* (Urbana and Chicago: University of Illinois Press, 1980)

²⁵ Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (New York: Charles Scribner's Sons, 1958).

²⁶ Robert Heilbroner, *The Worldly Philosophers* (London: Penguin Books, 1986), pp 288-310.

²⁷ Ibid, pp 213-248.

²⁸ Michael Porter, *The Comparative Advantage of Nations*.

particularly important in providing the basis for a set of six criteria that can be used to evaluate and compare regional identities.

The third and fourth chapters outline the two case studies - Tasmania and Wales. The case studies will focus on defining the 'identities' of the two regions. This will be achieved through examining secondary sources, such as writers who have discussed issues relating to regional identity in either Tasmania or Wales, and also by examining primary sources – in particular the *Tasmania Together* and *Better Wales* projects.

Chapter 3 begins by examining the industrial base of the Tasmanian economy, and its relative economic disadvantage compared to the nearby metropolitan regions of continental Australia. The Tasmanian 'identity' will be considered in light of two distinct intellectual traditions – described as 'romantic' and 'progressive'. The 'progressive' identity sees Tasmania as a place where industry and business can prosper, while the 'romantic' identity focuses on Tasmania as a refuge from the pollution, commercialism and hectic pace of major metropolitan centres. Chapter 3 also argues that the *Tasmania Together* process attempted to find an accommodation between the 'romantic' and 'progressive' images.

Chapter 4 follows a similar structure to the preceding chapter, beginning by examining the industrial basis of the Welsh economy, and the economic disparities between Wales and its regional neighbours – particularly England. Unlike Tasmania, the Welsh identity reflects a long historical tradition. Nevertheless, it can be seen that the cultural and political dominance of England, and the resulting lack of a uniquely Welsh political voice, has thwarted the development of Welsh nationalism and contributed to intra-regional differences within Wales. Chapter 4 argues that central components of the Welsh identity include Welsh industrial heritage, a tradition of 'classlessness' and the associated traditional concept of the '*gwerin*', the rural Welsh environment and the Welsh language. This chapter argues that the *Better Wales* plan can be seen as an attempt to redefine the historical Welsh identity to reflect a more modern, autonomous Wales – a region that considers itself as a member of the New Europe rather than as a British Principality. It is also argued that *Better Wales* attempts to overcome Welsh intra-regional differences, and thus promotes a greater sense of Welsh nationalism. *Better Wales* also identified some of the causes of Welsh

economic dependency, and highlighted the need for the development of a more entrepreneurial culture.

The fifth chapter applies the theoretical framework developed in the second chapter to the two case studies. By applying the six criteria derived from Florida, this chapter evaluates how successfully the Tasmanian and Welsh identities have embraced the concepts of innovation, entrepreneurship and change. For Tasmania, data from the Australian Local Government Association's *State of the Regions*²⁹ report is used to analyse the Tasmanian identity in relation to the six criteria highlighted by Florida and used as the basis of the analytical framework. Chapter 5 also identifies strengths and weaknesses in the regional identities of the two case studies, and briefly discusses the types of policy measures that could be developed to capitalise on those strengths or address the weaknesses. Furthermore, Chapter 5 also considers the strengths and weaknesses of the analytical framework, such as an apparent 'urban bias' in Florida's creative class approach.

The conclusion returns to the central themes of the thesis and discusses how the theoretical framework adds to the field of regional economic development. Furthermore, the conclusion discusses whether or not the framework and case studies support the argument that regions that embrace innovation, change and entrepreneurship are more likely to achieve positive economic outcomes. The conclusion also addresses the relevance of PJ O'Rourke's irreverent question about the causes of economic disparity, and considers lessons learnt from the case studies.

²⁹ National Economics / Australian Local Government Association, *State of the Regions Report 2002-03*.

Chapter 2 - Constructing Regional Identities: An Analytical Framework

This chapter examines the concepts of regional identity, power and economic development. Firstly, this chapter will show that regional identities are constructed through the interplay of a number of forces. It will show that regional identities are malleable, and tend to reflect power interests. Secondly, this chapter will examine the concept of power and power relationships, and the role of power relationships in the global economic system. Thirdly, this chapter will examine role of innovation and entrepreneurship in economic development, with specific reference to Richard Florida's concept of the 'creative class'. Finally, this chapter will draw together these various theoretical strands to show the links between the three concepts, and to outline a number of criteria that can be used to evaluate the strengths and weaknesses of a region's identity.

2.1 Regional Identity

Richard White, in his study of the Australian national identity *Inventing Australia*, stated that "a national identity is an invention."³⁰ Moreover, White argued that national identities were a product of the interplay of various forces acting to influence public perceptions, and explained the role that identities play in shaping the values and expectations that people associate with a specific place. In relation to Australia, White argued that the Australian national identity has been invented and reinvented constantly since before European colonisation:

There is no point asking whether one version of this essential Australia is truer than another because they are all intellectual constructs, neat, tidy, comprehensible – and necessarily false. They have all been artificially imposed on a diverse landscape and population, and a variety of untidy social relationships, attitudes and emotions. When

³⁰ Richard White, *Inventing Australia: Images and Identity 1788-1980* (Sydney: George Allen and Unwin, 1981), p viii.

we look at ideas about national identity, we need to ask, not whether they are true or false, but what their function is, whose creation they are, and whose interests they serve.³¹

White stated that Australian national identity is the product of three forces. Firstly, the national identity is developed “within a framework of modern western ideas about science, nature, race, society, [and] nationality.”³² The second force that influences the development of the national identity is “the intelligentsia, or that class of people – writers, artists, journalists, historians, critics – most part responsible for its definition.”³³ The third force, according to White, is “those groups in society which wield economic power.”³⁴

These forces, according to White, are not united - in fact they often compete to define the national identity. This contest requires the various players to cloak their own interests in the guise of the national interest:

In this view of the world there is no room for class conflicts, and sexual and racial exploitations are obscured. The ‘national interest’ must appear to work for the good of all.³⁵

Furthermore, this competition becomes one of the major reasons for the changing nature of national identities – “the result is that the national identity is continually being fractured, questioned and redefined.”³⁶

To demonstrate, White’s analysis of Australia’s national identity starts with the image of Botany Bay as ‘hell on earth’ - the image that created to deter crime in eighteenth century Britain:

an image of exaggerated horror was an essential element in the penal system of the day, which was based on the belief that the severity of the punishment, rather than the

³¹ Ibid, p viii.

³² Ibid p ix.

³³ Ibid, p ix.

³⁴ Ibid, p ix.

³⁵ Ibid, p ix.

³⁶ Ibid, pp ix-x.

likelihood of being caught, was the most effective deterrent to crime... Along with Hell and the gallows, Botany Bay was used to frighten children into being good and displaying the great virtue of the day, industry, temperance and humility.³⁷

White noted that stories of Botany Bay achieved notoriety in popular British culture of the time. Building on public demand for stories of lewd or titillating subject matter, tales of thieves and prostitutes thrived, but with the offenders ultimately facing the sanction of transportation for their crimes. For example, White stated that:

books were pandering to a taste of the low life in London and of violence in Botany Bay, and were published in the hope of commercial success. Yet they reinforced the moral and economic function of Botany Bay as a weapon in the control of working class crime in Britain.³⁸

This image was soon challenged by one that served a different function, and presented a radically different version of the antipodean penal colony: the new image was of the 'workingman's paradise' - a land of plenty and of opportunity, where virtually anyone could find prosperity. White stated that "no longer a land of convicts and kangaroos, Australia was now depicted as the land of the emigrant."³⁹

The transformation of Australia from hell to paradise reflected the colony's new-found wealth and status from the success of its wool industry. To many emancipists and free settlers, Australia was a land of opportunity - not only for wealth, but for achievement of social status. With the rapid growth of the colony came a pressing problem however: an increasing demand for labour that could no longer be met purely by the convict system. The solution was clear - attract people to migrate of their own free will. Thus the rags-to-riches stories of the English failure turned colonial magnate assumed the status of mythology, and served to attract thousands of people to the colony. Australia became a beacon of hope for many who dreamed of a more egalitarian, poverty-less, or agrarian society. In effect, Australia took on an Arcadian image that was 'other' to the grime, pollution and poverty of the newly industrialised England.

³⁷ Ibid, p 17.

³⁸ Ibid, p 20.

To reinforce this image, and to remove the stigma of the earlier 'hell on earth' image, colonial authorities sought to replace the existing nomenclature. At the suggestion of Matthew Flinders, the name Australia became accepted for the continent as a whole, while the colonial outposts of Moreton Bay and Van Diemen's Land became known as Queensland and Tasmania respectively. The Gold Rush of the 1850s added further to the image of Australia as a land of hope and upward social mobility. White states that

From the 1830s until the 1890s, the image of Australia as a land of opportunity for all-comers remained the popular, and it was one which was encouraged by colonial employers seeking labour.⁴⁰

White argued that as the 19th century progressed, the colony sought to distance itself from the mother country and establish an image of 'Australianness.' The driving force behind the establishment of a distinctive Australian identity in this period was, according to White, the local manufacturing industry, which sought to promote the consumption of locally-made goods. This was essentially the first 'buy Australian' campaign - but before an appeal to nationalism could be pitched, a sense of nationalism had to be developed in the community:

From the 1870s on, a self-confessed local patriotism developed, often linked with the emergence of local manufacturing, which had an obvious interest in endorsing the product. In 1871 the Australian Natives Association was formed, partly in opposition to the idea that all colonial men of mark were immigrants. Led by young businessmen, it became more influential in the 1880s, when it supported Australia's own imperialist adventures in New Guinea and the Pacific, and introduced the slogan 'Australia for Australians.'⁴¹

³⁹ Ibid, p 29.

⁴⁰ Ibid, pp 35-36.

⁴¹ Ibid, pp 73-75.

By developing a new sense of Australian nationalism therefore, local manufacturers were able to consolidate their domestic markets, and even charge a price premium for their products. The national identity therefore involved more than simply pride in being Australian, however, as it had to also engender a sense that Australians, and Australian products, were in some way superior.

White noted that the notion of the 'brave diggers' in World War 1 assisted in the construction of the national identity, and gave the Australian identity a sense of hardiness, strength and resilience. At the same time as the legend of the Australian digger was being formed, similar processes were at work in other countries, such as Canada. Indeed, many countries in the 'new world' that were settled during the same period as Australia followed similar paths with the development of their own national identities:

It was accepted, both in Europe and in the new societies themselves, that they all – the United States, Canada, Australia, New Zealand, southern Africa, occasionally Argentina, Uruguay and other parts of South America – had much in common. Words such as brash, young, egalitarian, materialistic, provincial, braggart, were applied to all of them. They were commonly thought of as children of Britain or Europe, as strapping sons, dutiful daughters or juvenile delinquents. Politically they were considered 'in advance' of Europe or the 'Old World': oppressive and decadent, but also sophisticated and intellectually intimidating, the old world could be sentimentalised or identified with poverty and privilege.⁴²

James Jupp also recognised the forces at play in the development of Australian mythologies. Jupp noted that "Australia did not share the ancient (if often imaginary) ethnic histories of Europe not the heroic traditions of the French and American revolutions."⁴³ Without these historical traditions, Jupp argued that the Australian national identity "had to be created out of less inspiring material than was true for most nation-states in the northern hemisphere."⁴⁴

⁴² Ibid, p 48.

⁴³ James Jupp, "Does Australia Need a National Identity", in David Day (Ed) *Australian Identities* (Kew, Victoria: Australian Scholarly Publishing, 1998), p 225.

⁴⁴ Ibid, p 226.

While White found that national identities are constructed and serve important economic and social roles, Jupp argued that national identities are today coming under increasing pressures from a number of global trends, such as increasing international migration, increasing free trade and the growth of the global media. Jupp stated that

There is vast literature pointing out that the nation-state, nationalism and national identity are all creations of the eighteenth century, while ethnic distinctiveness is much older. Much debate in Europe and North America is now moving towards the position that the nation-state era is drawing to a close and that national boundaries are crumbling under the influence of globalisation and of such regional arrangements as the European Union or the North America Free Trade Association.⁴⁵

Jupp argued that under this pressure, ethnic and regional identities have taken on greater significance. Furthermore, Jupp stated that while the notion of the 'nation state' was under challenge –

At the same, minority nationalisms have become increasingly vocal, especially in the Balkans and Eastern Europe where they challenge the successor states of the pre-1914 empires. As the nation-state declines, ethnic distinctiveness becomes more vocal. Britain is sinking back into an orgy of xenophobia as Europe protects itself from British beef. The United States has just built a wall at San Diego to keep out the Mexicans with whom it is supposed to be trading freely. Meanwhile, in the southern hemisphere, Australia dithers over whether it is 'part of Asia' while a recent school survey showed that a majority of secondary school students could not identify a single Asian country on a world map.⁴⁶

Paul James identified two conflicting international trends acting on national identities. According to James, the immediacy of the electronic media has given rise to renewed levels of patriotism. For example:

When our sporting heroes cover the nation with reflected glory, or when our defence forces carry the national flag into somebody else's territory, we can all 'be there', on

⁴⁵ Ibid, p 224.

⁴⁶ Ibid, p 225.

the wings of the television. Over the past few decades, this media of immediacy has underscored a *new nationalism*.⁴⁷

Like Jupp, however, James also saw challenges to the nation state in the effects of ‘globalisation’ and the revival of regional and ethnic identities. James stated that this “new nationalism” had a “febrile fragility”:

The long-term, uneven thinning out of day-to-day life has, in conjunction with other factors sharpened by the capitalist mode of production and exchange, such as regional economic disparities and cultural divisions of labour, contributed to a ‘new’ emphasis on ethnicity, local culture, regional difference and the existence of hitherto politically “unrealised nations” *within* the hinterlands of existing nation-states.⁴⁸

In this changing global environment, the discussion of identity is therefore not just confined to nation states, but is equally important to regions within nation states. Furthermore, the role of institutions such as the media, and particularly the electronic media, are crucial in shaping both national and regional identities. Jupp argued that

The definition of a national identity rests with several agents: the media, the educational system, governments, intellectuals, special interests and groups. Each of these operates within an intellectual climate created in the past, upon a public opinion that is often poorly informed, and within ideological parameters which are often invisible to even the well-informed.⁴⁹

Indeed, the ‘intellectual climate’ and the ‘ideological parameters’ surrounding a national or regional identity need to be explored in order to understand how regional identities are formed and why. These issues were explored by a numbers of writers on the subject of ‘power’ – such as Steven Lukes and Robert Gaventa, who explored how power shapes value, beliefs and expectations in communities.

⁴⁷ Paul James, “National Form and Popular Culture,” in Stephen Alomes and Dirk den Hartog (Eds), *Post Pop: Popular Culture, Nationalism and Postmodernism* (Footscray, Victoria: University of Technology, 1991), p 32.

⁴⁸ *Ibid*, p 34.

⁴⁹ James Jupp, “Does Australia Need a National Identity,” p 230.

2.2 The Three Dimensions of Power

The word power can mean a number of different things in conversation, and also has been used to describe different things in sociology and political science. Many theorists have found defining the concept to be problematic. Indeed, William E Connolly identified power as an “essentially contested concept”.⁵⁰ According to Gallie, such contested concepts “essentially involve endless disputes about their proper uses on the part of their users.”⁵¹

The concept of power has also been used interchangeably with concepts such as force, influence and authority.⁵² Robert Dahl and Nelson Polsby established a straightforward definition, which Lukes later termed the ‘one-dimensional’ approach to power. Dahl stated that:

My intuitive idea of power is something like this: A has power over B to the extent that he can get B to do something that B would not otherwise do.⁵³

Writers such as Dahl and Polsby, who specifically developed their theories to explain the ‘pluralist’ American political system, saw power as being diffused and dispersed. The pluralists argued that, while some people may have more of it than some others, power is contestable and not necessarily restricted to a given elite. The focus of the pluralists is on observable actions rather than more subtle aspects of power, for, as Lukes noted, “how can one study, let alone explain, what does not happen.”⁵⁴ The study of observable behaviour enabled the pluralists to utilise operational definitions and cite observable evidence. The down-side of this approach, however, was the pluralist’s inability to account for less visible uses of power.

⁵⁰ William E Connolly, *The Terms of Political Discourse* (Lexington: DC Heath and Company, 1974), p 98.

⁵¹ WB Gallie, “Essentially Contested Concepts,” in *Proceedings of the Aristotelian Society*, vol 56 (London, 1955-56), cited in William E Connolly, *The Terms of Political Discourse*, p 10.

⁵² Peter Bachrach and Morton S Baratz, “Decisions and Nondecisions in an Analytical Framework,” p 632.

⁵³ Robert A Dahl, “The Concept of Power”, in Roderick Bell, David M Edwards, R Harrison Wagner (Eds), *Political Power: A Reader in Theory and Research* (New York: Free Press, 1969), p 80.

⁵⁴ Stephen Lukes. *Power: A Radical View* (Hampshire: Macmillan Press, 1974), p 38.

Following the pluralists, theorists such as Peter Bachrach and Morton Baratz attempted to go beyond the analysis of observable behaviour to include the phenomenon of 'non-decisions'. Bachrach and Baratz also explored related concepts such as influence, force and authority. While retaining the core concept of a 'conflict of values' between A and B, Bachrach and Baratz's view of power included the tacit threat of sanction to motivate B's compliance with A. Power in this sense is distinct from force which involves the actual use of a sanction to achieve A's will over B in the face of non-compliance. Force is therefore used when power has failed.⁵⁵

Bachrach and Baratz also stated that "the other side of the coin is *non-decision* making."⁵⁶ Non-decision making differs from deciding not to act, as it refers to a situation where a 'mobilisation of bias' acts to keep an issue off the public agenda, and therefore no decision is to be made. The mobilisation of bias is used to keep an issue 'latent', and therefore disregarded by decision makers. The presence of a mobilisation of bias suggests some level of activity by an elite to ensure that the interests of the elite are suppressed. Lukes, however believed that Bachrach and Baratz's analysis did not go far enough, as it did not reveal how institutions can prevent interests from being articulated (or even formulated) without requiring an elite to act.

Matthew Crenson, in his study *The Un-Politics of Air Pollution*, noted that "the reputation for power may have been more important than its exercise."⁵⁷ Similarly, Michael Parenti noted that

One of the most important aspects of power is not to prevail in a struggle - [but] to determine whether certain questions ever reach the competition stage.⁵⁸

Steven Lukes sought to take the subject of power further into the field of political sociology, using Crenson's argument as a starting point. Lukes redefined power by

⁵⁵ Peter Bachrach and Morton S Baratz, *Decisions and Nondecisions*, p 636.

⁵⁶ Ibid, p 641.

⁵⁷ Matthew A Crenson, *The Un-politics of Air Pollution: A Study of Non-Decision Making in Cities* (Baltimore: John Hopkins Press, 1971), pp 130-180.

arguing that A exercises power over B when A affects B in a manner that is contrary to B's interests.⁵⁹ Here Lukes entered potentially dangerous epistemological territory, for how can it be possible to determine what the unarticulated interests of an individual are? To suggest that an individual is unaware of his or her own true interest seems to invoke the notion of a 'false consciousness', or at least suggests that the intellectual occupies a privileged position in determining such interests.

Lukes stated that

A may exercise power over B by getting him to do what he does not want to do, but he also exercises power over him by influencing, shaping or determining his very wants.⁶⁰

By shaping the wants of B, A effectively avoids a conflict of interest with B. Lukes, however, still considered the notion of conflict of interest as being integral to the power relationship. He argued that the elite was able to, in Milliband's terms, "engineer consent" by shaping the needs and wants of the non-elite.

John Gaventa,⁶¹ a student of Lukes, took the proposition that elites are able to shape perceptions of interests to explain the observable phenomenon of quiescence among non-elites in the face of considerable adversity. Gaventa's study of quiescence in Appalachian mining communities also demonstrated how power and identity can be linked through the first, second, and third dimensions of power.

According to Gaventa, the third dimension of power approach suggested that a conflict of interests between local non-elites and absentee elites was the principal factor behind the quiescence of the Appalachian community to the economic and social disadvantages they faced. For example, Gaventa argued that

⁵⁸ Michael Parenti, "Power and Pluralism: A View From the Bottom," in *Journal of Politics*, 32 (1970), pp 501-530.

⁵⁹ Lukes, *Power: A Radical View*, p 34.

⁶⁰ Ibid, p 23.

⁶¹ John Gaventa, *Power and Powerlessness* (Urbana and Chicago: University of Illinois Press, 1980), p 15.

Power serves to maintain prevailing order of inequality not only through institutional barriers but also through the shaping of beliefs about the order's legitimacy or immutability.⁶²

In Gaventa's Appalachian case study, the traditional identity of the local workers was seen as an impediment to economic and social development, as it became a symbol of backwardness, lack of sophistication, and in itself a symbol of powerlessness. Citing Coleman McCalister, Gaventa succinctly defined the image of the Appalachian miner:

Historically, in fact, the miners of the region in comparison with other American miners have had the image of 'docile diggers'.⁶³

According to Gaventa, the identity of Appalachia and its residents was significantly different prior to the beginning of the coal mining boom of the 1890s. Gaventa states that the initial influxes of American settlers were 'frontiersmen', looking for new land and opportunities for rural industry and lifestyle.⁶⁴ With the industrial boom in Appalachia, however, the frontier agrarian identity was subsumed by a new identity, characterised by hard work, technological progress and the triumph of a new breed of mountain men over nature.

The displacement of the old identity placed the local communities at a disadvantage, as they were seen as members of a past order that no longer had relevance or utility. The future of Appalachia was seen to be in the new investors, and the existing Appalachian communities were therefore seen as redundant. The new identity also promoted the ethic of hard physical labour, and promoted the lifestyle of the hard-working miner as a virtuous. Gaventa noted that

The exaggerated attractiveness of the industrial order, on one hand, carried with it the degradation of the culture and society of the mountaineers, on the other ... For instance, while the new Middleboro was said to represent 'true social enjoyments', 'health', a 'fine climate, natural beauty' and 'good things', the older culture was said to consist of

⁶² Ibid, p 42.

⁶³ Ibid, p 39.

⁶⁴ Ibid, p 49.

‘wilder mountaineers’, who were ‘usually not attractive’, but were ‘rather yellow and cadaverous looking, owing to their idle and shiftless ways, and the bad food upon which they subsist, and perhaps also to their considerable consumption of moonshine whiskey’.⁶⁵

Gaventa found that the new Appalachian identity encouraged men to take on the role of the hardworking miner, and equally deterred them from reverting to the ‘backwardness’ of the non-mining community. This change in perceptions echoes what White found in Australia - not only that identities change over time, but that prevailing power interests can effectively rewrite history by redefining previous identities.

Gaventa also cited a study into the uptake of health care service by Couto to demonstrate that the acceptance of myths about identity and role affected the behaviour of individuals:

Couto suggests that not only are myths used to defer grievances about health care, but they also may affect beliefs on the non-elite about their roles in relationship to the medical professionals: ‘acceptance of attributed identity instils myth with its greatest power, the power to go unquestioned’.⁶⁶

Like White, Gaventa thus recognised that identity can be manipulated and manufactured - and is not inherent in a community or a region. Because identity is shaped by the third dimension of power, the community accepts identity as inherent, and does question how it came to be, or why. In the case of the Appalachian miners, the accepted identity of ‘docile diggers’ was shown by Gaventa to be a major factor in their quiescence to under-development and poverty.

A range of theorists broadly referred to as post-structuralist or post-modernist also took up the concept of power. These included writers such as Jacques Derrida, Michel Foucault and Edward Said. Said focussed much of his work on the concept of

⁶⁵ Ibid, p65.

⁶⁶ Richard Couto, *Poverty, Politics and Health Care: An Appalachian Experience* (Prager Publishers: New York, 1975) cited in Gaventa, *Power and Powerlessness*, p 42.

the 'orient' and 'orientalism' as a representation of non-western culture and civilisation.⁶⁷ In essence, Said argued that the 'orient' was defined by the 'west' (or 'occident') as representing the 'other' to itself. Said stated that

The Orient is not only adjacent to Europe, it is also the place of Europe's greatest and richest and oldest colonies, the source of its civilisations and languages, its cultural contestant, and one of its deepest and most recurring images of the Other. In addition, the Orient helped to define Europe (or the West) as its contrasting image, idea, personality, experience.⁶⁸

As a result of the creation of an 'oriental discourse,' Said argued that "European culture gained in strength and identity by selling itself off against the Orient as a sort of surrogate and even underground self."⁶⁹ Nevertheless, Said tempered his construction of the orientalism by stating that it was not "representative and expressive of some nefarious 'Western' imperialist plot to hold down the 'Oriental' world,"⁷⁰ and was "a discourse that is by no means in direct, corresponding relationship with political power in the raw, but rather is produced and exists in an uneven exchange with various kinds of power ..."⁷¹

2.3 Structural Approaches

The work of Lukes and Gaventa shows how the third dimension of power acts to shape and define regional identity. Moreover, Gaventa shows how social structures and institutions play an important role in facilitating the exercise of the third dimension of power. This focus on structural elements in the use of power shares similarities with the structural approach taken by dependency school writers into the causes of regional economic disparities. The fundamental concepts behind these structural approaches developed from the Marxist explanation of the conflict inherent in the capitalist system. While Marx did not write about power explicitly, the concept

⁶⁷ Edward Said, *Orientalism* (London: Penguin Books, 1995 [c1978]).

⁶⁸ Ibid, pp 1-2.

⁶⁹ Ibid, p 2.

⁷⁰ Ibid, p 12.

is nevertheless central to his work. To Marx, power was seated in material possessions - those who have access to scarce resources, such as capital and land, have the power to control the actions of those without such access. This *economic* power enables A to exploit B for further material gain, thus consolidating and perpetuating the power relationship.⁷²

John McGowan highlighted the link between Marx and Lukes in relation to the third dimension of power:

Marx shows little interest in Lukes' second dimension, but his notion of 'ruling ideas' involves a jump from the first to third. This notion of an imposed ideology, which explains the 'false consciousness' of a non-revolutionary working class, has proved a useful way for twentieth-century Marxism to explain the proletariat's lack of enthusiasm for socialism.⁷³

Furthermore, Lukes also noted the utility of Marx's notion of false consciousness in relation to explaining the third dimension of power. Lukes stated that a problem with the second dimension was that "to assume that the absence of grievance equals genuine consensus is simply to rule out the possibility of false or manipulated consensus by definitional fiat."⁷⁴ Moreover, Lukes identified a the concept of "latent conflict" within the third dimension of power:

What one may have here is a latent conflict, which consists in a contradiction between the interests of those exercising power and the real interests of those they exclude. These latter may not express of even be conscious of their interests ...⁷⁵

There are two particular elements of the Marxist framework that are important in the context of this thesis. Firstly, Marx identified power as an economic relationship, and drew a picture of how the economically-powerful exploit the economically-weak. Secondly, he exposed the role social institutions play in establishing a 'false

⁷¹ Ibid, p 12.

⁷² Ibid, p 62.

⁷³ Ibid, p 65.

⁷⁴ Steven Lukes, *Power: A Radical View*, p 24.

consciousness'. Marx's notion of false consciousness (in a class) is comparable to the notion of collective identity in a region, particularly if a region can be defined by economic class as well as geography.⁷⁶

The Marxist model has been developed and refined in different ways by many 'neo-Marxist' theorists such as Immanuel Wallerstein.⁷⁷ Wallerstein's core-periphery or dependency model focused on the relationship between colonial powers and their colonised states. Wallerstein's model, which he developed to explain how capitalism became the dominant in the 17th century, described 'four stages of growth' through which northwest Europe was able to forge a new global economic system. Wallerstein also identified four types of region reflecting different positions in relation to the global economic system – core, periphery, semi-periphery and external.⁷⁸

According to Wallerstein core regions (or metropolises) are the hub of the system. Core regions contain large bureaucracies, effective military organisations, and a bourgeoisie that controls the mechanisms of international commerce. Peripheral regions lack strong governments and military strength, and often are, or were, controlled by core regions as colonies. They also export raw materials to the core, and have lower labour costs than the core (historically through the use of slavery or other exploitative arrangements).⁷⁹ As core regions historically controlled international trade, they were able to establish unequal trading relations with peripheral regions. Subsequently, wealthy aristocracies grew in peripheral regions out of the trading relationship with the core. This aristocracy consolidated the system, and therefore its own privileged position by consolidating local exploitative labour arrangements.

Semi-peripheries lie, as the name suggests, between the core and peripheral regions on this economic 'ladder'. Wallerstein saw these regions as either cores in decline,

⁷⁵ Ibid, p 24.

⁷⁶ McGowan, *Postmodernism and its Critics*, pp 61-66.

⁷⁷ Immanuel Wallerstein, *The Modern World System: Capitalist Agriculture and the Origins of the European World Economy* (New York: Academic Press, 1974).

⁷⁸ Immanuel Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," in *The Essential Wallerstein* (New York: the New Press, 2000), pp 71-105.

⁷⁹ Ibid, pp 71-105.

peripheries attempting to improve their position, or buffer zones between the two extremes. The role of the semi-peripheries, according to Wallerstein, is essentially a *political* one, in that it exists to maintain the *stability* of the overall system. Essentially, Wallerstein argues that semi-peripheries act as a buffer zone between cores and peripheries, diffusing the natural tendency towards a polarised economic order of haves and have-nots:

The existence of the third category means precisely that the upper stratum is not faced with the *unified* opposition of all the others because the *middle* stratum is both exploited and exploiter.⁸⁰

The fourth category, external areas, describes nations that have managed to stay outside the global capitalist system. For example, aboriginal societies in North America, South America and Australia and Asia were outside the world-system prior to the extension of colonialism into those areas.⁸¹

The notion of cores and peripheries in the global economy is now widely accepted. For example, billionaire financier George Soros used the core-periphery analogy to depict the international financial system, and to describe the disadvantages faced by developing nations:

Global financial markets work like a gigantic circulatory system, sucking up capital into the financial institutions and markets at the centre, then pumping it out to the periphery either directly, in the form of credits and portfolio investments, or indirectly through multinational corporations... But the system is subject to breakdown. Financial crises affect the centre and the periphery very differently. When a breakdown endangers the international financial system, action will be taken to protect it. This gives countries at the centre a large measure of protection. The same does not apply to countries at the periphery; they may suffer catastrophic consequences.⁸²

⁸⁰ Ibid, p 91.

⁸¹ Ibid, pp 71-105.

⁸² George Soros, *The Bubble of American Supremacy* (Crows Nest: Allen and Unwin, 2004) p 85.

The world-system approach provides an alternative explanation to the nature of economic problems in third-world countries, but also has implications for the study of power and its role in framing the economic system. Wallerstein's three-tiered system can be applied to the world economy as a whole without regard to national borders. According to Wallerstein, economic cores, semi-peripheries and peripheries can all exist within nation-states. The common problems of so-called 'regional areas' can be explained as the results of core-periphery relationships, as regional areas are by definition peripheral to economic metropolises. Essentially, peripheries are disadvantaged in an economic power relationship with the 'core'.

Wallerstein's model also has implications for the study of regional identity, as he recognised the importance of culture in maintaining the system in equilibrium. In explaining the framework behind his world-systems analysis, Wallerstein defined 'culture' as the traits that mark a particular 'group' of individuals as connected to each other, yet apart from the whole:

The basic model is that each person may be described in three ways: the universal characteristic of the specie, the sets of characteristics that define that person as a member of a series of groups, that person's idiosyncratic characteristics. When we talk of traits which are neither universal nor idiosyncratic we often use the term 'culture'. To describe the collection of such traits, or of such behaviours, or of such values, or of such beliefs. In short, in this usage, each 'group' has its specific 'culture' ... [Furthermore] each person participates in many cultures.⁸³

In the capitalist system, however, Wallerstein identified a crucial cultural value that is necessary to maintain the economic system - a demand for 'newness'. Wallerstein argued that the engine of the capitalist system was the accumulation of capital – and this demands constant change within the system. Goods, capital and manpower need to circulate, and production needs to evolve to meet the continual demand of returns against the threat of competition. Wallerstein stated that:

⁸³ Immanuel Wallerstein, "Culture as the Ideological Battleground of the Modern World System," in *The Essential Wallerstein*, p 264.

One principal consequence of this reality is the enormous emphasis placed within the modern world-system on the virtues of 'newness'. No previous historical system has ever been based on a theory of progress, indeed a theory of inevitable progress.⁸⁴

This demand for newness can also be described as an imperative for *innovation*. The need for change Wallerstein's model places pressure on people to constantly revise existing ways of doing things, and places a low value on traditional behaviour, in especially in regard to commerce. It also implies that conservative cultures, or groups that do not embrace innovation as a way of life, are at an economic disadvantage to those who do fulfil the systemic imperative for newness.

According to Wallerstein, the capitalist system requires a supporting culture to prevent the inherent contradictions and complexities within it from pulling it apart. The supporting culture therefore has a specific purpose, and cannot be considered as impartial or as disconnected from the economic system:

Since it is obvious that interests fundamentally diverge, it follows that such constructions of 'culture' are scarcely neutral. Therefore, the very construction of cultures becomes a battleground, the key ideological battleground in fact of the opposing interests within this historical system.⁸⁵

The essential point is that culture is constructed by power interests, and in particular by groups wielding economic power. If culture is the battleground, the winners are those who best bend culture in their own interests. Furthermore, cultures that recognise that the demand for 'newness' or change is central to the economic system are better placed to prosper within the world system.

⁸⁴ Ibid, p 264.

⁸⁵ Ibid, p 272.

2.4 Entrepreneurship, Innovation and Change

Wallerstein was not the first theorist to draw a link between to culture and economic development. Max Weber's 1905 essay *The Protestant Ethic and the Spirit of Capitalism*⁸⁶ ascribed the rise of European capitalism during the reformation period to changes in the cultural landscape of the time. Specifically, Weber argued that Roman Catholicism was antagonistic towards the accumulation of capital. Protestantism however, and more so Calvinism, encouraged both thrift and dedication to a 'calling' (or 'beruf'). Weber noted that largely Protestant countries recorded better economic results than largely Catholic countries during and after the reformation.

According to Sandra Pierotti, Weber saw capitalism as more than simply the accumulation of wealth:

In fact, Weber insisted that capitalism was the triumph of rationality over tradition. Explicit in his view of capitalism were a disciplined labor force and the regularized investment of capital. Weber asserted that this combination took place only in Europe and most strongly in Protestant nations, such as England, Holland, and Germany, where there were influential groups of protestant sects.⁸⁷

The two key elements to the success of Protestant countries were the 'work-and-save' ethic, and the notion of 'calling'. Weber claimed that a dedication to pride in one's work was essential to developing productive attitudes in workers. The Calvinist ethic of 'godliness', through the humble dedication to one's calling, meant that economic productivity was consequently higher in Protestant communities. In contrast, the upward-mobility that was possible in hierachial Catholic societies meant people approached their jobs only as stepping stones to higher and better positions. Furthermore, people in Catholic communities tended to dedicate minimal attention to tasks they considered to be beneath their dignity. Consequently, Catholic communities were less productive.⁸⁸

⁸⁶ Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (New York: Charles Scribner's Sons, 1958).

⁸⁷ Sandra Pierotti, "The Protestant Work Ethic and the Spirit of Capitalism: Criticisms of Weber's Thesis", www.ecs.gatech.edu/support/sandra.paper.html, accessed 23/5/04.

⁸⁸ Goncalo L Fonseca and Leanne J Ussher, "The History of Economic Thought Website", <http://cepa.newschool.edu/het/profiles/weber.htm>, accessed 23/5/04.

According to Weber, Catholic communities were more willing to tolerate the 'sins' of wealth and of displaying earthly good. Protestant communities took the virtue of thrift more seriously than their Catholic counterparts, as the Protestant Church had no power to forgive earthly sins. The higher productivity of the Protestants essentially meant that they earned more than the Catholics, and they saved more as well.⁸⁹

Higgins and Savoie stated that, according to Weber, Calvinism then turned the making of money into something that was not only humble, but Godly:

The net result was to justify the pursuit of wealth, provided that happened to be one's 'calling'. Poverty was not required, but the pursuit of riches of riches must not lead one to reckless enjoyment. Profits are as holy as wages, and interest is not wrong unless wrung from the poor. The cardinal sin is idleness.⁹⁰

The Weberian thesis may have many shortcomings, and clearly cannot be considered the definitive explanation of the rise of capitalism.⁹¹ Weber did however, identify the crucial role of culture in shaping the economic behaviour of groups. Weber explains how a system of beliefs, forming a shared culture (and hence an identity) can dictate patterns of spending, saving, and of entrepreneurial behaviour.

Higgins and Savoie drew lessons from Weber and others such as RH Tawney and applied them to the development of capitalism in recent times. While it was acknowledged that formal religion alone cannot explain discrepancies in prosperity and income between regions, Higgins and Savoie noted the Weber-Tawney, arguing that

there remains a rough rank correlation between dominant religion and per capita incomes (Protestant, Catholic, Communist, Muslim, Hindu-Buddhist, Animist and Pagan, etc).⁹²

⁸⁹ Ibid.

⁹⁰ Ben Higgins and Donald Savoie, *Regional Development Theories and Their Application* (New Brunswick: Transaction Publisher, 1995), p 35.

⁹¹ Ibid, p 34.

Higgins and Savoie argued that religion could be seen as part of broader picture, in which cultural factors influence prosperity. Higgins and Savoie stated that

many social scientists believe that development is aided and abetted by a generally-held ideology of a sort that provides a unifying force and encourages entrepreneurship - as the Communist ideology did yesterday and as the 18th-19th century liberal ideology has done in the past.⁹³

Joseph Schumpeter built on Weber's theoretical links between culture and economic growth. In his first major work, *The Theory of Economic Development*,⁹⁴ Schumpeter identified entrepreneurship as a key driver of economic growth. Schumpeter argued that in a model of a static capitalist system, where no profits were made and the value of production flowed back to the factors of production, there was no force to drive the development of capitalism. The missing ingredient in such a model, according to Schumpeter, was innovation, which redirected the flow of capital in the otherwise static system.⁹⁵

Robert Heilbroner, himself a student of Schumpeter at Harvard University, noted that the introduction of innovation into the system enabled an innovating capitalist to produce the same goods as his competitors, but at a cheaper cost.⁹⁶ Advantages gained through innovation, however, could only be temporary, as competitors are able to imitate and also innovate. To continue to receive profits, therefore, the capitalist must *continue* to innovate. This is a constant pressure, forcing change and newness and driving growth in the economy.

Schumpeter went further to examine and describe the role of the entrepreneur as a member of an intellectual elite, although not necessarily a member of the bourgeoisie. According to Schumpeter, the entrepreneur is a special type of leader, but

⁹² Ibid, p 36.

⁹³ Ibid, p 36.

⁹⁴ Joseph Schumpeter, *The Theory of Economic Development* (Cambridge, Mass.: Harvard University Press, 1949).

⁹⁵ Robert Heilbroner, *The Worldly Philosophers*, 6th edition (Harmondsworth: Penguin Books Ltd, 1991 [c1986], p 295.

⁹⁶ Ibid, p 295.

nevertheless an unpopular character. The entrepreneur is ambitious, a social climber, not born into an elite group, but a person who makes his own wealth. As such he or she moves beyond the social scene of the less-wealthy, but does not find acceptance in the ranks of the already-wealthy.⁹⁷

The Schumpeterian entrepreneur, which Heilbroner called a 'romantic figure', aspires to membership of the bourgeoisie, but does not fit comfortably, and may not even benefit personally from the profit he creates. Without the entrepreneur, however, the economic system stagnates. Indeed, innovations are quickly followed by imitations, so the need for new innovations to keep the system moving is imperative.⁹⁸

Higgins and Savoie noted that the Schumpeterian entrepreneur was a product of a complex socio-economic system.

In Schumpeter's system the supply of entrepreneurship is the ultimate determining factor of the rate of economic growth. This supply in turn depends on the 'social climate', a complex phenomenon reflecting the whole social, political, socio-psychological atmosphere within which entrepreneurs must operate. It would include the social values of a particular country at a particular time, the class structure, the educational system, the attitude of society toward business success, and the nature and extent of the prestige and other social rewards, apart from profit, which accompany business success in the society.⁹⁹

Schumpeter, like Wallerstein, thus identified innovation as the key factor in maintenance of the capitalist economy. He logically then identified the entrepreneurial innovator as the key actor in the system. Beyond that, Schumpeter also highlighted the role of culture, or 'social climate' in producing entrepreneurs. The complex interplay of social relations not only produces such entrepreneurs, it motivated their behaviour by providing appropriate rewards. If the social climate was unstable, or the rules of the game were unclear or changeable, then insufficient reward would exist to motivate innovation and the system would stagnate.

⁹⁷ Ibid, p 295.

⁹⁸ Ibid, p 295.

⁹⁹ Ben Higgins and Donald Savoie, *Regional Development Theories and the Application*, p 37.

The 'Institutionalist School', led by Thorstein Veblen, approached the issue of economic development from a slightly different perspective that valued *scientific* innovation and downplayed the role of culture. In fact, Veblen saw cultural factors as a being a *hindering* rather than an *enabling* factor in the economic system. Veblen formed his thesis from observations of the American economic system at the turn of the century, which had been dominated by the lawless capitalism of the so-called 'robber barons'.¹⁰⁰

Higgins and Savoie noted that

For Veblen as for the Classical School the rate of economic progress was also the outcome of a contest ... between technological progress and irrational, magical, and ceremonial resistance to technological change - socio-cultural obstacles, if one chooses. Here Veblen identifies one of today's major development problems: science and technology are the forces of progress; cultural lags, superstitious fears, ceremonial patterns, ingrown conservatism of thought and action are the opponents of progress.¹⁰¹

Veblen's distinction between technological progress and its antithesis, cultural resistance to change, presents a simple answer to the development problem. But Veblen did not pretend that it could be so simple, for technological progress was at the mercy of an even more basic human motivation - greed. To Veblen, the real villains of the system were not the conservative, change-resisting public, but greedy businessman, appropriating all they could for themselves, and stifling technological progress. Heilbroner also noted that Veblen considered businessmen to be essentially predators - "however much they or their apologists might drape their activities in the elaborate rationale of supply or demand."¹⁰²

Like both Schumpeter and Wallerstein, Veblen identified innovation as a central driver of the economic system, but essentially saw people as a hindrance to innovation. Given that Veblen was observing the actual behaviour of actors in particular temporal and physical setting, that is late 19th century America, his negative view of entrepreneurs is perhaps understandable. What Veblen failed to take

¹⁰⁰ Robert Heilbroner, *The Worldly Philosophers*, p 239.

¹⁰¹ Ben Higgins and Donald Savoie, *Regional Development Theories and Their Application*, p 40.

account of, however, was the surrounding 'social climate', which was very much a frontier culture, without the social and institutional framework to temper its brutality. As the social climate changed, the age of the 'robber baron' passed, and contrary to Veblen's thesis, the age of the technocrat or the engineer did not replace entrepreneurial capitalism.¹⁰³

The value of Veblen's analysis should not be discounted. Veblen provides an incisive account of the economic system at a point in time. Indeed, Veblen's analysis can be taken as further evidence of the role that the social climate, or culture plays in shaping an economy. The peculiar cultural climate prevailing in the world's first truly free market society created an economic 'wild west', in which Veblen's 'leisure-class' acted without constraint. In other economies of that time with more developed economic and social institutions, such as in Europe, these problems were not so evident. The social climates of European countries may not have been as supportive to business entrepreneurs, but neither did they support the aggressive and fraudulent behaviour of 'robber barons'. The European economies also facilitated greater acceptance of technological change, not necessarily by overcoming conservatism, but by maintaining a social infrastructure that rewarded people for innovating.¹⁰⁴

The linkages between entrepreneurship, innovation and culture were also explored by Higgins and Savoie. Higgins and Savoie focused on the role of an entrepreneurial culture in regional economic development. According to Higgins and Savoie, entrepreneurship is the key element that leads to economic prosperity, and therefore its absence can explain regional economic disparities.¹⁰⁵

Higgins and Savoie defined entrepreneurship as

the capacity to introduce new technologies and new products, to develop new resources, improve business organization and management; the ability to bring to life innovations

¹⁰² Heilbroner, *The Worldly Philosophers*, p 239.

¹⁰³ Ibid, p 239.

¹⁰⁴ Ibid, p 239.

¹⁰⁵ Higgins and Savoie, *Regional Development Theories and Their Application*, p 33.

of all kinds; and to bring together the required land, labour, capital and management in an efficient and dynamic enterprise to make innovations succeed.¹⁰⁶

Furthermore, Higgins and Savoie identified the 'rules of the game' as a crucial factor in the level of entrepreneurship and innovation in society. These rules give the system stability, ensuring that sufficient prospect of reward exists to motivate entrepreneurial behaviour:

Sudden changes in the rules of the game are particularly deleterious to an increasing flow of enterprise. In general, the climate is appropriate when entrepreneurial success is amply rewarded, and where there are good chances of success. There must be a risk and a challenge to bring forth true entrepreneurial endeavour, but there must be some chance of high rewards.¹⁰⁷

Higgins and Savoie highlighted 'frontier theory' as an example of the link between culture and economic development. Frontier theory posits that 'frontier' communities experience greater levels of economic development because they lack the cultural conservatism of older communities. This leads to a more aggressive entrepreneurial spirit, and to a more effective regional economy.¹⁰⁸ Higgins and Savoie referred to Clarence Ayres when defining a 'frontier' as

a region into which people come from an older centre of civilisation, bringing with them the tools and materials of their older life; and while they also bring their traditional values and folkways, these are weakened by a frontier environment. 'Existence on the frontier is, as we say, free and easy. Meticulous observation of the Sabbath and the rules of the grammar are somehow less important on the frontier than back home'.¹⁰⁹

¹⁰⁶ Ibid, p 37.

¹⁰⁷ Ibid, p 37.

¹⁰⁸ Ibid, p 41.

¹⁰⁹ Clarence Ayres, cited in Ben Higgins and Donald Savoie, *Regional Development Theories and Their Application*, p 40.

According to this theory, frontier societies experience rapid economic growth because they are not restricted by the “social arteriosclerosis associated with traditional institutional power.”¹¹⁰ It can be seen that there is a clear connection between this explanation of economic growth and Veblen’s view of cultural forces holding back technologically-driven economic progress. Higgins and Savoie also cite the comparative economic underdevelopment of the Francophile community of Quebec as an example of how cultural factors can encourage or discourage the development of entrepreneurship in a community. They argued that Canadians, as a whole, had less ‘frontier spirit’ than Americans:

Americans are more enterprising, more adventurous, more mobile, more individualistic, more suspicious of government and more trusting of free private enterprise and ‘the market’ than their Canadian neighbours.¹¹¹

Within Canada itself, Higgins and Savoie argued that Francophile Quebecers had a culture that is even less attuned to entrepreneurship. They claimed that after the French were defeated by the British in Quebec, French Quebec took on the characteristics of a frontier society. The defeated French, however, reacted by withdrawing from the spirited commercialism of the victors:

No longer in control of their own land, and finding themselves for one reason or another at a disadvantage in competition with the British conquerors, the French seem to have withdrawn from competition as American southerners were to do a century later. Like them, they withdrew into their traditions and cultivated a local nationalism, consoling themselves for the failure to participate fully in the economic life of the province by assuring themselves that they did not wish to do so anyway. They preferred the gentility and humanity of their own life, their own faith, values and culture to the vulgar materialism of the victors. As time went by, these attitudes became formalised and ritualized. Ideologically, if not in fact, there was a ‘return to the land’.¹¹²

¹¹⁰ Ben Higgins and Donald Savoie, *Regional Development Theories and Their Application*, p 40.

¹¹¹ Ibid, p 23.

¹¹² Ibid, p 25.

According to Higgins and Savoie, frontier theorists argued that the French Canadians developed a strong sense of nationalism, based on the 'superiority' of their less aggressive and less entrepreneurial values. They maintained their traditional agrarian lifestyle, eschewing the vulgar commercialism of the 'barbarian' invaders. Higgins and Savoie cited Monsignor Paquet, who wrote in 1902:

Our mission is less to manage capital than to preserve ideals; it consists less of lighting the fires of factories than of maintaining and spreading the luminous fires of religion and thought.¹¹³

In this sense Quebec lacked 'indigenous entrepreneurship'. Investment and industrialisation was led by other national groups such as British and Americans, forming a 'sub-dominate elite' in French Canada. Higgins and Savoie argued that:

Projecting this analysis, we would conclude that this lag could only when conditions were such as to change French Canadian attitudes, so that French Canadians themselves carry out a larger share of the entrepreneurial function in Quebec.¹¹⁴

Higgins and Savoie argued, however, this transformation did take place in the 1980s, triggering a rise in entrepreneurial activity and greater economic growth in Quebec. Nevertheless, Higgins and Savoie acknowledged a major problem inherent to any such discussion of culture and development in this context:

There is an element of hen-and-egg circularity in much of the discussion of entrepreneurship. Do entrepreneurs bring development or does development bring forth entrepreneurs?¹¹⁵

¹¹³ M. Paquet, cited in Ben Higgins and Donald Savoie, *Regional Development Theories and Their Application*, p 26.

¹¹⁴ Ben Higgins and Donald Savoie, *Regional Development Theories and Their Application*, p 27.

¹¹⁵ Ibid, p 33.

Gunnar Myrdal also recognised the issue of circularity in economic development, albeit in a different context. Myrdal claimed that economic disparities between nations (or regions or ethnic groups) were not, as neoclassical economists would argue, the result of temporary disequilibrium in a self-correcting system.¹¹⁶ Rather, Myrdal argued that economic disparities were often reinforced and exacerbated by the existence of ‘circular causation.’ Myrdal argued that

The system is by itself not moving toward any sort of balance between forces but is constantly on the move away from such a situation. In the normal case a change does not call forth countervailing changes, but, instead, supporting changes, which move the system in the same direction as the first change but much further. Because of such circular causation a social process tends to become cumulative and often to gather speed at an accelerating rate.¹¹⁷

Myrdal also highlights the role of ‘non-economic’ factors in economic development. For example, Myrdal examined the role of collective identity in influencing economic outcomes for the African-American population in the USA. In particular, Myrdal cited a ‘circular causation’ involving established prejudices about black communities and existing levels of relative economic disadvantage:

In its simplest form, the explanatory model can be reduced to two factors: ‘white’ prejudice,’ causing discrimination against Negroes in various respects, and the ‘low plane of living’ of the Negro population. These two factors are mutually interrelated: the Negroes low plane of living is kept down by discrimination from whites while, on the other side, the Negroes poverty ... stimulate and feed the antipathy of the Whites for the Negroes.¹¹⁸

¹¹⁶ Gunnar Myrdal, *Economic Theory and Under-developed Regions* (New York: Harper and Rowe, 1971 [c1957]), p 13.

¹¹⁷ *Ibid*, p 13.

¹¹⁸ *Ibid*, p 16.

2.5 Porter – Competitive Advantage

Donald Savoie noted that more recent theorists have tended to concentrate on the role of trade in stimulating economic development. According to Savoie, trade theory “suggests that a region will maximise its economic potential by concentrating its efforts on its economic strengths.”¹¹⁹ Michael Porter was one writer who followed a trade-based approach, however he also acknowledged the notion of innovation and entrepreneurship. Porter noted that traditional economic approaches to explaining regional disparities stemmed from the basic texts of modern economics, such as Adam Smith and David Ricardo.¹²⁰ Smith described the notion of ‘absolute advantage’, whereby a nation - or region - produces goods in which it is the lowest cost producer. Ricardo then elaborated the notion of ‘comparative advantage’, which explained that a region specialised in producing goods that cost less to produce relative to the other goods that it could produce. The concept of comparative advantage was further developed by economic theorists to encompass four key ‘factors of production’ - land, labour, capital and natural resources.

Porter stated that government regional development policies have generally focused on isolating and improving comparative advantage in certain industry sectors through intervening to reduce the cost of one or more factors of production. According to Porter:

Development programs often target new industries based on factor cost advantages, with no strategy for moving beyond them. Nations in this situation will face a continual threat of losing competitive position and chronic problems in supporting attractive wages and returns to capital. Their ability to earn even modest profits is at the mercy of economic fluctuations.¹²¹

Porter’s research, however, focussed on the question of why some economies develop advantages in certain industries. Porter’s analysis was based on the principle of

¹¹⁹ Donald Savoie, *Regional Economic Development: Canada’s Search for Solutions* (Toronto: University of Toronto Press, 1986), p 8.

¹²⁰ Michael Porter, *The Competitive Advantage of Nations* (New York: The Free Press, 1990), p 11.

¹²¹ Ibid, pp 15-16.

competitive advantage – which involved an expanded understanding of the principle of comparative advantage. Porter stressed that the notion of comparative advantage is insufficient to explain why and how regions specialise and succeed in certain areas of economic activity in the modern global economy. The concept of competitive advantage, as used by Porter, incorporates the dimensions of product differentiation and technology. Porter identified two basic types of competitive advantage - lower costs and product differentiation. By establishing a point of difference, therefore, some producers are able to command price premiums and therefore achieve profitability even if other regions can produce the same good at a lower cost.¹²²

Porter identified four determinants of national competitive advantage in an industry sector:

1. *Factor conditions*. the nation's position in factors of production, such as skilled labour or infrastructure, necessary to compete in a given industry.
2. *Demand conditions*. The nature of home demand for the industry's product or service.
3. *Related and supporting industries*. The presence or absence in the nation of supplier industries and related industries that are internationally competitive.
4. *Firm strategy, structure, and rivalry*. The conditions in the nation governing how companies are created, organised, and managed, and the nature of domestic rivalry.¹²³

Porter noted that companies or regional industries that succeed often do not have advantages across all determinants. Indeed, he argued that advantages in factor conditions can lead to complacency and therefore hinder competitiveness. Higgins and Savoie also stressed this point, citing Helen Hughes, then Director of the Australian National University's National Centre for Development Studies, who reportedly made the following comment on the so-called miracle of the 'Asian

¹²² Ibid, pp 12-30.

¹²³ Ibid, p 71.

Tigers': "That is no miracle! Singapore is not *cursed* with rich natural resources and a vast hinterland!"¹²⁴

Porter argued that the presence of competition was integral to stimulating productivity improvements (through innovation) and hence stimulating economic growth:

Companies that manage to overcome inertia and the barriers to changing and upgrading advantage are most often those that have been stimulated by competitive pressure, buyer demands or technical threats. Few companies make significant improvements and strategy changes voluntarily; most are forced to. The pressure to change is often more environmental than internal.¹²⁵

Furthermore, Porter argued that "the management of companies that sustain competitive advantage always run a little scared."¹²⁶ Porter thus nominated competitive pressure as a key driver in economic development. Moreover, the presence of competitors, and cultural expectations that drive the individual (or firm) to keep competing, lead to a constant drive for newness or innovation.

Significantly, Porter also recognised the important of *place* in economic development. Porter noted that industries often tend to form 'clusters' around one particular city or region. Within that 'cluster' exist a variety of horizontal and vertical relationships between suppliers, customers and competitors. Porter argued that "the phenomenon of industry clustering is so pervasive that it appears to be a central feature of advanced national economies,"¹²⁷ and cited examples such as a pulp and paper manufacturing in Sweden, fashion in Italy, agriculture in Israel, health in Denmark, chemicals in Germany and consumer electronics in Japan.¹²⁸

Porter stated that clusters are important because

¹²⁴ Helen Hughes, cited in Ben Higgins and David Savoie, *Regional Development Theories and Their Application*, p 21.

¹²⁵ Michael Porter, *The Competitive Advantages of Nations*, p 52.

¹²⁶ Ibid, pp 52-53.

¹²⁷ Ibid, p 149.

¹²⁸ Ibid, p 149.

One competitive industry helps to create another in a mutually reinforcing process ... Its presence in a nation becomes important to developing competitive advantages in supplier industries.¹²⁹

Porter also nominated clustering alongside competition as crucial to driving innovation and change:

A concentration of rivals, customers and suppliers will promote efficiency and specialisation. More important, however, is the influence of geographic concentration on improvement and innovation.¹³⁰

Furthermore, Porter identifies the role of clusters in attracting 'talent' and shaping the image or 'international reputation' of a region:

The presence of an entire cluster of industries magnifies and accelerates the process of factor creation that is present where there is a group of domestic rivals. Firms from an entire group of interconnected industries all invest in specialised but related technologies, information, infrastructure and human resources, and numerous spillovers occur. The scale of the entire cluster encourages greater investment and specialisation. Joint projects by trade associations involving firms from different industries are common. Government and university attention is heightened. The pull of size and prestige in attracting talent to the cluster grows stronger. The nation's international reputation in the field grows.¹³¹

2.6 Florida and the Rise of the Creative Class

Richard Florida argued that attracting 'talent' has become, in fact, the crucial variable in the regional development equation. Florida based his argument on the 'human capital' approach, which identified people as the driving force behind regional growth. Essentially, this approach argued that regions with high levels of 'human capital' – that is, a population with a large proportion of skilled and educated workers

¹²⁹ Ibid, p 149.

¹³⁰ Ibid, p 157.

¹³¹ Ibid, p 151.

– will prosper above regions with lower levels of human capital. Investment in education is thus seen as being more important to a region than investment in physical capital or infrastructure such as freeways or airports.¹³²

According to Florida,

Economists and geographers have always accepted that economic growth is regional – that it is driven by and spreads from specific regions, cities and even neighbourhoods. The traditional view, however, is that places grow either because they are located on transportation routes or because they have endowments of natural resources that encourage firms to locate there.¹³³

Florida, however, cited the work of economist such as Paul Romer as an example of the new ‘human capital’ approach to explaining regional economic disparities. Romer stated that:

What is important for growth is integration not into an economy with a large number of people, but rather into one with a large amount of human capital.¹³⁴

Florida equated human capital with the concept of talent, and examines the forces that attract human capital, or talent, to a particular region. By examining the question of regional development in terms of what attracts talented people, Florida made a significant shift in regional development theory away from explanations of what attracts business and investment.

Florida’s analysis of the economic geography of talent has achieved most attention for its notion of a ‘creative class’ of educated employees and entrepreneurs. It is this growing ‘class’ of people, according to Florida, which are now driving economic growth. Florida used the term ‘class’ deliberately, with its unmistakeable reference to Marx, because he argued that members of this group not only have certain shared attributes, but play a vital *economic* role. Florida stated that

¹³² Richard Florida, *Rise of the Creative Class* (New York: Basic Books, 2002), pp 221-222.

¹³³ Ibid, p 221.

¹³⁴ Paul Romer (1990), cited in Richard Florida, “The Economic Geography of Talent,” *Annals of the Association of American Geographers*, 92(4), 2002, pp 743-755.

The Creative Class consists of people who add economic value through their creativity. It thus includes a great many knowledge workers, symbolic analysts and professional and technical workers, but emphasises their true role in the economy.¹³⁵

This role is essentially to drive innovation and change – the same forces identified by Schumpeter as being at the core of the capitalist system. Florida also recognised the connection between his ‘creative class’ and Schumpeter’s entrepreneurs.

Entrepreneurs, as Schumpeter noted, are people with both ideas and money, and have the capacity to turn ideas into business propositions. A significant reason behind the success of the American economy, according to Florida, is that it has developed a sophisticated and effective system of institutions to support entrepreneurs and to facilitate the development of ideas. The growth of research and development investment and the establishment of venture capital networks underpin this system, and gives the United States economy an advantage over others with less sophisticated systems.

The ‘creative class,’ however, is a more expansive concept than the Schumpeterian entrepreneur, and encompasses a much broader range of people. Florida argued that while the role of creativity in the capitalist economy has always been significant, the formation of the ‘creative class’ was a relatively recent phenomenon. He argued that the ‘organisational age’ has been replaced by a culture of work and leisure that celebrates creativity and individualism. As competitive forces continue to exert pressure, businesses are seeing the benefits of embracing creativity in all its forms, and are being encouraged to be more creative in how they perform their work tasks. Innovation, therefore, no longer comes from just the isolated, maverick entrepreneur, but from creative people right through the economic system.

Nevertheless, Florida did place a loosely defined boundary around the ‘creative class’. According to Florida,

The distinguishing characteristic of the Creative Class is that its members engage in work whose function it is to ‘create meaningful new forms’. I define the Creative Class

as consisting of two components. The Super Creative Core of this new class includes scientists and novelists, artists, entertainers, actors, designers, architects, as well as the thought leadership of modern society: non-fiction writers, editors, cultural figures, think tank researchers, analysts and other opinion-makers ...

Beyond this core group, the Creative Class also includes 'creative professionals' who work in a wide range of knowledge-intensive industries such as high-tech sectors, financial services, the legal and health care professions and business management.¹³⁶

This new type of economic actor can be seen as distinct from the traditional 'working class' employee - who performs specific, highly controlled tasks - and service sector employees - who generally perform services such as cooking, cleaning or retailing. Florida noted that, generally speaking, creative class positions were the most highly paid, while the size of the working class is diminishing relative to both the creative class and the service sector. Florida argued that the commonality between people performing these various roles lies in the intellectual tasks they are required to perform, as "these people engage in creative problem solving, drawing on complex bodies of knowledge to solve specific problems."¹³⁷

Having set a broad definition of the 'creative class', Florida then ranked American cities and regions in terms of their relative creative class populations. Florida also conducted extensive research into the mobility of the creative class, and specifically asked why they chose to live in certain regions over others. Contrary to the standard explanation of worker mobility - that is the availability of suitable employment - Florida found that many creative class members chose to locations for a range of lifestyle-related factors. Furthermore, Florida's research showed that the lifestyle factors that were considered most attractive by creative class members were not necessarily the same lifestyle factors that are often encouraged and promoted by governments and development agencies in the name of regional development. Florida noted that:

¹³⁵ Richard Florida, *Rise of the Creative Class*, p 68.

¹³⁶ Ibid, pp 68-69.

¹³⁷ Ibid, p 69.

Creative people are not moving to these places for traditional reasons. The physical attractions that most cities focus on building – sport stadiums, freeways, urban malls and tourism-and-entertainment districts that resemble theme parks – are irrelevant, insufficient or actually unattractive to many creative class people. What they look for in communities are abundant high-quality amenities and experiences, an openness to diversity of all kinds, and above all else the opportunity to validate their identities as creative people.¹³⁸

The development of an economic ‘creative class’ has simultaneously led to the development of a creative culture, where diversity and individuality are not just tolerated, but encouraged. Such a culture is, according to Florida, essential for a region if it is to attract the talented people who drive economic growth. Florida stated that

Essentially my theory says that regional economic growth is driven by location choices of creative people – the holders of creative capital – who prefer places that are diverse, tolerant and open to new ideas.¹³⁹

Beneath the broad desire for diversity and openness to new ideas, Florida’s research into the location decisions of people in his creative class found a number of recurring themes. Florida identified six of these themes: thick labour markets, lifestyle, social interaction, diversity, authenticity, and identity. These themes can be examined as a set of criteria for a ‘creative community’, against which a region can be evaluated, and therefore its potential for economic growth assessed.

2.7 Thick Labour Markets

While conventional economic theory assumes that labour is mobile, and will move to where employment opportunities exist, Florida’s research found that members of the ‘creative class’ were looking for a particular type of labour market. Florida found that his subjects were less concerned with issues of job security and length of tenure, and

¹³⁸ Ibid, p 218.

in fact expect to be changing jobs regularly. Opportunities to climb up corporate ladders were less valued than opportunities to pick and choose between jobs or 'projects'. In this sense, Florida argued that the creative class seek 'thick' or horizontal labour markets with many opportunities at the same level, rather than 'vertical' labour markets with opportunities to progress within organisational structures.

Florida stated that this type of labour market is essential to the operation of a successful 'creative' regional economy. Furthermore, the existence of 'creative' communities or regions is essential to driving growth in the broader economy and avoiding economic stagnation:

In this way, place solves a basic puzzle of our economic order: it facilitates the matching of creative people to economic opportunities. Place thus provides a labour pool for companies who need people, and thick labour market for people who need jobs. The gathering of people, companies and resources into particular places with particular specialities and capabilities generates efficiencies that power economic growth.¹⁴⁰

2.8 Lifestyle

Despite the obvious need for a suitable labour market, Florida stated that "the people in my focus groups tell me that lifestyle frequently trumps employment when they're choosing where to live."¹⁴¹ In part, this is a result of the increased confidence that comes with having skills that are in demand. Florida argued that for the creative class, this confidence affords them the luxury of choosing places to live that suit their own lifestyle preferences. In particular, they seek places that enable them to express their own individual sense of identity and self.

¹³⁹ Ibid, p 223.

¹⁴⁰ Ibid, p 224.

¹⁴¹ Ibid, p 224.

Florida maintained that “people today expect more from the places they live.”¹⁴² This is because, according to Florida, people now have more demanding and flexible employment pressures, which have blurred the boundaries between work time and recreation time. Where previously people lived and worked in one place, and spent holiday and recreation time in another, now people do not have the luxury of time to keep work and recreation compartmentalised and separate:

Of course people still go away at times, but given their flexible and unpredictable work schedules, they want ready access to recreation on a ‘just-in-time’ basis.¹⁴³

The type of recreation that people seek is also changing. Florida argued that people today are seeking more ‘experiential’ activities that they can actively participate in, as opposed to activities in which they are spectators. The nature of modern work schedules also means that people are less likely to seek structure, organised and regular team activities, and more likely to do individual activities such as jogging or bike riding that can be enjoyed at any time and are not affected by irregular working arrangements. To this end, Florida noted that in successful creative communities, public infrastructure such as parks and bike tracks are important, but major stadiums for passive activities such as watching sport are less important.

Florida also noted the significance of a region’s ‘nightlife’. He stated that “a vibrant, varied nightlife was viewed by many as another signal that a city ‘gets it’, even by those who infrequently partake in nightlife.”¹⁴⁴ By nightlife, Florida referred to more than just nightclubs, but to amenities such as theatres, restaurants, art galleries, cafés, bars and so on.

2.9 Social Interaction

In Florida’s open and diverse creative community, social interaction takes on a new flavour. As people tend to come and go, traditional networks and social orders are

¹⁴² Ibid, p 224.

¹⁴³ Ibid, p 224.

¹⁴⁴ Ibid, p 225.

supplanted by ones that support less formal and structured forms of social interaction. Florida argued that Ray Oldenburg's concept of 'third places' was important to understanding the social interaction habits of the creative class. Florida stated that these 'third places' were "neither home nor work – the first two places – but venues like coffee shops, bookstores and cafes in which we find less formal acquaintances."¹⁴⁵ According to Florida, third places are the hubs of social interaction for the creative class. Detached from traditional family, clan and community networks, third places "fill a void by providing a ready venue for acquaintance and human interaction"¹⁴⁶ for the creative class.

2.10 Diversity

Florida argued that the broad concept of 'diversity' is essential to the 'creative community', because it reflects the individuality and creativity of its members. Importantly, a diverse community is seen as one where people of different backgrounds, cultures and tastes can easily fit in, or at least do not stand out as being different. Diversity in this context also refers to more than just cultural and ethnic diversity. Florida stated that subjects from his research focus groups "were drawn to places known for diversity of thought and open-mindedness."¹⁴⁷ Diversity is valued as not only an indicator of a place being open to outsiders, but also because it is considered an indicator of a place that possesses excitement and energy.¹⁴⁸ Florida argued that creative class people enjoy a mix of influences:

They want different kinds of music and try different kinds of food. They want to meet and socialise with people unlike themselves, to trade views and spar over issues. A person's circle of closest friends may not resemble the Rainbow Coalition – in fact it usually does not – but he or she wants the rainbow to be available.¹⁴⁹

Diversity, for Florida, is thus seen as a vital ingredient of the successful creative community, stimulating the creative process behind the formation of new ideas.

¹⁴⁵ Ibid, pp 225-226.

¹⁴⁶ Ibid, p 226.

¹⁴⁷ Ibid, p 226.

¹⁴⁸ Ibid, p 227.

¹⁴⁹ Ibid, p 227.

Florida cites Bonnie Menes Kahn to support his argument – noting that a ‘great city’ had two hallmarks: “tolerance for strangers and intolerance for mediocrity.”¹⁵⁰

These are precisely the qualities that appeal to the creative class – and they also happen to be qualities conducive to innovation, risk taking and the formation of new business.¹⁵¹

2.11 Authenticity

Florida also highlighted the concept of ‘authenticity’ as an important factor in the locational decisions of the ‘creative class’. In this context, authenticity is used to describe a sense of originality and difference - a sense that a place is real and individual rather than homogenous or an imitation of somewhere else. Florida argued that:

Authenticity comes from several aspects of a community – historic buildings, established neighbourhoods, a unique music scene or specific cultural attributes. It comes from the mix – from urban grit alongside renovated buildings, from the commingling of young and old, long-time neighbourhood characters and yuppies, fashion models and bag ladies.¹⁵²

Florida paid special attention to the role of a region’s musical culture and heritage as a component of its ‘authenticity’. He stated that music “plays a central role in the creation of identity and the formation of real communities.”¹⁵³ Moreover, he argued that “it is hard to think of a major high-tech region that doesn’t have a distinct audio identity.”¹⁵⁴ Examples such as the ‘flower power’ music scene that is associated with San Francisco, the ‘grunge’ music scene that spawned groups such as Nirvana in Seattle, and the strong musical culture in Dublin can be seen as supportive of the nexus between music and creative communities.

¹⁵⁰ Bonnie Menes Kahn, cited in Richard Florida, *Rise of the Creative Class*, p 227.

¹⁵¹ Richard Florida, *Rise of the Creative Class*, p 227.

¹⁵² Ibid, p 228.

¹⁵³ Ibid, p 228.

2.12 Identity

Finally, Florida argued that place has become a more important dimension of a person's *individual* identity – especially for members of the 'creative class'. As such, people wish to identify with a place which reflects what they see in themselves, and as members of the creative class, they generally wish to identify with things that are associated with creativity. Florida contrasted this with associating one's identity with one's place of employment. For example, Florida stated that

Forty years ago, some would likely identify themselves by saying 'I work for General Motors' or 'I work for IBM'. Today our tattooed friend is more likely to identify himself by saying 'I'm a software developer and I live in Austin' rather than saying 'I work for Trilogy'.¹⁵⁵

The connection between place and individual identity has another significance in the context of horizontal labour markets and the decline of the career job. Florida argued that status is decreasingly associated with one's position in a company, especially considering that fewer people are choosing to focus their efforts on climbing corporate ladders. Instead, people now tend to associate status increasingly with place of residence:

To some extent, this has always been true. Places like Paris, London and New York City have always been high on the status order. But now the people in my focus groups and interviews tell me they are more likely to move to places that convey high status.¹⁵⁶

2.13 Extending the Creative Class Model

Florida himself noted that simply encouraging more creative class people into a region does not in itself produce a more prosperous and harmonious place. Indeed, a strong creative class population often corresponds with a high population of poorly-

¹⁵⁴ Ibid, p 228.

¹⁵⁵ Ibid, p 229.

paid service sector workers performing menial tasks for their more highly-paid 'creative class' neighbours. This can result in a stark inequality of wealth, with a community divided along income and employment lines. Florida was acutely aware of this problem and identified it as one of the challenges of the 'creative economy':

Affluent Creative Class people who move into racially, ethnically, or economically diverse regions cannot simply assume that their presence automatically 'revitalises' these places. For many Working Class and Service Class residents, it doesn't. Instead, all it usually does is raise their rents and perhaps create more low-end service jobs for waiters, house cleaners and the like.¹⁵⁷

A number of critics have attacked Florida's thesis – questioning both the premises of his arguments and his empirical data. Steven Malanga, for example, argued that Florida's thesis was a new rationale for old 'leftist' policies:

A generation of leftish policy-makers and urban planners is rushing to implement Florida's vision, while an admiring host of uncritical journalists touts it. But there is just one problem: the basic economics behind his ideas don't work. Far from being economic powerhouses, a number of cities the professor identifies as creative-age winners have chronically underperformed the American economy. And, although Florida is fond of saying that, today, "place matters" in attracting workers and businesses, some of his top creative cities don't even do a good job at attracting – or keeping – residents.¹⁵⁸

Considering Florida's creative class thesis in light of the work of other writers, however, can extend the breadth of the six factors that Florida identified as important to the locational decisions of members of the 'creative class'. Firstly, the criterion of 'social interaction' can be extended by incorporating elements of Porter's work on comparative advantage. Given that firms are attracted to regions where they can benefit from 'clustering', it is reasonable to assume that creative people in these

¹⁵⁶ Ibid, p 230.

¹⁵⁷ Ibid, p 325.

industry sectors are also attracted to regions for the same reasons. Not only can they benefit from interacting with people in the same field, they can access a greater range of employment and research opportunities that are made available by the critical mass that an industry cluster creates. Indeed, it could be argued that industry clusters are far more important in this respect than the presence of 'third places'. As Porter stated, the development of industry clusters adds prestige to a region and serves to attract talent.¹⁵⁹ Industry clusters, therefore, can be seen to play a vital role in attracting human capital, and can provide a more robust unit of analysis than 'social interaction'.

Florida himself noted the importance of clustering by citing the work of Robert Axtell and himself¹⁶⁰ into the development of cities. Axtell and Florida's model was based on three key points:

- Creative agents cluster around other creative agents, reinforcing each other's productivity.
- Creative agents then come together to form larger economic units or firms.
- These firms then locate in cities where they grow and develop as locations for creative agents and firms.¹⁶¹

Secondly, greater levels of entrepreneurship and higher levels of research and development are considered to be positive factors in the creation of new businesses and new jobs, especially in the creative sector, and hence lead to thicker labour markets. Florida included indicators for innovation as part of his 'high-tech' index, which measures the number of patents per capita in a region. The Australian Local Government Association's *State of the Regions Report*¹⁶² also used measures of innovation as an indicator for the criterion of 'thick labour markets'. Extending the criterion of 'thick labour markets' to incorporate the level of innovation and

¹⁵⁸ Steven Malanga, "The Curse of the Creative Class," *City Journal*, Winter 2004, www.city-journal.org/html/14_1_the_curse.html, accessed 25/5/04.

¹⁵⁹ Michael Porter, *The Competitive Advantage of Nations*, p 151.

¹⁶⁰ Robert Axtell and Richard Florida, "Emergent Cities: A Microeconomic Explanation," (Washington DC: Brookings Institution, April 2001.), cited in Richard Florida, *Rise of the Creative Class*, p 265.

¹⁶¹ Richard Florida, *Rise of the Creative Class*, p 265.

¹⁶² National Economics / Australian Local Government Association, *State of the Regions Report*, 2002.

entrepreneurship in a regional economy, therefore, would provide a more robust indicator of the underlying strength of a regional labour market.

2.14 An Analytical Framework

This chapter has discussed the work of a range of theorists and writers on the subjects of identity, power and regional development. While the discussion is far from comprehensive, a number of important insights can be taken from these writers. When considered together, these insights underpin a broad analytical framework that demonstrates the linkages between the three subjects.

As Richard White showed, regional identities are constructed, malleable and contestable.¹⁶³ White also showed that regional identities play an important social and economic role in shaping community values and expectations.¹⁶⁴ Furthermore, regional identity, therefore, is not only subject to the operation of power, it also acts as a mechanism through which power is exercised. Other writers on regional identity, such as James Jupp¹⁶⁵ and Paul James,¹⁶⁶ have noted that the trends often labelled under the term 'globalisation' are also having a significant effect in the development and role of national and regional identities. These writers have argued that 'globalisation' is bringing challenges to the existing conceptions of nation-states, while at the same time underpinning a resurgent interest in regional and ethnic identities. The declining importance of national boundaries can, in this context, be seen as reinforcing the notion of a single 'world-system', in which case the study of 'regional identity' is, arguably, more important and relevant than studying the 'identity' of nation-states. Furthermore, the changing structure and reach of the global electronic media has changed the way in which identities can be shaped and manipulated through the exercise of power.

¹⁶³ Richard White, *Inventing Australia*.

¹⁶⁴ Ibid.

¹⁶⁵ James Jupp, "Does Australia Need an Identity," in David Day (Ed), *Australian Identities*.

¹⁶⁶ Paul James, "National Form and Popular Culture," in Stephen Alomes and Dirk den Hartog (Eds), *Post Pop: Popular Culture, Nationalism and Postmodernism*.

Lukes¹⁶⁷ and Gaventa¹⁶⁸ examined the way power is used to shape the interests of groups. Power networks perpetuate and strengthen themselves through the application of the three dimensions of power, particularly the third dimension of power. Gaventa applied this approach to the Appalachian region to explain the apparent quiescence of the local population, which was evident in low levels of political participation despite significant economic disadvantages.

The notion of power is important in the context of the dependency school theorists such as Wallerstein,¹⁶⁹ in that power theories show how core regions can maintain their pre-eminent economic position by shaping the values and expectations of people in peripheral regions. The core-periphery model also recognises patterns in economic disparities between regions, and identifies a structural explanation for these disparities. Furthermore, Wallerstein identified change, or 'demand for newness', as being a key driver of growth in the economic system, and culture as being the battleground for the contest of power.¹⁷⁰ The definition of regional identity can, therefore be considered one part of this contest.

A number of writers, such as Weber¹⁷¹ and Schumpeter¹⁷² identified entrepreneurship as an important cultural element in economic development, while Veblen¹⁷³ identified the importance of innovation. It is crucial, therefore, that a region has an entrepreneurial culture, and sees itself as being entrepreneurial. Higgins and Savoie¹⁷⁴ noted the example of the French Canadians who rejected the entrepreneurial culture (or identity) which they associated with the conquering British, and opted to associate themselves with an identity based on the rural idyll and moral or intellectual superiority. This identity was considered by Higgins and Savoie as a causal factor in economic disparities between French Canadian communities in Quebec and their more-entrepreneurial English-speaking neighbours.¹⁷⁵

¹⁶⁷ Steven Lukes, *Power: A Radical View*.

¹⁶⁸ John Gaventa, *Power and Powerlessness*.

¹⁶⁹ Immanuel Wallerstein, *The Essential Wallerstein*.

¹⁷⁰ Ibid, p 270.

¹⁷¹ Max Weber, *The Protestant Ethic and The Spirit of Capitalism*.

¹⁷² Robert Heilbroner, *The Worldly Philosophers*, pp 288-311.

¹⁷³ Ibid, pp 213-249.

¹⁷⁴ Ben Higgins and Donald Savoie, *Regional Development Theories and Their Application*.

¹⁷⁵ Ibid.

Michael Porter¹⁷⁶ noted the role of competition in stimulating innovation and punishing inefficiency, and therefore driving economic growth. Porter argued national governments need to act as a “pusher and a challenger”¹⁷⁷ to stimulate the required level of innovation or change. Successful firms and industries with competitive advantages, which can be seen to enjoy appropriate rewards, provide an example for other to emulate. At the same time, the forces of competition punish firms that fail to innovate.

Porter also demonstrated how successful regional economies are built around industry clusters.¹⁷⁸ Industries are attracted to cluster in certain regions in order to benefit from economies of scale, to share information and to do with business with firms in complementary sectors. Furthermore, competition between firms within the industry cluster stimulates innovation and drives competitive advantages. Porter described how competitive advantages often become synonymous with nations.¹⁷⁹ For example, it is common to think of Swiss precision, Swedish reliability, Italian sophistication and Japanese efficiency. In these examples, the competitive advantages developed within industry clusters are now important elements of the regional identities associated with those places.

A number of common themes can be seen through all of these different theoretical approaches. It can be seen, for example, that regions need to adopt cultural traits such as innovation and entrepreneurship, freedom from conservative thinking, and acceptance of technological change in order to stimulate economic development. A region also needs to adopt leadership in certain key industries where it can develop competitive advantages. Once an industry sector has achieved the status of leader, complementary industries are encouraged, and the benefits of innovation are demonstrated for firms in other industries.

While taking a markedly different approach to the question of economic development, the ‘creative class’ approach of Richard Florida¹⁸⁰ is not inconsistent with these

¹⁷⁶ Porter, *The Competitive Advantages of Nations*.

¹⁷⁷ Ibid, p 681.

¹⁷⁸ Ibid, p 148.

¹⁷⁹ Ibid, p 277.

¹⁸⁰ Richard Florida, *The Rise of the Creative Class*.

arguments. Florida also recognised the significance of entrepreneurship, innovation and change to the economic system. Instead of focusing on structural forces to drive innovation, however, Florida sought a cultural solution, focusing on 'human capital'. Florida demonstrated clear correlations between the regions with high results on the 'creative indexes' and indicators of economic growth.¹⁸¹ It may therefore be assumed that these regions have become part of the economic core, or are at least moving in that direction. Equally, Florida showed how regions that suffer from economic disadvantages, and those showing signs of economic decline, tend to also score poorly on the 'creative indexes'.¹⁸² It would appear reasonable therefore to equate Florida's creative communities with core regions or metropolises in Wallerstein's world system model. This thesis argues, therefore that structural forces in the global economic system act to promote certain values in core regions, and different values in non-core regions. It follows that non-core regions which successfully adopt the values of 'creative' communities may be able to challenge structural power relationships and address economic dependency.

Core regions, by nature of the fact that they are the most successful and powerful regions in the capitalist system, are more likely to adopt this creative ethos. Conversely, structural pressure on peripheral and semi-peripheral regions acts to deter the development of this ethos, and therefore creative people tend to regard these regions as unattractive places to live. As a result, peripheral regions do not develop a business climate that supports innovation, and do not experience the same level of economic growth.

The regional identity of core regions can be characterised, therefore, by the six criteria developed from Florida's analysis. Hallmarks of successful core regions thus include

- Well-defined competitive advantages in key 'growth' industries, and have developed clusters around those advantages;
- High levels of innovation and business start-ups, leading to thick labour markets, employment opportunities, and the development a strong local business culture;

¹⁸¹ Ibid, pp 249-266.

- Openness to diversity and tolerance of difference;
- A lifestyle that provides '24/7' recreational opportunities, and has a strong local cultural scene, such as live music;
- An 'authentic' local culture, as opposed to generic cultural icons, which make the region in some way unique;
- An identity that confers status as a desirable place to live.

Furthermore, core regions must have a critical mass of people in order to create a vibrant local economy, support a '24/7' lifestyle and to create a broad labour market. Equally, core regions require access to physical and economic infrastructure and the institutional frameworks that support a modern, vibrant market economy.

Conversely, the hallmarks of non-core regions can be seen as the antithesis of those for core regions. Hallmarks of disadvantaged or non-core regions thus include

- Few identified competitive strengths, particularly in 'growth' industries, and an inability to develop competitive industry clusters around those strengths;
- Low levels of innovation and new business start-ups, leading to an under-developed local business culture and a 'branch-office' economy;
- Resistance to change and difference, leading to low levels of diversity;
- A regimented lifestyle that does not provide flexible recreational opportunities, and does not have a strong local cultural scene;
- No discernable local culture that is unique or available to the region; and
- Low status as a place to live compared with other regions.

These hallmarks can form a framework with which to analyse regional identities, and can also be used to underpin development strategies for non-core regions. By redefining their regional identities, non-core regions can turn around the 'brain drain' of creative class people who choose to locate elsewhere. This would encourage innovation and enable peripheral and semi-peripheral regions to develop new knowledge-based industries, lessening their dependence on traditional resource processing and basic manufacturing industries.

¹⁸² Ibid, pp 249-266.

In order to test this framework, the following chapters will examine the regional identities of Tasmania and Wales. As Richard White noted, the Tasmanian identity, for example, underwent a dramatic transformation in the early 19th century from the penal colony hell-hole of Van Diemen's Land to the serene, pastoral arcadia of Tasmania.¹⁸³ Since then, the Tasmanian identity has been contested, with two distinct themes emerging. Chapter 3 will discuss these themes, and will examine recent attempts to redefine the State's regional identity by finding an accommodation between the contesting images of Tasmania.

¹⁸³ Richard White, *Inventing Australia*.

Chapter 3 - Tasmania

The Callaghan Report into the structure of industry and the employment situation in Tasmania in 1977 summarised the Tasmanian identity in three pithy sentences:

Tasmania is beautiful. Tasmania is tranquil. Tasmania is economically vulnerable.¹⁸⁴

Sir Bede Callaghan not only identified Tasmania's vulnerability as an economic periphery, but also touched on the State's image as a place of peace and beautiful natural wilderness. These qualities have been integral to the Tasmanian regional identity since the penal imagery of Van Diemen's Land was abandoned in the mid 19th century, and continue to be its most enduring symbols. Tasmania, however, can also be seen as an example of how a region's identity is contestable. Two clear themes have emerged in this contest, and the quest to define the Tasmanian identity is continuing.

Dr Bruce Felmingham highlighted the link between Tasmania's regional identity and its economy in a weekly column for Hobart newspaper *The Mercury* in 1999. Dr Felmingham stated that "there is plenty of evidence around suggesting that cultural beliefs produce economic outcomes."¹⁸⁵ Considering this connection, Felmingham surmised that

the economic imperatives are such that the island's people must form a cohesive response if our economic malaise is to improve. We cannot have that until we understand the cultural beliefs underpinning a local identity.¹⁸⁶

This chapter discusses the structure of the Tasmanian economy, and considers how the State's economy and identity interact. As Chapter 2 noted, the Australian national identity developed in the absence of a strong historical tradition. Clearly, as a region of Australia, Tasmania also has developed an identity from 'the ground up' or - as

¹⁸⁴ Sir Bede Callaghan, *Report into the Structure of Industry and the Employment Situation in Tasmania* (Canberra: AGPS, 1977), p 3.

¹⁸⁵ Bruce Felmingham, *The Mercury*, 21 March 1999, p 16.

¹⁸⁶ Ibid.

Jupp stated of Australia – “out of less inspiring material than was true for most nation-states in the northern hemisphere.”¹⁸⁷

3.1 Tasmania - Its Community and Economy

Tasmania is the smallest state of Australia, with population of approximately 480,000, representing about 2.4 per cent of the total Australian population.¹⁸⁸ The capital city, Hobart, is the tenth-largest city in Australia. Significantly, Tasmania is an island, geographically isolated from mainland Australia, creating a physical sense of dislocation and isolation. This island status is also a defining aspect of the Tasmanian identity. To some this island status is seen as a double-edged sword indeed Callaghan stated that “the major disability facing the people of Tasmania (although many residents consider it an advantage) is that Tasmania is an island.”¹⁸⁹

Economically, Tasmania contributes less 2 per cent of the country’s gross product.¹⁹⁰ The State’s major industries are manufacturing; retail trade; construction; and agriculture, forestry and fishing¹⁹¹. There are subtle but none-the-less significant differences in the composition of the Tasmanian economy compared with the national economy. The following table indicates the contribution of industry sectors in Tasmania and in Australia as a whole.

¹⁸⁷ James Jupp, “Does Australia, Need a National Identity”, in Day (Ed) *Australian Identities*, p 226.

¹⁸⁸ Australian Bureau of Statistics, *Australian Demographic Statistics*, Cat. No. 3101.0, December 2003, published 4/6/04.

¹⁸⁹ Sir Bede Callaghan, *Report of Inquiry into the Structure of Industry and the Employment situation in Tasmania*, p 3.

¹⁹⁰ Australian Bureau of Statistics, *Australian National Accounts – State Accounts*, Cat. No. 5220.0, published 13/11/02.

¹⁹¹ Ibid.

Table 1 - Contribution of Industry Sectors to Tasmanian Economy – 2001-2002

Sector	Share of Tasmanian Factor Income (%)	Share of Australian Factor Income
Agriculture, Forestry and Fishing	6	4
Mining	2	5
Manufacturing	14	12
Electricity, Gas & Water	6	2
Construction	5	6
Wholesale Trade	4	5
Retail Trade	6	5
Accommodation, Cafes and Restaurants	3	2
Transport & Storage	5	5
Communication	3	3
Finance & Insurance	6	7
Property & Business Services	6	12
Government Administration & Defence	5	4
Education	5	5
Health & Community Services	9	6
Cultural & Recreational Services	2	2
Personal & Other Services	3	2
General Government	3	2
Ownership of Dwellings	9	9

Source: Australian Bureau of Statistics, *Australian National Accounts – State Accounts 2001-2002*, Cat. No. 5220.0, 13/11/02.

In December 2002, the Australian Bureau of Statistics stated that the long-term trend for the industry contributions to factor income had seen a “shift from goods producing industries to service providing industries.”¹⁹² Furthermore,

The main industries contributing to the relative decline in goods producing industries have been: agriculture, forestry and fishing; manufacturing; and electricity, gas and

¹⁹² Ibid.

water supply. Service industries, except for wholesale and retail trade, have increased in relative importance to most states.¹⁹³

The above table shows that Tasmania had higher than the national figure for the industry contribution of those industries which the Australian Bureau of Statistics noted were in relative decline. Conversely, 'growth' sectors such as property and business services were less significant in the Tasmanian economy than the national economy.

In 1997-98, major exports from Tasmania were zinc, woodchips, ships and boats, aluminium, seafood products, and base metal ores and concentrates. Other items such as copper, beef, and dairy products were important contributors to overall Tasmanian exporters. Tasmania also exports crops such as poppies, onions, peas, carrots and pyrethrum.¹⁹⁴ Tasmania exported \$294 million in woodchips in 1997-98, mostly to Japanese pulp and paper producers.¹⁹⁵ Efforts to increase the amount of downstream processing of the Tasmanian wood resource during the 1980s and 1990s were unsuccessful, with two proposed pulp and paper mills being abandoned, and the Burnie mill of Australian Paper being shut down. The establishment of the Starwood Australia medium-density fibreboard plant at Bell Bay, which opened in 1998, was an exception to this trend. Exports of high-speed catamarans have also been a major contributor to Tasmania's exports since the early 1990s, but by the end of 2002 hotel and casino operator Federal Hotels had replaced International Catamarans as Tasmania's largest private employer.¹⁹⁶

Tasmania has historically a higher level of unemployment, and a lower participation rate, than other Australian States. In February 2004, the unemployment rate in Tasmania was 6.8 per cent - the lowest level since 1980, but still above the national

¹⁹³ Australian Bureau of Statistics, *Australian National Accounts – State Accounts 2001-2002*, Catalogue no. 5220.0, published 13/11/2002.

¹⁹⁴ Australian Bureau of Statistics, *Tasmanian Yearbook 2000*, p 284

¹⁹⁵ Australian Bureau of Statistics, *Tasmanian Yearbook 2000*, p 284.

¹⁹⁶ International Catamarans has played an important role in the defining the Tasmanian identity – see 3.3 Progressive Tasmania.

unemployment rate of 5.8 per cent.¹⁹⁷ In May 2003, the total average weekly earnings for adults in Tasmania were \$627, while the national figure for Australia was \$725.40.¹⁹⁸ Tasmanians also tend to stay in their jobs for longer. In February 2002, a total of 28.1 per cent of employed Tasmanians had been in the same job for 10 years or more, compared with 24 per cent of employed persons across the nation.¹⁹⁹

3.2 Tasmanian Identity

Since the first European settlement in Tasmania in 1803, the Tasmanian identity has not only undergone significant change, it has also been subject to contested interpretations. As Richard White noted, initially the colony was depicted a “Prisoner’s Hell.”²⁰⁰ This identity changed however, as the colony moved from a penal settlement to a base for whaling and agriculture. Images of Tasmania from artists such as John Glover began to depict the colony as an antipodean arcadia, and as such more free settlers were drawn to Van Diemen’s Land in order to start a fresh new life. The name of the colony was then changed from Van Diemen’s Land to Tasmania as a further effort to distance the new regional identity from its earlier incarnation as penal colony.²⁰¹

Significantly, Stephen Alomes, citing Michael Roe, identified a tradition of radicalism in Tasmania, stretching from the anti-transportation groups of colonial times to the anti-dams movement of the 1970s and 1980s.²⁰² Alomes places this tradition in the context of a ‘romantic’ tradition within Tasmanian society, and romantic image of the island from without. Alomes also identified a ‘progressive’ tradition in Tasmania offered a counter-point to the ‘romantic’ image. These two traditions provide insight into the ideas that underpin the Tasmanian identity, and also explain its often

¹⁹⁷ Australian Bureau of Statistics, *Labour Force Australia*, Cat. No. 6202.0, February 2004, published 11/03/04.

¹⁹⁸ Australian Bureau of Statistics, *Average Weekly Earnings*, Cat. No. 6302.0, May 2003, published 14/08/03.

¹⁹⁹ Australian Bureau of Statistics, *Labour Mobility – Tasmania*, February 2002.

²⁰⁰ Richard White, *Inventing Australia*, p 18.

²⁰¹ Richard White, p 32.

²⁰² Stephen Alomes, “Lands of Ideas: Progress and Romanticism in Tasmanian (and Australian) History,” in David Walker and Michael Bennett (Eds), *Intellect and Emotion: Perspectives on*

contradictory nature.²⁰³ Alomes also noted the role of ‘outsiders’ in defining the Tasmanian identity. In this way, Alomes referred to both Said’s ‘Orientalism’ and the core-periphery model to show how the identity of regional areas such as Tasmania can be created from the ‘centre’ of the economic system, thus reflecting the operation of power:

When the would be cultured denizens of Sydney, Melbourne and Adelaide sought to distance themselves from backward colonial culture they in turn looked down on convict Van Diemen’s Land and later ‘genocidal’ Tasmania. A metropolitan-provincial variant in Edward Said’s ‘Orientalism,’ the superior attitude of the ‘urbane’ citizens of the mainland capitals towards ‘backwards’ Tasmania, was already evolving in the colonial era.²⁰⁴

3.3 Progressive Tasmania

According to Alomes, the ‘progressive’ tradition had its roots in the 18th century enlightenment period in Europe and the industrial revolution. The tradition could be defined as a (teleological) belief that society benefits from continual scientific discovery and the application of science to everyday life. ‘Progressive’ thinking rests on the notion of the primacy of man, or reason, over nature. Alomes stated that “although the tapestry of ideas is a rich one, the ruling ideology of Australian and Tasmanian life has been the belief in progress.”²⁰⁵

Iconic representations of this view of Tasmania, according to Alomes, include the State’s academic and business leaders. Alomes cited the Hare-Clark electoral system, and the Henry Jones IXL company, as examples of the State’s progressive heritage.²⁰⁶ Perhaps the most iconic example of progressive Tasmania, however, has been the Hydro Electric Commission (HEC). Roger Lupton, in his corporate biography of the

Australian History, Essays in Honour of Michael Rowe (Geelong, Vic: Centre for Australian Studies, Deakin University and University of Tasmania, 1998), p 207.

²⁰³ Ibid, pp 195-196.

²⁰⁴ Ibid, p 192.

²⁰⁵ Ibid, p 190.

²⁰⁶ Ibid, p 190.

HEC, noted that hydro-electric power was looked upon from the early 1900s as “an engine for the industrial development of the whole State.”²⁰⁷

From the beginning, the development of hydro-power was dependent on parallel industrial development. The first major hydro-electric scheme was the Duck Reach power station in Launceston, which enabled the city to prosper as an important manufacturing centre. The establishment of the EZ Risdon zinc smelter north of Hobart was crucial to the viability of the Waddamana power station, and from then on new hydro projects were invariably predicated on meeting increasing industrial demand for power. Equally, Tasmania’s industrial development was greatly dependent on the availability of relatively inexpensive energy supplies.

In 1931 then Labor front-bencher, and later Premier, Robert Cosgrove reportedly stated that “the power scheme was the brightest light in Tasmania today and would eventually help the state to become an industrial and manufacturing centre.”²⁰⁸ By 1932, the HEC

was retailing directly to factories, shops and offices, farms and homes in 30 of the State’s 40 municipalities ... At 731 kilowatts hours per head of population, its per capita consumption of electricity was still well above the mainland average.²⁰⁹

The State Government pursued the expansion of the HEC with almost religious fervour during Australia’s post-war rebuilding phase. Professor Geoffrey Blainey stated that

during the quarter century after the end of the Second World War, the Labor governments of Cosgrove and Reece made hydro-electricity the symbol of Tasmania.²¹⁰

The central position of the HEC in Tasmanian life became apparent in the State election campaign of 1946. As election day drew nearer, then Premier Robert

²⁰⁷ Roger Lupton, *Lifblood: Tasmania’s Hydro Power* (Edgecliff, NSW: Focus Publishing Pty Ltd, 1998), p 57.

²⁰⁸ The Mercury, cited in Roger Lupton, *Lifblood: Tasmania’s Hydro Power*, p 8.

²⁰⁹ Roger Lupton, *Lifblood: Tasmania’s Hydro Power*, p 107.

Cosgrove's optimism about the future of hydro-electric development grew. Based on commitments that the Government had secured from existing and new industries, the hydro-electric system's installed capacity would have to be expanded to at least 245,000 horsepower, Cosgrove stated that "I am sick of exporting Tasmanian boys and girls, and will put industries where they should be put."²¹¹

The expansion of the hydro system required unprecedented numbers of construction workers, and the post-war industrial boom had put labour in short supply. To solve the problem, migrant workers from Poland were brought to the State, setting in train long-term changes to the cultural face and ethnic composition of Tasmania. By 1952 Cosgrove's rhetoric had moved from prophesising about Tasmania's hydro-powered future, to proclaiming its hydro-powered present. Lupton stated that with more dams being opened, Cosgrove was able to:

boast about the way in which hydro-electric development had transformed Tasmania's industrial expansion in the 18 years since Labor took office. In 1934, Tasmania's population had numbered 231,000 and its products had been worth £5, million. Now the State had 302,000 and its products were worth £59 million.²¹²

Alomes noted that the pioneering spirit of hydro-industrialisation was expressed in the construction of the HEC's art-deco headquarters in Hobart:

From the 1940s to the 1970s there was no greater symbol of progress than the Hydro Electric Commission headquarters in Davey Street ... The HEC head office building ... symbolised this progress in a State which had become, in HEC advertising terms, 'Hydro-happy'. The building's illumination, consuming 15,000 watts of power per hour and with an output of 500,000 lumens, was seen as making Tasmania a world leader in this field.²¹³

²¹⁰ Professor Geoffrey Blainey, in Roger Lupton, *Lifeblood: Tasmania's Hydro Power*, p 8.

²¹¹ Roger Lupton, *Lifeblood: Tasmania's Hydro Power*, p 174.

²¹² *Ibid*, p 196.

²¹³ Stephen Alomes, "Lands of Ideas: Progress and Romanticism in Tasmanian (and Australian) History," p 203.

Cosgrove's clear enthusiasm for hydro electricity was surpassed, however, by his successor as Premier, Eric Reece, who became known simply as 'Electric Eric'. The HEC itself had earned the popular abbreviation of 'the Hydro', and together Electric Eric and the Hydro became a formidable combination in Tasmanian politics.

While Tasmania enjoyed relative prosperity under Reece's premiership, it was during this period that the activities of the HEC became a flashpoint in the tension between the 'romantic' and 'progressive' Tasmanian identities. The catalyst for this conflict was the announcement of plans to dam Lake Pedder in Tasmania's south west.

Lupton stated that

On 10 December 1962, Premier Reece and the Hydro announced plans for a power scheme which would spark a social and political upheaval more bitter than any the close-knit island community had endured since colonial settlement 160 years before.²¹⁴

Tasmania's economic decline during the 1980s coincided with the decline of the importance of the HEC. Tasmania's energy costs were no longer cheaper than other States', and the State Government was running out of rivers to dam. During this period, however, several other symbols of industrial progress emerged. The most significant icon of Tasmania's manufacturing base in the 1990s was International Catamarans, run by local ferry builder Robert Clifford. From inauspicious beginnings during the 1970s, when Clifford transported Hobartians across the Derwent River after the Tasman Bridge collapsed, International Catamarans grew to become, at one point, the biggest private employer on the State. The company's enormous aluminium ferries, sold in the world market, make a striking visual impact on the Derwent River during sea-trials. Robert Clifford himself rose from being a local ferry builder and driver to be one of the most powerful business figure in the State, and something of a controversial industrial hero. Clifford's disregard for regulation and aggressive approach to human resource management were well-known, yet he was given a position on the Board of the State's primary economic development agency, and even granted an honorary doctorate from the University of Tasmania. In short, Clifford has become regarded as a local champion for 'progress'. The ship-building

industry has also become an integral component of the State economy, and a significant contributor to total exports, although in recent times International Catamarans has run into financial trouble from declining international sales. A number of smaller firms have become major suppliers to International Catamarans, creating a successful maritime industry cluster.

3.4 Romantic Tasmania

While the contemporary political protest movement in Tasmania can be traced directly to the Lake Pedder controversy, historians such as Michael Roe²¹⁵ have argued that Tasmania has had a strong tradition of political activism since British colonisation. Furthermore, many of the themes espoused in Tasmanian protest politics are consistent with the tradition of 'romanticism'. As Alomes stated,

The other side of the coin of 'progress' and the Industrial revolution, and the urbanisation and materialism of 19th century society in Britain and by derivation in Tasmania and Australia, was romanticism.²¹⁶

According to Alomes, romanticism's stress on

emotions over the rational mind, on nature over civilisation and the folk roots of a society in its region over the world of urban rush (Arnold's 'buried life') reflect a reaction against the endless change which also characterises the modern world.²¹⁷

An important part of Alomes' definition, in this context of this discussion, is romanticism's "reaction *against* change". The focus on nature, and rejection of urban materialism, is also reflective of the Rousseau-inspired revision of industrialisation. The romantic view of Tasmania has been clearly evident in the state's artistic output. Alomes cited the work of painters such as John Glover and WC Piguenit as capturing

²¹⁴ Ibid, p 214.

²¹⁵ Ibid, p 207.

²¹⁶ Ibid, p 194.

²¹⁷ Ibid, p 194.

the romantic sentiment.²¹⁸ The arts have also provided romantic icons such as the Tasmanian Symphony Orchestra (TSO), which has epitomised the notion of Tasmania as a place of cultural excellence. Established in 1948, the TSO is promoted as “one of the world’s great small orchestra’s.”²¹⁹ The place of the TSO in the Tasmanian community was recognised by the State Government in 1999 when it was named as a “State icon”, and provided with an annual funding grant of \$500,000. According to the TSO website, the orchestra is regarded as “the pre-eminent cultural identity for the State.” Furthermore,

The central position of the TSO in the Tasmanian community was highlighted in 1995 when, as the ABC was looking at options for cost cutting, over 35,000 signatures were collected on petitions to save the TSO.²²⁰

Tasmania has also developed a major bi-ennial arts festival – Ten Days on the Island – which was first held in 2001. Australia’s oldest working theatre, the Theatre Royal, is located in Hobart. Tasmania, however, only has a limited number of venues that support live contemporary musicians. Few Tasmanian musicians have achieved commercial success, with singer Monique Brumby and former Launceston-based band Oscar Lima having moderate success within Australia, while 1970s pop outfit The Innocents / Beethoven also achieved some (minor) international recognition.

Over recent years the public face of the ‘romantic’ Tasmanian identity has been the rise of the green political movement. Tasmania’s green party has achieved a strong national profile, and has had a considerable impact on the way Tasmania is viewed by Tasmanians and by the rest of the world. The 1977 Callaghan Report noted the strength of the ‘conservation lobby’ in Tasmania as one of the State’s distinguishing features. In his summary of the forestry industry, Callaghan stated that

The (possible) conflict between conservation and the development of forest and mineral resources is one to which attention must be directed. Tasmania has for some time been the subject of very strong conservation lobbying and the Australian Mines and Metals

²¹⁸ Ibid, p 195.

²¹⁹ The Tasmanian Symphony Orchestra, www.tso.com.au, accessed 3/3/04.

Association (for example) claim that there is no element of compromise within 'the environment lobby'.²²¹

Alomes also identified examples of the tensions between the progressive and romantic 'dialectic' in Tasmania. These conflicts included

a continuing one, between the Hydro Electric Commission (or HEC) as a symbol of progress and the rise of the conservation movement with its roots in romanticism, in a contemporary rationality in a finite world and, sometimes, in apocalyptic messianism.²²²

The Tasmanian green political movement has successfully focused on key issues to consolidate and mobilise public support. In the early 1990s the Tasmanian green movement shifted its focus from protesting against hydro-electricity projects to the forestry industry, and this has remained an icon issue for the green movement. During the 2002 State Government election campaign, for example, a key policy issue for the Tasmanian Greens was logging in 'old growth' forest. During the summer of 2003-2004 forestry was again being touted by the green movement as a significant election issue – this time for the upcoming 2004 Federal election.

3.5 *Tasmania Together*

A State Government project initiated in 1999 – *Tasmania Together* - stimulated a considerable amount of community discussion and debate about the Tasmanian identity. The *Tasmania Together* program sought to define a comprehensive vision for the State, encompassing issues of economy, governance, social and physical health and environment, within a set of objectives for the State to achieve by the year 2020.

²²⁰ The Tasmanian Symphony Orchestra, www.tso.com.au/aboutthetso/history.html, accessed 3/3/04.

²²¹ Callaghan, *Report Into the Structure of Industry and the Employment Situation in Tasmania*, p 42.

²²² Stephen Alomes, "Lands of Ideas: Progress and Romanticism in Tasmanian (and Australian) History," p 200.

Although not an explicit goal of the program, *Tasmania Together* effectively attempted to redefine Tasmania's regional identity.

Initially carriage of the *Tasmania Together* project was given to a 'Community Leaders Group', chosen

on the basis of an even gender and regional representation, with a tilt towards younger people who had not necessarily been the 'public faces' of their organisations or sectors.²²³

The role of the Community Leaders Group was to prepare a document outlining a vision for the State in the year 2020 encapsulating a set of objectives representing the common aspirations of Tasmanians. The process of defining these aspirations involved a series of public forums, meeting with community groups, and an invitation for written submissions. Alongside the database of submissions, a public on-line forum was held during 2000 seeking input into a draft vision and goals statement published by the Community Leaders Group. The responses posted on the on-line forum contained a variety of opinions relating to the type of place people wanted Tasmania to become in the future, along with observations about Tasmania as it is today.

The *Tasmania Together* process thus prompted Tasmanians to think about how they perceived themselves as a community. The submissions gathered by through the *Tasmania Together* were collated in a Summary of Data document, and submissions were also made publicly through the on-line forum. These submissions and the conclusions reached by the Community Leaders Group can also be used to shed light on a number of aspects of the Tasmanian identity.

3.6 Competitive Advantages

The Australian Government's Taskforce on Regional Development in 1994 listed five 'major strengths' of the Tasmanian economy – 'agrifood', forestry, manufacturing,

mining and tourism.²²⁴ The first four of these strengths relate to capitalising on the State's natural resources, while the fifth, tourism, also depends largely on the State's natural environment. The Taskforce stated that "geography, colonial heritage, and wilderness areas underpin a growing tourism industry that already contributes around eight per cent of the region's economy."²²⁵

The Nixon Report listed what it found to be Tasmania's competitive strengths under four headings – environment, resources, manufacturing and services. In relation to 'environment', Nixon stated that:

Much of the natural heritage of Tasmania has been preserved for future generations. A large proportion is pristine wilderness of recognised world significance.²²⁶

Beyond the wilderness areas, however, Nixon noted the importance of the State's environment to industry sectors such as agriculture and aquaculture as well as its significance for lifestyle amenity:

Aside from these areas of pristine wilderness and naturally protected heritage, Tasmania generally possesses a clean land and marine environment, which has sustained and been shaped by Tasmanians over the years. This includes rich farmland and clean waterways in close proximity to urban centres, providing a style of living which will be increasingly sought-after as the pace of our lives increases and technological advances reduce the physical barriers which have isolated Tasmania in the past.²²⁷

Nixon stated that Tasmania had "abundant natural resources," including

²²³ Community Leaders Group *Tasmania Together*, September 2001, p 4.

²²⁴ Taskforce on Regional Development, *Developing Australia – A Regional Perspective*, Vol 2, 1994, p 125.

²²⁵ *Ibid* p 125.

²²⁶ Peter Nixon, *The Nixon Report: Tasmania Into the 21st Century* (Hobart, Tas: Commonwealth State Inquiry Into the Tasmanian Economy, 1997), p 12.

²²⁷ *Ibid*, p 13.

Natural renewable resources such as the State's forests, fisheries, waterways and agricultural land, as well as finite resources such as metallic and non-metallic minerals.²²⁸

While Tasmania's isolation and island status led to extra costs and challenges for industry looking to process these resources, Nixon recognised that island status could also be an advantage.

Tasmania's disease-free status is one such benefit of island environment, especially for agricultural production and food processing industries.²²⁹

Nixon also argued that access to natural resources and a clean environment both play a role in the State's competitive advantage as a manufacturer, along with Tasmania's historically low power prices, although this last element of competitive advantage had been largely eroded. Furthermore, Nixon believed that the presence of entrepreneurs in Tasmania was also a strength of the State's manufacturing sector:

Tasmania is fortunate to have a number of skilled entrepreneurial business people who have a real commitment to the State. I have met with many of these people during the course of my Inquiry, and I believe that they will play a very important part in Tasmania's economic future.

Finally, Nixon believed that the first three competitive advantages combined to provide opportunities for the services sector, especially in industries such as information technology, research, education, tourism and communications. Furthermore, he argued that Tasmania's small size made it easier to form industry clusters around these advantages. Nixon stated that

The State's other competitive advantages can reinforce and interact to allow real competitive advantage to be developed in these export service industries... These export service industries, in responding to market pressures and building upon

²²⁸ Ibid, p 13.

²²⁹ Ibid, p 13.

competitive advantage, often will form alliances or clusters within the economy. In a small State like Tasmania, these alliances form more readily to great advantage.²³⁰

Another State Government initiative, the Brand Tasmania Council, has sought to provide support for Tasmanian exporters by developing stronger 'brand recognition' of Tasmanian products. The Council stated that its principal objectives are

to heighten the profile, quality and value of Tasmanian products and services in the marketplace and to encourage a broad-based ownership of the Tasmanian brands by Tasmanian enterprises and the community.²³¹

The Brand Tasmania Council has sought to identify Tasmania's competitive advantages and raise awareness of them through a range of marketing programs. Those competitive advantages were summarised on the Brand Tasmania web site in the following way:

Tasmania is an island of difference. A resourcefulness abounds in its people and is encapsulated by their creativity and design whether it be artistic endeavours, scientific research or aquacultural prowess.

Tasmania's competitive edge is its ability to produce some of the world's most superb wines, finest foods and exotic fare from one of the cleanest natural environments in the world. Quality is premium.

It is the innovation and resourcefulness of Tasmanians that makes Tasmania a place beyond imagination.²³²

Creativity and innovation thus are considered central to the Brand Tasmania image of the State, while key industry sectors related to the Tasmanian 'brand' include food and beverage production – especially wine and aquaculture.

²³⁰ Ibid, p 15.

²³¹ Brand Tasmania Council, www.brandtasmania.com, accessed 1/08/03.

²³² Ibid.

Contributors to the *Tasmania Together* on-line forum tended to focus on agriculture (particularly ‘organic’ agriculture), information technology and tourism as industries in which Tasmania was considered to have advantages, although there were a number of conflicting opinions raised. The uptake of new technology as means of achieving greater employment was a theme echoed by many submissions, but the notion of capitalising on Tasmania’s ‘clean, green image’ was more widely accepted. The *Summary of Data* document listed a range of industries “that we should develop” including

ship-building, agriculture, aquaculture, tourism, software and information technology, fine furniture, services, environmental technologies, multimedia, biotechnology, but not GMOs.²³³

A romantic image of Tasmania as a producer of ‘organic’ crops came through strongly in many submissions. While organic producers in Tasmania have struggled against limited demand and high marginal costs, the public perception of organic agriculture as expressed by submissions to *Tasmania Together* was quite different. For example *The Summary of Data* document noted the following comment about an overall vision for Tasmania:

My picture of Tasmania is of a sophisticated, cultured, and safe place to live with a highly educated society, clean vegetation and organic farming.²³⁴

A similar comment on this issue on the *Tasmania Together* on-line forum, from Nick Flittner, stated

There is a huge international demand for clean food - not genetically modified, organic as [sic] possible. We have the climate, the soils, the water, the human resources. But at the moment we ignore all these and go for destructive and dirty low value forestry / woodchipping / plantation industries. These have been shedding jobs for 50 years and

²³³ Community Leaders Group, *Community Consultations - Summaries of Data*, October 2001, p 49.

²³⁴ *Ibid*, p 8.

will continue to do so. Destruction of native forests and plantation forestry is also destroying potential industries such as tourism.²³⁵

The pro-organic farming and anti-plantation forestry argument was also raised by M Allen:

An opportune way to create jobs and wealth in Tasmania is to provide support to organic farmers. We are facing a critical time, with the widespread use of pesticides and herbicides in chemical agriculture and particularly with the spread of monoculture tree plantations. It is at this junction that Tasmanians could make the choice to support food production without the use of synthetic chemicals, which could improve the health of the people, and the soil, water and air that we all depend upon.

Organic farming is more labour-intensive than chemical agriculture, thereby creating meaning jobs for people. The promise of readily available organic produce is one that would bring many health-seeking people into Tasmania, there is currently an enormous demand in this area.²³⁶

M Allen's reference to 'meaning jobs', and its implication that other jobs, such as those in conventional agriculture were therefore not 'meaningful', was echoed in a number of comments regarding employment in Tasmania. The *Summaries of Data* document noted that

All Tasmanians will have access to employment and training appropriate to make them job ready. Not just any job. All Tasmanians have a means of meaningful income generation.²³⁷

Some submissions were specific about what constituted non-meaningful employment, and usually they targeted call centre employment, with the phrase "dark satanic mills"

²³⁵ Nick Flittner, www.tasttogether.asn.au/feedback, submitted 2/4/00, accessed 24/9/00.

²³⁶ M Allen, www.tasttogether.asn.au/feedback, submitted 20/4/00, accessed 24/9/00.

²³⁷ Community Leaders Group, *Community Consultations - Summaries of Data*, p 8.

used by several correspondents in reference to this type of employment. For example, an on-line submission from Shaun Caris stated

There are plenty of countries where English is spoken. Anyone can buy the equipment and set up call centres if they want to. The physical assets are relatively inexpensive. It is labour to answer the calls which is the major cost. If some other State or country has lower taxes, wages or some other cost advantage then we know what is going to happen. Call centres are quick to get up and running in Tasmania and they are equally quick to relocate elsewhere.²³⁸

The same correspondent was also dismissive of the potential for information technology to bring growth to the Tasmanian economy, for similar reasons:

IT related industries do overcome the distance problem. There is no reason why they couldn't locate in Tasmania. Likewise there is no fundamental reason why they need to remain here or even come here in the first place.²³⁹

Shaun Caris received enthusiastic support from an anonymous correspondent to the on-line forum a few days later:

Shaun Caris is so right! ... It is refreshing to read someone questioning the huge furphy that IT is our future. When every country and state thinks the same thing, guess what happens? Exactly what has always happened: Tasmanian is the first to fall in the competition stakes [sic]. And as for call centres! In today's paper we learn that people are already being sacked because of loss of a contract. Just wait until India etc takes all the contracts because they will accept even lower wages than the miserable pittance offered here ... Do you really want your children to grow up to work in a chicken coop, for miserable money, and wired up to a computer? Dark satanic mills yet again.²⁴⁰

²³⁸ Shaun Caris, www.tasttogether.asn.au/feedback, submitted 26/3/00, accessed 24/9/00.

²³⁹ Ibid.

²⁴⁰ Name not provided, www.tasttogether.asn.au/feedback, submitted 29/3/00, accessed 24/9/00.

Not all submissions were quite so negative about the Information Technology and telecommunications sector. For example, Brian Beswick made the following suggestions:

- 1) Continue and strengthen the information technology/economy state development initiatives
- 2) Provide monies for both information services and new economy industries (and not just call centres)
- 3) Provide tax haven for on-line financial services ...
- 4) Improve information highway infrastructure to provide low entry costs to further help local business and attract others.²⁴¹

Similarly, Colin Kitto stated that

the advent of the Internet means that there are no longer any real restrictions OR LIMITATIONS to communication or e-commerce! Which means that Tasmania need not necessarily be an island!²⁴²

A common theme among submissions was the romantic ideal of 'high culture' over the perceived crassness of mass-consumption, and a rejection of resource-based industries on the basis of their 'unsustainability.' This theme was borne out in comments such as:

Tasmania celebrating and promoting to the world a culture that still values craftsmanship, creativity, excellence, individual artistry and above all integrity.²⁴³

Thriving on what naturally is on offer without exhausting resources beyond their limit is the key.²⁴⁴

and

²⁴¹ Brian Beswick, www.tasttogether.asn.au/feedback, submitted 26/5/00, accessed 24/9/00

²⁴² Colin Kitto, www.tasttogether.asn.au/feedback, submitted 21/3/00, accessed 24/9/00.

²⁴³ Community Leaders Group, *Community Consultations - Summaries of Data*, p 8.

Wholesome values attributed to ecologically based industry can not only deliver lifestyle and profit but peace of mind and, most importantly the assured preservation of bio-diversity and life.²⁴⁵

The 'progressive' voice however was always present in contributions on the subject of jobs and industry. For example, one un-named submission called for the State to:

Focus on new technologies:

- 1) Information Technology
- 2) Biotechnology
- 3) Nano technology
- 4) New Materials Technology

These areas must be a part of our future industry policy. The destruction of manufacturing industries and the loss of jobs in service based industries means we must create new industry.²⁴⁶

The final set of *Tasmania Together* goals was not specific about building growth in any particular industry sectors. Instead, the *Tasmania Together* goals relating to the economy were left broad and open to interpretation. Goal 16, for example, aimed to "increase job and meaningful work opportunities in Tasmania,"²⁴⁷ while Goal 17 aimed to "maximise the opportunities available through information and other technologies."²⁴⁸

²⁴⁴ Ibid, p 8.

²⁴⁵ Ibid, p 8.

²⁴⁶ Name not provided, www.tasttogether.asn.au/feedback, submitted 11/4/00, accessed 24/9/00.

²⁴⁷ Community Leaders Group, *Tasmania Together*, p 70.

²⁴⁸ Ibid, p 73.

3.7 Innovation / Thick Labour Markets

The size of Tasmania's labour market is constrained by its population of around 480,000.²⁴⁹ Nevertheless, the need for encouraging innovation has been recognised by a number of State and Federal Government initiatives – such as the *Intelligent Island* program, and the State Government's *Innovations Centre* program. The \$40 million *Intelligent Island* program was a joint State/Federal government initiative that aimed to:

promote employment growth and wealth creation throughout the Tasmanian economy by accelerating the growth of the State's information and communications technology (ICT) industries. By 2010 Tasmania's ICT industries will have a significant role in the State's economy.²⁵⁰

Furthermore, the *Intelligent Island* vision of the information and communications technology sector was for the sector, by 2010, to:

- Have significantly grown in terms of employment and financial turnover
- Be externally focussed and achieve most of its profit from sources outside Tasmania
- Underpin innovation and growth in other sectors, both in Tasmania and elsewhere, by working in close partnerships with other organisations in other sectors
- Produce a wide range of products and services including a number of world-class products exported internationally
- Include a dynamic and large number of small, dynamic and rapidly growing firms able to work alone and in consortia, a fair proportion of robust and innovative medium [sized] firms and a number of national or international firms that have established significant bases in the state.²⁵¹

Similarly, the State Government's *Innovation Centre* program was established in 1999 to help "Tasmania's innovators and entrepreneurs, especially those in small to

²⁴⁹ Australian Bureau of Statistics, *Australian Demographic Statistics*, Cat. No. 3101.0, December 2003, published 4/6/04.

²⁵⁰ *Intelligent Island*, <http://www.intelligentadvantage.net.au/seven.asp>, accessed 1/08/2003.

²⁵¹ *Intelligent Island – Objective, Vision and Achievements*, www.development.tas.gov.au, accessed 2/3/2004.

medium-sized companies and start-ups, to commercialise their intellectual property.”²⁵² The *Innovation Centre* website states that the program

targets businesses and individuals seeking to commercialise innovative products, processes and services that have the potential to generate employment, investment and exports.²⁵³

A range of business assistance grants are available through the program, and industry ‘networking’ seminars are also held to promote social interaction between entrepreneurs and, marketers and investors. The *Innovation Centre* has also provided support for an Entrepreneurship Major at the University of Tasmania and an entrepreneurship program at Tasmanian secondary colleges.²⁵⁴

Peter Nixon found that there was a perception in Tasmania that bureaucratic process stifled change, and he argued that the State’s system of Government contributed to this perception. Nixon stated that

Tasmania’s poor performance can be traced to the inability of past Governments to act decisively when addressing the problems facing the State. Many people who have made submissions to me have stated that the Parliament and the Government are very risk-averse. This surfaces within Tasmania as an overwhelming inertia against change.²⁵⁵

Feedback to the *Tasmania Together* process indicated overwhelming support for the statement that “We will have a world class reputation for innovation, imagination and intelligence.”²⁵⁶ For example, one comment stated “the vision is excellent. It is more important than many of the other vision statements.”²⁵⁷ Beyond the affirmations of the innovation and technology, however were different interpretations of what ‘imaginative’ actually meant, and how the vision could be achieved. Many comments expressed a positive view of change, for example “A place of innovation, excellence

²⁵² *The Innovations Centre*, www.development.tas.gov.au/innovate.html, accessed 2/3/2004.

²⁵³ Ibid.

²⁵⁴ Ibid.

²⁵⁵ Peter Nixon, *The Nixon Report*, p 49.

²⁵⁶ Community Leaders Group, *Community Consultations - Summaries of Data*, p 11.

²⁵⁷ Ibid, p 11.

and vibrance,”²⁵⁸ and “Tasmania needs more science based industry.”²⁵⁹ Many submissions supported greater emphasis on science and technology in general, but were suspicious of the adoption of genetic modification technology. For example, comments along these lines included “Tasmania can endeavour to become a world-class centre for biotechnology as long as that does not include genetically engineered crops.”²⁶⁰

Significantly, a strong theme that emerged through these submissions was the need for cultural change, particularly in relation to the adoption of science and technology throughout the community, and especially in business. In this regard, a number of comments were received that suggested “we must establish a culture of innovation where to fail is OK.”²⁶¹

Similar comments included:

We must recognise that you can’t necessarily plan for innovation but that the culture provided by business and government must be able to recognise innovation and allow it to flourish,²⁶²

and

Tasmania should create an innovation culture that involves doing new things first and best. We must nurture whatever talent we have and try to develop ideas through to commercialisation in the State.²⁶³

While these comments demonstrated a positive attitude to change and innovation, they all argued that Tasmania *needed to develop* an innovative culture, thus implying that the State does not have such a culture. There was also a broad consensus in submissions that an improved education system was crucial to Tasmania’s future.

²⁵⁸ Ibid, p 12.

²⁵⁹ Ibid, p 48.

²⁶⁰ Ibid, p 48.

²⁶¹ Ibid, p 50.

²⁶² Ibid, p 50.

²⁶³ Ibid, p 50.

This conviction was consistent to submissions coming from both the romantic and progressive perspectives. Some differences, however, were evident in assertions about the nature of the ‘problem’ with the Tasmanian education system. While some submissions identified a link between the education system and innovation and entrepreneurship, others argued that education should be broader than focussing on ‘business’ imperatives. For example, one anonymous submission stated:

To truly influence the long-term economic future of this State, a priority must be given to a full review of education in Tasmania. The interdependence between the best possible outcomes from the public education sector and future employment opportunities is fundamental.

Life skills in addition to a progressive curriculum supported by a healthy profession [sic] must be a priority objective. In addition, the University of Tasmania needs full support as a leader (wherever the niche lies) in a field. It needs to be seen as an institution of excellence ...

If our education system is a reflection of ‘best practice’, these standards will translate in the development of new industry, lift standards in existing sectors etc.²⁶⁴

Submissions such as the above touched on the economic function of the University of Tasmania, not just in providing people with skills and knowledge, but also in earning income through education services. For example, Community Leaders Group member Gerard Castles made the following submission relating to the economic impact of the State’s education sector:

I would like to see us grow service sector industries (education and health) as major drivers of our economy ... but they will need to get a Bunsen burner under them to get there.²⁶⁵

²⁶⁴ Name not provided, www.tasttogether.asn.au/feedback, submitted 1/2/00, accessed 24/9/00.

²⁶⁵ Gerald Castles, www.tasttogether.asn.au/feedback, submitted 8/2/00, accessed 24/9/00.

A number of submissions suggested that the Tasmanian education system did not place enough emphasis on business skills or entrepreneurship. For example:

I want to see a Tasmanian education system that has more emphasis on the links between individual actions and the State economy. I would like to see more emphasis placed on educating our youth in economics, business skills, finance, entrepreneurialism, satisfying the customer, etc. etc. This is of primary importance.²⁶⁶

A similar comment expressed a concern for a 'cycle of underachievement':

We must break the cycle of underachievement which is passed on from parent to child. This can only be done by leadership. We must focus our education on achieving the economic outcomes which are important to the State. Economics, finance, what is a company, how to make money, entrepreneurship, where is the State headed, how the individual fits in to this vision, these are important issues which are currently neglected in education. Perhaps the most important thing that is needed is some sort of rebuttal of the 'we can't do it' mentality which seems to permeate the State (the cycle of underachievement). Surely education is an important factor we can use to eliminate this most debilitating of social ills.²⁶⁷

Another submission linked the education system with a perception of apathy and mediocrity. The tone of this unnamed submission clearly communicated a negative view of Tasmania's present economic and social situation:

Teaching reading without phonics, creativity at the cost of content ... have all created the inevitable result: vast numbers of people who are incapable of excellence or of sustained thought. These people are not going to lift Tasmania out of the mire of mediocrity, in which the State has not always been sunk.

Why do our young people leave? Because they no longer want to be associated with the majority who are incurious, uncritical and apathetic.²⁶⁸

²⁶⁶ Name not provided, www.tasttogether.asn.au/feedback, submitted 28/4/00, accessed 24/9/00.

²⁶⁷ Name not provided, www.tasttogether.asn.au/feedback, submitted 13/4/00, accessed 24/9/00.

²⁶⁸ Name not provided, www.tasttogether.asn.au/feedback, submitted 13/3/00, accessed 24/9/00.

Innovation was, however, a central theme in the final *Tasmania Together* goals. Goal 11, for example aimed to “have Tasmania recognised nationally and internationally for its innovation, pursuit of excellence and creativity arts and culture.”²⁶⁹ Similarly, Goal 19 aimed to “have an internationally focused business culture that creates business investment and growth and encourages enterprise, innovation and excellence,”²⁷⁰ while Goal 18 again highlighted the nexus between education and innovation, aiming to “ensure education and training provides our workforce with the skills to support our business and industry.”²⁷¹

3.8 Lifestyle

Tasmanian economic development promotional literature frequently promotes the State’s ‘relaxed, friendly lifestyle’. The Department of Economic Development website, for example, states that:

Tasmania offers an enviable lifestyle. It is the smallest Australian state, but it has all of the services and facilities needed to make it a safe and relaxing home.

Tasmanians enjoy the benefits of a city lifestyle, combined with easy access to beaches, rivers and lakes and national parks.²⁷²

Peter Nixon also identified the State’s lifestyle as one of the State’s main advantages as a place to live:

Nothing is ever very far away. In the morning I can be shopping in the city, while by early afternoon I can be casting a few flies in virtual wilderness surroundings. Heaven on earth.²⁷³

²⁶⁹ Community Leaders Group, *Tasmania Together*, 2001, p 15.

²⁷⁰ Ibid, p 23.

²⁷¹ Ibid, p 22.

²⁷² Department of Economic Development, *Tasmanian Lifestyle*, www.development.tas.gov.au/lifestyle/living.html, accessed 2/3/04.

²⁷³ Peter Nixon, *The Nixon Report*, p 7.

While these aspects of Tasmanian lifestyle are often seen as selling points, they have also been seen by some as disadvantages. For example, Callaghan argued that young people in particular tended to move away from the state for reasons “other than employment.”²⁷⁴ Callaghan stated that:

Young people, especially, leave in search of higher education and /or more urbanised life styles. The relaxed pace of Tasmania ... does not suit all, and it is unrealistic to assume that it would.²⁷⁵

Nixon also noted the absence of popular music culture in Tasmania, despite the presence of a “strong arts community.”²⁷⁶ Nixon argued that Tasmania had a flourishing arts scene that attracted to people to live in the State. For example, Nixon stated that

The skills and talents of Tasmania [sic] are well recognised and I am aware that people with a creative background are attracted to Tasmania. This includes performers, artists, writers and crafts persons.²⁷⁷

Nevertheless, Nixon also found a level of discontentment in regards to ‘popular culture’ as opposed to ‘high culture’:

While there are a number of funding sources which support traditional arts and culture, a number of the young people who have spoken to me raised the issue that cultural activities for young people are limited. These young people have expressed their concern that bands touring Australia frequently leave Tasmania off their agenda.²⁷⁸

Submissions to *Tasmania Together* generally were supportive of the notion that Tasmania’s lifestyle was a strength, however, there was also a theme expressed that

²⁷⁴ Sir Bede Callaghan, *Inquiry into the Structure of Industry and the Employment Situation in Tasmania*, p 29.

²⁷⁵ Ibid, p 29.

²⁷⁶ Peter Nixon, *The Nixon Report*, p 201.

²⁷⁷ Ibid, p 201.

²⁷⁸ Ibid, p 201.

the State was 'backward'. For example, Alex Tewes was positive about the potential of new technology, but felt that the Tasmania needed to adapt to the changing world around it:

To participate in the global economy and attract people that live in that economy (for example those who have been tagged the 'e-generation') Tasmania needs to act as if it is part of that economy. This means committing to a 24/7 economy and understanding that, for example, restrictive shop trading hours are a symbol of 19th century thinking and a symbolic barrier to participation in the global economy.²⁷⁹

The role of the arts in Tasmanian culture was also a popular theme for discussion. Feedback on the statement that Tasmania would have a "an international reputation for excellence in arts and culture" was overwhelmingly positive, with many submissions referring to the Tasmanian Symphony Orchestra as an example of Tasmania's cultural life.²⁸⁰ Essentially, the major points of conflict in relation to this topic were over the level of Government subsidies and assistance that should be directed to artists, and the potential value of the arts to the State economy. For example, one statement on the on-line forum drew this comparison between Tasmania and Ireland:

There are many similarities between Tasmania and Ireland as regards being the despised anchor or 'rust bucket' lying off the coast. Everyone knows that Ireland has completely reversed its position within the UK (sic) and the world and has done so through the arts and uniqueness of its culture and people. This is what makes money and employment opportunities, not digging holes, cutting down trees and turning valuable people into battery hens in the modern day dark satanic mills of call centres.²⁸¹

These sentiments were echoed in another submission focusing on the value of the arts to the State economy:

²⁷⁹ Alex Tewes, www.tasttogether.asn.au/feedback, submitted 8/2/00, accessed 24/9/00.

²⁸⁰ For example - Caroline, www.tasttogether.asn.au/feedback, submitted 9/4/00, accessed 24/9/00.

²⁸¹ Peta, www.tasttogether.asn.au/feedback, submitted 14/3/00, accessed 24/9/00.

Tasmanians are passionate about the arts and we certainly have the basis for the creation of a living, thriving cultural epicentre ... The Government would be wise to commence a community arts sponsorship initiative which would see businesses rewarded for financial support of arts organisations.²⁸²

A dissenting view argued that the discussion on arts funding was

a low priority. How can a commitment to arts and sports compare to, for example, a commitment to ensuring that all Tasmanians are healthy - in the broadest sense. Arts and sports have functions within health and education but I do not believe they should be of equivalent priority.²⁸³

The lifestyle-related goals in *Tasmania Together* tended to relating to focus on issues of public health, encouraging and encouraging higher levels of participation in civic activities – especially in rural areas and in younger people. For example, Goal 5 aimed to “develop an approach to health and wellbeing that focused on preventing poor health and encouraging healthy lifestyles.”²⁸⁴ Goal 7 aimed to “foster and value vibrant and diverse rural, regional and remote communities that are connect to each other and the rest of the world,”²⁸⁵ while Goal 8 aimed to “provide a valued role in community life for Tasmania’s young people now and in the future.”²⁸⁶

3.9 Diversity

The issue of ethnic diversity in Tasmania was also picked up by the Callaghan Report in 1977. Callaghan stated that a distinctive feature of Tasmania’s population structure was relatively high degree of ethnic homogeneity when compared to other states. Callaghan observed that

²⁸² Caroline, www.tasttogether.asn.au/feedback, submitted 9/4/00, accessed 24/9/00.

²⁸³ Name not provided, www.tasttogether.asn.au/feedback, submitted 23/4/00, accessed 24/9/00.

²⁸⁴ Community Leaders Group, *Tasmania Together*, p 11.

²⁸⁵ Ibid, p 12.

²⁸⁶ Community Leaders Group, *Tasmania Together*, p 13.

The limited ethnic diversity that does exist is largely attributable to the post World War II international recruitment of labour by the Hydro Electric Commission at the time of construction work on the Upper Derwent schemes.²⁸⁷

Callaghan, therefore, found that Tasmania had a relatively small population of people with Mediterranean European and Asian backgrounds, but stronger ties with migrants from the United Kingdom, Poland and the Netherlands. Callaghan argued that this lack of ethnic diversity had a potentially negative effect on economic growth:

Thus it seems that labour force growth in Tasmania received little impetus from overseas immigration. It is also likely that the lack of ethnic diversity within the population has inhibited some of the social and economic changes that have occurred on the mainland.²⁸⁸

This observation was reinforced by Nixon, who noted that Tasmania receives only 0.4 per cent of Australia's total overseas migrant intake. Furthermore, Nixon stated that Tasmania has a much lower proportion of non-Australian born citizens (13 per cent) than the nation as a whole (23 per cent), while the proportion of Tasmanians born in Asia was only half the proportion of people born in Asia for the nation as a whole.²⁸⁹

Gay rights activist Rodney Croome has noted that attitudes towards homosexuality have changed significantly in Tasmania over recent years – from intolerance to liberalism. In a speech in Launceston during September 1999, Croome referred to the effect of legislative change on attitudes towards homosexuality in Tasmania

through a combination of intense community education, sometimes very confronting direct action and the exploitation of every available avenue for legal appeal we turned Tasmania from a jurisdiction with one of the worst lesbian and gay human rights regimes in the western world to one of the best.

As well as achieving complete equality for homosexual and heterosexual people within the criminal law, we now have an Anti-discrimination Act that prohibits discrimination

²⁸⁷ Sir Bede Callaghan, *Report Into the Structure of Industry and Employment Situation in Tasmania*, p 32.

²⁸⁸ *Ibid*, p 33.

and vilification on the grounds of sexual orientation without exception, as well as a new Education Department anti-homophobia policy, the implementation of which is mandatory for all schools.

Even more satisfying is the fact that these changes have the endorsement of the people of Tasmania. According to opinion polls, community attitudes in Tasmania, once so negative towards homosexuality, are now some of the most tolerant in the country.²⁹⁰

Submissions to the *Tasmania Together* project relating to diversity exhibited an acceptance of diversity as a positive and worthy goal. Some feedback, however, expressed an opposition to a proposed goal relating to ‘inclusiveness’ and the rights of minority groups. For example, the following submission indicated a ‘backlash’ against the gay rights and green movements:

It worries me that in this vision you have the option of including ‘minority’ groups in the decision-making process. For too long already Tasmanians would have been badgered by the loud and vocal minority groups in our community! I’m especially referring to those groups which the ‘majority’ of Tasmanians would agree are not benefiting our society, economy or moral values. Groups which block development of all kinds - hampering economic growth; groups pushing for relaxation of laws protecting our young from drugs or sexual abuse and thereby encouraging their illegal behaviour.

No I don’t agree that it is right to allow minority groups to have a greater say in the decision making process.²⁹¹

The final *Tasmania Together* goals did not make reference to minority groups, but did included a specific reference to diversity in Goal 9 – “foster an inclusive society that acknowledges and respects our multi- cultural heritage, values diversity and treats

²⁸⁹ Peter Nixon, *The Nixon Report*, p 36.

²⁹⁰ Rodney Croome, Address at the launch of “A Just Society”, 10/9/1999, transcript on International Lesbian and Gay Association website, www.ilga.org/Information/asia_pacific, accessed 2/3/04.

²⁹¹ Alex, www.tastotogether.asn.au/feedback, submitted 15/5/00, accessed 24/9/00.

everyone with compassion and respect.”²⁹² Furthermore, benchmarks connected to this goal included:

- Double the number of multicultural events by 2015;
- Increase the number of schools integrating multi-cultural perspectives in the curriculum;
- Halve the percentage of lesbian and gay people who experience verbal abuse and physical assault on the basis of their sexual orientation by 2015; and
- Increase the percentage of teachers who have received professional development training in racial, gender, disability and sexuality related discrimination and harassment.²⁹³

3.10 Authenticity

When considering what was most ‘authentic’ about Tasmania, the feedback to the *Tasmania Together* process indicated that most Tasmanians seem to associate ‘authenticity’ with the State’s natural environment. Even Callaghan, who felt that the conservation lobby was having a negative impact on Tasmania’s economic progress, recognised the central role that the State’s natural environment played in the Tasmanian identity. Callaghan stated that a significant aspect of the “quality of life” of Tasmanians, which was “obvious to all who have visited Tasmania,” was

the natural beauty of the island, and the accessibility of that natural environment to both resident and tourist. For example, both Hobart and Launceston are situated on rivers that offer extensive aesthetic and recreational pleasures for those so inclined. For others, the wilderness areas which cover much of the State provide far greater opportunities for enjoying nature than are available in many mainland areas ... What value inhabitants of any area place on their environment is difficult to judge, but many Tasmanians obviously appreciate the advantages they have in this respect.²⁹⁴

²⁹² Community Leaders Group, *Tasmania Together*, p 13.

²⁹³ Ibid, p 13.

²⁹⁴ Sir Bede Callaghan, *Report Into the Structure of Industry and the Employment Situation in Tasmania*, p 77.

Nixon also identified Tasmania's natural and cultural heritage as a defining aspect of the State. Nixon stated that

Tasmania's environment is world class. It offers considerable potential for the State. All Tasmanians who I have spoken to have expressed a liking for the environment and the need for its careful management.

As well as the natural environment, Tasmania has the best collection of colonial heritage left anywhere in Australia.²⁹⁵

Nevertheless, the environment can be seen as a 'touchstone' issue that led to the most heated and at times vitriolic debate in the *Tasmania Together* process. For example, while the goal of having an 'ecologically sustainable future' received broad support, opinion on what this goal meant in practice, and to achieve it, was polarised. The on-line argument between Tony Smith and Wal Wright, for example, epitomised the debate, and struck on several key issues central to the romantic / progressive divide in Tasmania. The issue of organic agriculture compared to GMO agriculture epitomised the debate between people who saw traditional agricultural practices as 'authentically' Tasmanian, and those who argued Tasmania should keep scientific pace with the rest of the world. Tony Smith began the proceedings with this comment on the issue of genetically modified organisms and food production:

On the GMO thing: why is it that the very groups that are rallying against third world poverty are all the same ones which are resisting the new technologies (genetic engineering etc) which show some glimmer of hope of mitigating the problem (by increasing yields and pest control and drought resistance)?

With these people in charge we would never had advanced beyond treatment of disease by leaches and poultices.

And another thing, how do we stop the media giving such lunatic fringes so much attention, to the point where the man / woman in the street is so confused by their

²⁹⁵ Peter Nixon, *The Nixon Report*, p 8.

deliberately misleading babble that they begin to believe it, eg GMO = bad, industry = bad, organic = good.²⁹⁶

Mr Smith's statement was rebutted by Mr Wright several days later:

Maybe, just maybe Tony, people are becoming a bit more careful (cynical?) with what science tells us we need. Especially when it is paid for and driven by huge agrichemical companies like Monsanto. If only we'd had more testing or trials with some of the other 'advances' science has given us, eg asbestos, DDT, agent orange, PCBs, organochlorides, thalidomide ... the list is endless.²⁹⁷

Mr Smith then accused Mr Wright of "throwing the baby out with the bath water."

The baby in this case being the uncountable number of advances which science has made to the great benefit of society, the bathwater being a vocal minority's irrational fear of 'something going wrong'. ... Should Tasmania in this enlightened age really subscribe to such a Luddite approach?²⁹⁸

Mr Wright responded again:

Tony, I realise science has been of great benefit to society. I use a mobile phone would you believe. If the markets for our produce don't want GE foods, why should we go down that path? Tasmania has a growing, labour intensive organic industry that is KIND to the earth, unlike intensive chemical reliant soil destroying farming. Introducing GE crops into the State has the potential to wipe the industry out. We don't want diseased salmon here, which is a one-way trip?²⁹⁹

²⁹⁶ Tony Smith, www.tasttogether.asn.au/feedback, submitted 28/4/00, accessed 24/9/00.

²⁹⁷ Wal Wright, www.tasttogether.asn.au/feedback submitted 3/5/00, accessed 24/9/00.

²⁹⁸ Tony Smith, www.tasttogether.asn.au/feedback, submitted 5/5/00, accessed 24/9/00.

²⁹⁹ Wal Wright, www.tasttogether.asn.au/feedback, submitted 9/5/00, accessed 24/9/00.

Other submissions echoed the Tony Smith / Wal Wright argument. For example, Nick Flitter reiterated Wall Wright's argument relating to agriculture, while also touching the iconic green issue of forestry:

Tasmania is on its way to destroying one enormous advantage it has over most of the rest of the world - the 'clean green' image. Current forestry, logging and plantation practices clear felling of native forest, the poisoning of native wildlife, monoculture plantations, and a continual round of spraying herbicides and pesticides over large areas of the State. This is totally incompatible with 'clean' food production, and against all the goals in this vision statement.³⁰⁰

The debate at times degenerated into little more than a slanging match, demonstrating the divisive nature of this debate in the Tasmanian community:

The green lobby tend to be hysterical in their approach, and to bend facts to their own ends. They have destroyed informed debate about the environment in this country by distorting the truth and in some cases telling outright lies. We must get back to a point where environmental issues kept in perspective with social and economic benefit.³⁰¹

The passions evoked in this debate also show the depth with which Tasmanians associate themselves with their environment. The final *Tasmania Together* goals reflected the importance of the environment to the Tasmanian community and to the Tasmanian identity, with four separate goals relating to protecting the Tasmanian environment. For example, Goal 20 aimed to "promote our island advantages including our 'clean-green' image, natural resources, location and people."³⁰² Goal 21, which linked the environment with Tasmania's colonial history, aimed to "value, protect and conserve our natural and cultural heritage."³⁰³ Goal 22 aimed to "value, protect and maintain our natural diversity,"³⁰⁴ while Goal 23 aimed to "ensure there is

³⁰⁰ Nick Flittner, www.tasttogether.asn.au/feedback, submitted 2/4/00, accessed 24/9/00.

³⁰¹ Name not provided, www.tasttogether.asn.au/feedback, submitted 10/4/00, accessed 24/9/00.

³⁰² Community Leaders Group, *Tasmania Together*, p 23

³⁰³ Ibid, p 25

³⁰⁴ Ibid, p 26.

a balance between environmental protection and economic and social development.”³⁰⁵

3.11 Identity / Status

Neither the Callaghan Report nor the Nixon Report explicitly discussed the issue of Tasmania’s status as a place to live. Nixon remarked that the State was seen as an attractive place to live for artists, and that people were also attracted to the State for its “pace of life,”³⁰⁶ however he did not make mention of Tasmania’s overall status compared to major urban centres.

In a reflection of the metropolitan/provincial power relationship that Alomes saw at play in historical definitions of the Tasmanian identity, economics commentator Bruce Felmingham noted what he called a “time-honoured Australasian pastime known as ‘Tasmania Bashing’.”³⁰⁷ Felmingham argued that the commercial media played a central role in spreading myths and untruths about the State, and that there was an economic imperative driving the media’s agenda – which resulted in the presentation of negative images of Tasmania to the rest of the world:

Tasmania is accustomed to being knocked by Australia’s commercial media because we are a cheap option. The business operations of commercial television are dominated by a simple objective: to maximise advertising revenues. In chasing advertising dollars the commercial networks must be careful not to offend their major markets in Sydney or Melbourne. Who cares if you put the Tasmanian market offside by exaggerating or sensationalising a Tasmanian story when Tasmania represents only 2 per cent of the total Australian market? Sydney and Melbourne’s commercial TV producers have much to answer for in the creation of sensational caricatures of Tasmania.³⁰⁸

Indeed, Stephen Alomes also found the media to be a central player in the dissemination of condescending and patronising mythologies about Tasmania:

³⁰⁵ Ibid, p 26.

³⁰⁶ Peter Nixon, *The Nixon Report*, p 8.

³⁰⁷ Bruce Felmingham, “Offensive Effects of Poisoned Minds,” in *The Sunday Tasmanian*, 6 October 2002.

Typical media expressions of the metropolitan prejudice about Tasmania abound, focussing on eccentrics and scandals in stereotypical stories which gratify the imagination of metropolitan suburbanites from Canterbury to Lindfield.³⁰⁹

Feedback to the *Tasmania Together* process indicated that there was a recognition that Tasmania did not have a high status as a place to live. Indeed, the following submission summed up these negative feelings about the Tasmanian identity:

I want to see a society where the handout mentality is definitely considered uncool. Where Tasmania stands on its own two feet, without having to be propped up with welfare gifts and subsidies; where the rest of Australia looks to us with pride and (a little) awe rather than pity; where Tasmanians are proud of their contribution to society; where Tasmania is considered a focal point for economic and societal development rather than an irrelevant backwater.³¹⁰

The issue of Tasmania's status was a clear point of concern in the final set of *Tasmania Together* goals. In fact, improving Tasmania's status became integral to the overarching *Tasmania Together* vision statement:

Together we will make Tasmania an icon for the rest of the world by creating a proud and confident society where people live in harmony and prosperity.³¹¹

3.12 The Tasmania Together Identity

The outcome of the *Tasmania Together* process presented a Tasmanian identity that was, superficially, both romantic and progressive. Inevitably, this too raised public

³⁰⁸ Ibid.

³⁰⁹ Stephen Alomes, "Lands of Ideas: Progress and Romanticism in Tasmanian (and Australian) History," p 199.

³¹⁰ Name not provided, www.tasttogether.asn.au/feedback, submitted 28/4/00, accessed 24/9/00.

³¹¹ Community Leaders Group, *Tasmania Together*, 2001, p 5.

criticism for appearing to be contradictory. For example, in a letter to the editor in the Mercury newspaper, Lia St John stated:

Tasmania *Together's* goals will be achieved. Stopping woodchipping makes no poverty by 2020 easy because without a forestry industry Tasmania will be a ghost town. No people, no poverty.³¹²

Another interpretation of the *Tasmania Together* vision, however, could argue that rather than being contradictory, the vision places 'progressive' goals and imperatives within the context of a 'romantic' identity. Essentially, this means defining Tasmania in the romantic tradition, a place separated from the crass industrialisation of metropolitan areas, while still maintaining a focus on industry and economic progress. This is to be achieved through the pursuit of so-called clean/green industry, such as the export of renewable energy, aquaculture, value-added agricultural products such as pyrethrum and wine, information technology and tourism.

A number of submissions to *Tasmanian Together* seemed to hit on this compromise or 'hybrid' identity. Colin Kitto, for example, stated:

I propose a lot of building and development and redevelopment. But we must also preserve our history (within reason!!) and (PARAMOUNT:) we must preserve our natural surrounds: our bush, our wildlife, manage our forests, and PROMOTE our tourism.³¹³

The *Tasmania Together* vision can be seen as closely aligned with the notion of the 'New Tasmania' – a phrase coined by former State Premier Jim Bacon to convey a sense of social and economic progress. In a speech to the National Press Club in Canberra in March 2003, Bacon defined what he saw as the 'New Tasmania' in the following way:

³¹² Lia St John, *The Mercury*, 18/8/01, p 19.

³¹³ Colin Kitto, www.tastotogether.asn.au/feedback, submitted 21/3/00, accessed 24/9/00.

Our economy is booming. There is a level of confidence and optimism in the Tasmanian community that hasn't been seen for decades. There is a New Tasmania that is more open, creative, innovative, tolerant and fair. It is a Tasmania that is on the move and known around the world for its disease-free status, clean air, clean water, quality of life and world class cultural, natural and built heritage. The New Tasmania is a vibrant place, confident of its place in the world and looking with optimism to the future.³¹⁴

3.13 Summary

This chapter argued that Tasmania's regional identity has been characterised by two distinct intellectual traditions that have been labelled 'romantic' and 'progressive'. The romantic tradition has its origins in the enlightenment and in the work of writers such as Rousseau. In essence, the romantic Tasmania identity is based on the notion that Tasmania is an idyllic refuge from the aggressive, cut-throat capitalism of major centres. Important concepts inherent in this identity are protection of the environment, a 'slower pace of life', fairness and equality, and a general wariness of change and technology.

On the other hand, the 'progressive' tradition had its origins in the industrial revolution, and has as its core values a belief in the benefits of technological progress, and a belief that man can control and manipulate nature. The 'progressive' Tasmanian identity has been characterised by a strong support of resource-based or manufacturing industries, especially icon organisations such as the Hydro Electric Corporation, and more recently International Catamarans. The 'progressive' tradition sees Tasmania as part of the global economy, as an economic leader rather than as a dissident. The *Tasmania Together* process has attempted to synthesize the two Tasmania identities into a single, cohesive regional identity. Through extensive public consultation, it has also attempted to create an identity from the 'bottom-up'.

The Tasmanian identity has been the subject of intense debate and is still being fiercely contested in public discourse. Tasmania's relatively short history since

³¹⁴ Jim Bacon, transcript of speech to the National Press Club, 4 March 2003.

European colonisation has undoubtedly contributed to this situation – as there is no real historical tradition to guide the development of the regional identity. It is a much different situation, however, in Wales, where a long European history has left a more definite set of national characteristics which form the basis of the Welsh national identity. The problem in Wales, therefore, has not been to define the national identity, but to make that identity relevant to modern day life in Wales. The next chapter will discuss the historical Welsh identity and the way that identity is changing as Wales itself undergoes significant political change, with the establishment of a new Welsh Parliament and continuing regional integration in Europe.

Chapter 4 - Wales

In September 1997 referendums were held in Scotland and Wales over the issue of creating national parliaments for the two regions, with devolved powers from the British Parliament in London. In Wales, just over one million people voted, with referendum being passed by less than 7,000 votes.³¹⁵ The referendum marked a watershed for Wales – after centuries of English domination the region finally was to receive a degree of political autonomy. The tight vote, however, also indicated that autonomy was not seen as a pressing issue for roughly half of the Welsh population.

This chapter examines the Welsh regional identity, how it has changed over time, and how it has been affected by British political devolution. The new Welsh Parliament has conducted a public consultation program to draw up a set of public policy objectives, summarised in a plan titled *Better Wales*. Like *Tasmania Together*, the *Better Wales* plan gives a picture of Wales as it is, and also outlines a new vision for Wales to achieve in the future.

4.1 Welsh Economy and Society

The economic comparison between Wales and England shows Wales to be at a disadvantage in almost every key indicator. In 1998, economic output, measured in GDP per head, was around 22 per cent lower in Wales than in England – at £9,664 compared to £12,473.³¹⁶ In 1999, average weekly earnings were significantly lower in Wales, at £354 compared to £405 in England.³¹⁷ Similarly, in 1999 unemployment was higher in Wales, at around 7.4 per cent compared to 5.8 per cent, while 17 per cent of people aged 16-24 were unemployed in Wales compared to 12 per cent in England.³¹⁸

³¹⁵ BBC, Welsh Referendum, www.bbc.co.uk/politics97/devolution/wales/live/index.shtml, accessed 2/8/03.

³¹⁶ Statistics Wales, *Comparative Indicators 2000 – Wales, England Scotland*, www.wales.gov.uk/keypubstatisticsforwales/index.htm, accessed 2/8/03.

³¹⁷ Ibid.

³¹⁸ Ibid.

The Welsh economy has been built around resource-based industries, especially mining, since the industrial revolution. With the competitive pressure from low-cost countries, and Welsh resources being exhausted, the mining industry in Wales has declined significantly over the past 50 years. Statistics Wales figures show that the total number of 'employee jobs' in the Welsh economy in 2001 was 1,090,700, with a further 156,000 people being self-employed.³¹⁹ The bulk of these jobs were classified as being within 'service industries'. Over the period of 1998-2001, the total service industry workforce rose from 751,100 to 827,400, while total jobs in production and construction industries declined from 270,700 to 249,500. The most significant growth came in the public administration, education and health sector, the banking, finance and insurance sector, and the transport and communications sector.³²⁰

Table 2 - Welsh Employment by Industry Sector

Industry	1998	1999	2000	2001
All industries	1,038,100	1,069,800	1,077,900	1,090,700
Agriculture and fishing	16,200	15,800	12,700	13,700
All production and construction industries	270,700	268,900	268,100	249,500
Energy and water	9,300	9,000	10,600	9,900
Manufacturing	208,200	206,900	200,600	189,00
Construction	53,200	53,000	56,900	50,700
All service industries	751,100	785,100	797,100	827,400
Distribution, hotels and restaurants	247,500	247,100	245,300	259,400
Transport and communications	38,500	43,200	45,500	49,400
Banking, finance and insurance	112,100	125,300	123,600	123,600
Public administration, education and health	300,600	313,700	326,100	341,800
Other services	52,500	55,700	56,500	53,200

Source: Statistics Wales, *Employee Jobs, By Industry*,
www.statswales.wales.gov.uk, accessed 2/08/03.

³¹⁹ Statistics Wales, *Employee Jobs, By Industry*, www.statswales.wales.gov.uk, accessed 2/08/03.

³²⁰ Ibid.

The Cardiff Business School's summary of the Welsh economy argues that structural changes over the past 20 years have transformed Wales from a primarily resource-based economy to one dominated by high-tech manufacturing and services. The Cardiff Business School web site states that

Wales entered the 1980s with severe structural problems. The decline of the coal and metals sectors, combined with a decline in some of its older manufacturing sectors, had left the Principality with both the economic and social scars of structural decline. In particular, Wales began the decade as one of the most needy areas of the UK economy, scoring badly on a wide range of indicators of economic well-being.³²¹

Over recent years, however, Wales has benefited from considerable foreign investment in manufacturing, as well as significant financial support from European Union and growth in the services sector:

Indeed, for much of the 1980s and 1990s, Wales was one of the most successful regions in the European Union in attracting foreign capital. Old connections with basic metals and coal have been displaced by a set of US, European and Japanese multinationals, many of which are allied to the electronics, automotive and chemicals industries. The services sector has also come to dominate the local economy more and more – most recently this has been evidenced in Wales' success in attracting financial and business services companies in call centre investments.³²²

Agriculture has historically been an important component of the Welsh economy. The Welsh agriculture sector, however, has been in decline for some years. Ralph Fevre stated that the industry in Wales is categorised by "small-scale, low-productivity production."³²³ Competitive pressures are reducing farm incomes and exacerbating the trend for young people to move from rural areas to cities. Nevertheless, Fevre noted that

³²¹ Cardiff Business School, *The Welsh Economy*, www.weru.org.uk/economy.html, accessed 1/3/04.

³²² Ibid.

employment in farming may have been declining for decades, but total employment in agriculture, forestry and fishing still stands at 7.3 per cent of all employment in Wales ... and a quarter of all firms are in agriculture.³²⁴

Fevre has argued that the structural problems of the Welsh economy are also evident in the services sector, where, again, employment tends to be at the bottom-end of the corporate ladder, and where growth has come in the least profitable parts of the sector. Fevre stated that

Far too many Welsh service sector firms are in businesses like catering and not enough in finance and other services, meaning that Wales has been strong in sectors which are declining and missing out (in comparison to the rest of the UK) where expansion has occurred. Even where Wales has acquired jobs in financial services, for example, they are the poorer quality jobs in the sector. Typically, Wales gains direct-line insurance brokers and financial telesales workers but loses regional bank headquarters while the higher-paid service sector non-manual jobs are created on the other side of the Severn.³²⁵

According to Statistics Wales, the participation rate of people in the work force (called 'economic activity' in United Kingdom statistics) is lower in Wales than in England. Following from the higher rates of unemployment, more income is derived from social security in Wales than England, and more people claim income support.³²⁶ The proportion of people in self-employment is similar, however the proportion of people working in professions is lower, while the proportion of people working in partly-skilled or unskilled occupations is higher.³²⁷ Fewer days are lost to industrial

³²³ Ralph Fevre, "The Welsh Economy," in David Dunkerley and Andrew Thompson (Eds), *Wales Today* (Cardiff: University of Wales Press, 1999), p 58.

³²⁴ Ibid, p 58.

³²⁵ Ibid, p 64.

³²⁶ Statistics Wales, *Comparative Indicators 2000 – Wales, Scotland, England*, www.wales.gov.uk/keypubstatisticsforwales/index.htm, accessed 21/6/04.

³²⁷ Ibid.

disputes in Wales, despite the region's historical reputation for strong unionisation and worker militancy.³²⁸

In 1998, the Welsh population of 2.9 million was considerably smaller than the English population of around 49.5 million. Approximately two thirds of the total Welsh population lived in the southern region around the three main cities of Cardiff, Swansea and Newport. The Welsh population was, on average, older, and less ethnically diverse than the English population. In Wales, 59.6 per cent of the population was of working age, compared to 61.5 per cent in England, while 20 per cent of the Welsh population was of State pension age (60 for women, 65 for men), compared to 18.1 per cent in England. Similarly, 8 per cent of the Welsh population was over 75 years of age, compared to 7.4 per cent. Population density in Wales was 141 residents per square kilometre - roughly one third the population density of England, (379 residents per square kilometre). Statistics also showed that women tended to give birth earlier in Wales, with higher rates of teen pregnancies and more women giving birth in their early twenties. There were also more births outside marriage in Wales. The total population in Wales has been rising, but more slowly than in England.³²⁹

It can be seen from these figures that Wales, like Tasmania, fits the description of a semi-peripheral economy. Indeed, Pierre Clavel argued that demands for political devolution were stronger in Wales than in other British regions for a number of reasons, including its status as an economic periphery. Clavel stated that

Wales had many of the characteristics of peripheral regions: poor communications, cultural distinctiveness, a common rural background, and a combination of some national institutions with a pervasive penetration by central institutions.³³⁰

³²⁸ Ibid.

³²⁹ Ibid.

³³⁰ Pierre Clavel, *Opposition Planning in Wales and Appalachia* (Philadelphia: Temple University Press, 1983), p 86.

4.2 Welsh History and Identity

Despite English political domination over hundreds of years, Wales has managed to maintain a sense of difference and national identity. A National Statistics survey in 2001 found that 60 per cent of Welsh residents considered their national identity to be 'Welsh'. A further 7 per cent "described their national identity as Welsh but included another identity, most commonly British, in their answer."³³¹ The survey found that the strongest association with Welsh national identity was, unsurprisingly, found in Welsh-born residents, while southern Wales recorded stronger associations with the national identity than other regions.³³²

Nevertheless, the Welsh national identity has not always been particularly complementary, or sympathetic to the Welsh people. The fragmented political landscape of the Welsh region, and perceived differences between areas of Wales, has complicated the definition of a single regional identity. Evans and Rhys cite a common perception of Wales as being that it has "no history apart from strikes, split chapels, a rugby team and a handful of short-winded boxers."³³³

Teri Brewer notes that the Welsh identity, like all regional identities, is a social construct. In the case of Wales, the construction of an identity has been especially apparent, as Wales has not undergone the usual process of nation-building associated with the creation of political and civic institutions. Nevertheless, constructed regional identities must be based in some form of physical and social reality:

Historian Gwyn A. Williams and others have suggested that, as a nation, Wales is the creation of the collective imagination – an imagined nation. While he was making a serious point about institutionalised power and regional self-determination, it is worth reflecting on the idea of an imagined nation. To a certain extent, all nations, communities and regions are indeed imagined, dreams and ideas undergoing a process

³³¹ National Statistics, *Wales: Its People – Welsh National Identity*, www.statistics.gov.uk, accessed 1/3/04.

³³² Ibid.

³³³ G Evans and I Rhys, "Wales", in Owen Dudley Edwards et al, *Celtic Nationalism* (London: Routledge and K Paul, 1968), p 214.

of realization into sought, imposed or accepted social institutions which become part of the means of bringing new social and cultural identities to life.³³⁴

While the advent of the Welsh Parliament has strengthened the position of Wales as single political entity, historically Wales has rarely been politically unified. The modern Welsh nation and its origins lie in the Celtic communities of Britain in the first millennium. Evans and Rhys stated that “The idea of Welsh nationality has from the very beginning been bound up with Christianity.”³³⁵ Brought to Britain by the Romans, the Christianity displaced the indigenous Druid religion as the primary religious movement in Britain. After the Romans left, The Celts developed their own Christian Church independent of Rome. The departure of the Romans also enabled the “barbarian” Saxons to assert control over much of what is now England, with the Celtic Britons establishing a series of kingdoms in Wales. These kingdoms were united by language, religion and culture, but otherwise competed against each other. According to Evans and Rhys, “The Wales that emerged in the seventh century was ... ‘a chessboard of small independent kingdoms’.”³³⁶ Furthermore, this political fragmentation “may have been the reason why ultimately, the Britons failed to hold South Scotland and North West and South West England, in that fantastic three-front war against the Saxons, the Picts and the Irish.”³³⁷

Evans and Rhys stated that Wales first approached a state of political unity in the ninth century, with Rhodi Mawr exerting control over much of the region through a diplomatic marriage. According to Evans and Rhys, Rhodi Mawr and became a European statesman of some note. Following his death, Rhodi Mawr’s mission to unify Wales was continued by his grandson, Hywel Dda,

who struck the first Welsh coins, bearing the legend Hwyl Rex, made peace with Wessex, visited Rome and is traditionally given credit for first codifying the Laws of Wales, a task which would have been pointless and impossible had not the Welsh been

³³⁴ Teri Brewer, “Heritage Tourism: A Mirror for Wales?” in David Dunkerley and Andrew Thompson (Eds), *Wales Today* (Cardiff: University of Wales Press, 1999), p 155.

³³⁵ G Evans and I Rhys, “Wales,” p 224.

³³⁶ Ibid, p 226.

³³⁷ Ibid, p 226.

conscious of an underlying unity – a unity of language and history and custom as well of place.³³⁸

The invasion of Briton by the Normans brought a new enemy to the Celtic Kingdoms, and as a result the kingdoms closed ranks to fight against the common Norman enemy. Northern Wales became united under Owain Gwynedd, while southern Wales united under Rhys ap Gruffudd, and the two forces joined together to fight the Normans at Corwen in 1165.

Two more attempts at establishing Welsh unity occurred during the 13th century, firstly by Llewellyn Fawr and secondly by his grandson Llewellyn Ein Llyw Olaf (or Llewellyn Gruffudd). The two Llewellyns sought to “obtain formal recognition as feudal overlords of their fellow Welsh rulers and of the Norman marcher lords,”³³⁹ thereby bringing Wales together under one figurehead who alone paid direct homage to the King of England. The latter Llewellyn succeeded in being anointed as the Prince of Wales by Henry III through the Treaty of Montgomery in 1267. The conquest of Wales by Henry III’s successor, Edward I, however, brought an end to the political leadership of the Prince of Wales, and brought all of Wales under the direct control of the English for the first time.

The final major attempt at achieving independence for united Wales occurred at the beginning of the 15th century. Owain Glyn Dwr (Shakespeare’s Owen Glendower) proclaimed himself Prince of Wales and waged a short but spectacular campaign against the English. Evans and Rhys state that Owain Glyn Dwr

called parliaments, sought aid from Scotland and Ireland, concluded an alliance with France and recognised the Avignon Pope instead of the one at Rome.³⁴⁰

After the support from Scotland and France faded, however, and internal Welsh rivalries again destabilised his campaign, Glyn Dwr disappeared without a trace.

³³⁸ Ibid, p 226.

³³⁹ Ibid, p 226.

With the ascension of Henry Tudor to the English throne following the War of the Roses, the Welsh effectively abandoned the notion of independence. Evans and Rhys describe the Welsh attachment to the new English kings as a case of “if you can’t beat them, joining them,”³⁴¹ as Henry Tudor was the grandson of a Welshman and had cultivated alliances with Welsh nobility.

The Act of Union in 1536 fully assimilated Wales into the English governmental system under Henry VIII, established the borders between Wales and England that persist today, and established full equality for Welsh people before English law. If Wales had accepted itself as part of England, however, it did so to at the cost of its language and Celtic heritage, for the only official language under English law was English.

Under English domination, Welsh nationalism was kept below the surface of Welsh society for another 250 years until the so-called “Welsh revolution” of the late 18th and early 19th centuries. A major contributor to the survival of the Welsh language was the translation of the bible into Welsh. Evans and Rhys stated that

The Welsh bible – a whole literature in itself – probably saved the self-respect of the Welsh language and ensure that, when a new Wales emerged unpredictably in the 18th century, it would be a Welsh-speaking Wales and a literate Wales.³⁴²

The revival of religion in Wales was inspired by the non-conformist religious movement.³⁴³ By 1851, over 80 per cent of Christians in Wales were non-conformist. The revival of Welsh nationalism thus became strongly identified with religion, ore more specifically with Welsh religious independence from Canterbury. The non-conformist religious revival encouraged theology and forms of academic study in poor, rural Wales, and inspired new generations of Welsh people to read in their mother tongue, and to think of themselves as apart from their English counterparts.³⁴⁴

³⁴⁰ Ibid, p 226.

³⁴¹ Ibid, p 232.

³⁴² Ibid, p 233.

³⁴³ Ibid, p 234.

³⁴⁴ Ibid, p 235.

The 20th century saw the beginnings of a new political movement for Welsh independence. The Welsh politician Lloyd George advocated 'home rule' for Wales as early as 1891, although his views had tempered by the time he became Prime Minister. A significant milestone was the creation of Plaid Cymru in 1925 - originally an organization concerned at the preservation of the Welsh language, but one that grew into a political party spearheading the movement towards political autonomy. Plaid Cymru won its first seat in the British House of Commons in 1966, and in the coming 15 years gradually extended its political influence within Wales at local Government level.³⁴⁵ In 1948 the then Labour Government created the Council of Wales, but the role of the council was limited to advising the Government on matters pertaining to Wales. In 1958 the Welsh Grand Committee was established, comprising all 40 Welsh members of the House of Commons, plus an additional five members appointed by a selection panel. The committee had the power to give a second reading to bills of specific relevance to Wales. The Welsh Office and the position of Secretary of State for Wales were created in 1964.³⁴⁶

Impetus for Welsh autonomy continued to grow, and in 1978 the British Government introduced the Wales Act, proposing to set up a separate Assembly for Wales. Large sections of the British Labour Party were opposed to the bill, however, the Welsh people were unconvinced of the benefits of a separate assembly. The proposal was put to a referendum in Wales, where it was convincingly defeated by a margin of four-to-one.³⁴⁷ After disappearing off the political agenda under consecutive Conservative Governments, Welsh and Scottish political autonomy returned as a mainstream issue with the election of the Blair Labour Government. In 1998 a referendum was narrowly passed, and new national assemblies were established in both Cardiff, Wales, and Edinburgh, Scotland.

It can be argued there are three key components of the Welsh identity that have withstood, or arguably have been forged by, the history of Wales under English rule. Firstly, the industrial heritage of Wales has been an important marker of Welsh

³⁴⁵ Pierre Clavel, *Opposition Planning In Wales and Appalachia*, pp 104-105.

³⁴⁶ *Ibid*, p 89.

difference since the industrial revolution, while also having a significant impact on the Welsh environment. Secondly, Welsh culture has maintained an emphasis on egalitarianism, and a rejection of class distinction. Thirdly, rural Wales has played a vital role in defining the Welsh identity and in fostering the Welsh language. The Welsh language is discussed in more detail later in this chapter in regard to 'authenticity'.

These three elements are also important in the context of Denis Balsom's 'three Wales model' of Welsh identity.³⁴⁸ Balsom's model, as its name suggests, identified three distinct Welsh political identities – Y Fro Grymraeg, Welsh Wales and British Wales – based on an analysis of voting patterns.³⁴⁹ Essentially, the model divided Wales into the largely Welsh-speaking rural areas (Y Fro Grymraeg); the industrial, strongly nationalist, labour-voting Welsh Wales; and the more conservative urban British Wales, where people were more likely to consider themselves 'British' rather than 'Welsh'.³⁵⁰

4.3 Industry

Clavel noted that the industrialisation of Wales played an important role in the development of Welsh nationalism. Clavel stated that

Industrial development did occur early in Wales. Coal and iron ore production began in the South Wales valleys around 1750, and latter day politicians could make at least half a claim that the industrial revolution 'began' in Wales.

Clavel also noted that the process of industrialisation in Wales was driven by 'outsiders':

³⁴⁷ Alys Thomas, "Politics in Wales: a New Era?" in David Dunkerley and Andrew Thompson (Eds), *Wales Today* (Cardiff: University of Wales Press, 1999), p 288.

³⁴⁸ Denis Balsom, "The Three Wales Model," in J Osmand (Ed), *The National Question Again? Welsh Political Identity in the 1980s* (Llandysul: Gswag Gomer, 1985).

³⁴⁹ Alys Thomas "Politics in Wales: A New Era?" p 288.

³⁵⁰ *Ibid*, pp 294-295.

It is often noted that the industrial revolution came to Wales in a way different to what happened in other parts of the British Isles. Wales was developed by outsiders. It remained a country of villages, interspersed with estates and towns controlled by Anglicized gentry and administrators ... Development was largely financed from London or by merger with English firms, industries were often owned in England, particularly after 1900, and the managers often came from England or, following the pattern of the gentry, found that the way to success was through a British rather than Welsh ladder of upward mobility.³⁵¹

The dominance of heavy industries such as coal reinforced a stereotyped image of the Welsh as rugged and provincial. The most popular embodiment of this stereotype is Welsh rugby player, and the Evans and Rhys noted that the most outward displays of Welsh nationalism usually occur at Welsh rugby internationals. As Evans and Rhys stated, “the industrial Welshman looks on the English as pansies.”³⁵² The negative side of this stereotype however extends to the nature of the countryside itself, presenting an image of Wales as being poor, and a “grimy country, irreparably scarred by industry.”³⁵³ To Evans and Rhys, the mountains often thought to be barren and ravaged by industry in reality “have a beauty of tint and scent and atmosphere seldom seen in the Alps outside the Upper Engadine.”³⁵⁴ Nevertheless, Evans and Rhys also noted that Wales’ industrial output, spearheaded by its mining industry, made Wales a major player in the world economy:

... as the industrial revolution proceeded, Wales must have become for her size one of the richest countries in the world. Even now, with the coal industry in decline, and all iron ore having to be imported, the heavy industry of Wales compares in output, not with that of the small or medium-sized economies of Europe, but with that of England, West Germany and Japan.³⁵⁵

³⁵¹ Pierre Clavel, *Opposition Planning in Wales and Appalachia*, p 76.

³⁵² G Evans and I Rhys, “Wales,” p 247.

³⁵³ *Ibid*, p 217.

³⁵⁴ *Ibid*, p 247.

³⁵⁵ *Ibid*, p 217.

4.4 Class Structure

According to Evans and Rhys, the absence of class distinction has been a major historical component of Welsh culture and difference, with the medieval Welsh social system “more tolerable” than the feudal system of neighbouring England:

There were serfs in Wales, but three out of four Welshmen were free, as opposed to one out of four Englishmen. Amongst free Welshmen, Welsh law recognised no superior classes apart from each royal family. According to the German scholar Ferdinand Walter, ‘right and justice, based upon the laws of Hywel Dda, blossomed in Wales into a perfection of beauty such as is to be found among no other people of the Middle Ages’.³⁵⁶

Furthermore, Evans and Rhys state that the status of women in Welsh society was well above other societies of that time.³⁵⁷

The theme of egalitarianism has recurred in Welsh history under a number of different guises. One of those has been a ‘liberal’ notion of the primacy of the individual and individual rights, which has been expressed through the Welsh tradition of political radicalism. Evans and Rhys noted the distinguishing features of Welsh as opposed to English radicalism:

One is, not so much a belief in equality in the abstract as the doubly important capacity to behave as if everyone was in fact equal; and this tends to ease the tension between cultural sets and between regions as well as between social classes.³⁵⁸

It has also been argued that the traditional Welsh rejection of social hierarchy was a factor in the rise of radicalism as a distinguishing feature of radicalism in Welsh politics over the past 200 years. Evans and Rhys stated that

³⁵⁶ Ibid, p 227.

³⁵⁷ Ibid, p 228.

³⁵⁸ Ibid, p 236.

Radicalism found a ready soul in Wales, where the old laws and literature had so emphasised the importance of the individual person and in practice had demonstrated that lack of class consciousness which always seemed to have been a Welsh characteristic ... Giraldus Cambrensis noticed in the 12th century how the lowest as well as the highest amongst the Welsh were “devoid of the servility of the English, were unabashed in the presence of the great and spoke their minds with delightful frankness’.³⁵⁹

This style of liberal individualism has coexisted, however, with a general desire for social cohesion and cooperation. Tom Ellis suggested that both goals were equally relevant to the Welsh identity, and that the Welsh have not traditionally seen these goals as being mutually exclusive:

Though Wales in modern times is largely individualist, we cannot feel that it has been the land of ... social cooperation, of associative effort.³⁶⁰

Radicalism came to the fore in Welsh politics towards the end of the 19th century with the rise of non-conformism, and the creation of a liberal political elite in Wales determined to push for disestablishment of the Church of England. Liberal radicalism, however, gave way to new brand of radicalism in the rise of working-class consciousness and the rise of the Labour Party to political ascendancy in Wales. The radicalism that first appeared as religious non-conformity, and was pursued vigorously by Welsh Liberal politicians such as Lloyd George, evolved into a social radicalism, working class consciousness and support for a Welsh nationalism that focused on the rights of the working class. Evans and Rhys, however, argued that Welsh nationalism has traditionally been focussed on a more broad-based anti-imperialism, rather than set in a Marxist conception of class conflict:

The authentic voice of Welsh radicalism has been anti-imperialist, pro-national freedom, pacific, if not pacifist, and consciously Welsh if not often Welsh nationalist.³⁶¹

³⁵⁹ Ibid, p 236.

³⁶⁰ Tom Ellis, cited in G Evans and I Rhys, “Wales,” p 239.

³⁶¹ G Evans and I Rhys, p 238.

4.5 Rural Wales

Graham Day argued that rural Wales has been long considered the Welsh 'heartland', and the epitome of the 'true Wales'. As such, rural Wales is seen as the essence of the Welsh identity – “the very centre of what is distinctly Welsh, and therefore a repository of essential values and patterns of social organization.”³⁶²

The qualities ascribed to rural Wales, and therefore ascribed to the Welsh national identity, have included:

the centrality of agriculture, and a way of life that was adapted to the demands of the natural environment in Wales, a relatively poor and marginal upland region; the social integration of the rural community, which revolved around the social networks of family and kinship, of chapel, and of cooperation in farming; and the linguistic and cultural values of Welshness, such as a non-materialistic ethos and a lack of concern with questions of class and social division.³⁶³

Day argued that in-migration has also highlighted the differing images attributed contemporary rural Wales. The new residents leaving the cities tend to see rural Wales as a peaceful, tranquil and gentrified escape. This view is not necessarily consistent or even compatible with the traditional farming way of life. Furthermore, the decline in agriculture has been to some degree economically offset by the establishment of manufacturing industries in some sections of rural Wales, also changing the social fabric of these areas.

4.6 Better Wales

The creation of the Welsh National Assembly in 1998 led to the development of the *Better Wales* plan. The plan claimed to set out a “long-term vision for a better

³⁶² Graham Day, “The Rural Dimension”, in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 76.

³⁶³ Ibid, p 77.

Wales,”³⁶⁴ and effectively was developed to guide the policy direction of the new Welsh Assembly. First released in draft form in 2001, the plan took into consideration submissions from a wide range of business and community interest groups. The *Better Wales* plan provided a description of “The State of Wales” - a vision for Wales in the future, and program for action to make the vision a reality.

In the forward to the plan, the First Secretary of the Welsh National Assembly Rhodri Morgan said the document was “new and radical:”

Its vision and values have been endorsed by the Assembly as a whole to impart a real direction for Wales. For the first time we say in detail what we aim to deliver and by when. The plan has been developed in consultation with local government, business and the voluntary agencies and made full use of the opportunities provided by new technologies, with 17,000 visits to the special website.³⁶⁵

4.7 Competitive Advantages

As this chapter has already noted, the Welsh economy has been built on competitive advantages in two industry sectors – agriculture and manufacturing. Fevre noted that agriculture was more important to Wales than any other region in the United Kingdom, with a quarter of all Welsh firms in the agriculture sector.³⁶⁶ In terms of manufacturing, Fevre stated that

Manufacturing provides jobs for 30 per cent of men and 12 per cent of women in Wales. Some of these jobs require skilled workers and pay high wages, but many of the better jobs are actually in the automotive and electronic sectors which expanded rapidly in Wales before the recession which began in 1979 and grew much more slowly thereafter, or even declined.³⁶⁷

³⁶⁴ *Better Wales*, p 1.

³⁶⁵ Rhodri Morgan, in *Better Wales*, p i.

³⁶⁶ Ralph Fevre, “The Welsh Economy”, in David Dunkerley and Andrew Thompson (Eds) *Wales Today*, p 58.

³⁶⁷ *Ibid*, p 59.

In describing the “State of Wales,” *Better Wales* stated that

as a people we have a reputation for resilience, hard work, tolerance and for seeing clearly the benefits of education.³⁶⁸

Better Wales identified music and the arts as areas in which Wales had advantages:

there have always been people from Wales who have made a major contribution in all walks of life in the UK and internationally – in politics, business, the arts, the media and the professions. We have a passion for music and sport. We have musicians with world-wide reputations for everything from rock to opera. As a nation of only 3 million people we are more than pulling our weight.³⁶⁹

The traditional Welsh value of community cooperation was also highlighted as an advantage, and *Better Wales* argued that this value had become entrenched in Welsh society through its institutions. Moreover, the plan ‘re-badged’ this value as a ‘Team Wales’ approach to managing public affairs:

We have one of the best-developed institutional infrastructures in the UK. We have a directly elected Assembly with strong partnerships with the business, voluntary and local government sectors – the Team Wales phenomenon.³⁷⁰

The *Better Wales* plan also highlighted the ‘Team Wales’ approach as a benefit to industrial relations and as a “cohesive approach to economic development.”³⁷¹

Better Wales described the Welsh economy as being in transition from an old-style resource producer, to a modern, information-based economy. The plan stated that

Wales has a small economic base with too few large home-grown companies. This limits our ability to generate growth from within.³⁷²

³⁶⁸ *Better Wales*, p 13.

³⁶⁹ *Ibid*, p 13.

³⁷⁰ *Ibid*, p 14.

³⁷¹ *Ibid*, p 14.

³⁷² *Ibid*, p 14.

The relatively small size of the financial services sector, and the reliance on “low-end manufacturing,” both characteristics of semi-peripheral economies, were highlighted as problems in the Welsh industrial structure. Likewise, the plan stated that Wales is

under-represented in significant high added-value growth sectors such as Information Technology, pharmaceuticals and other science and knowledge-based activities.³⁷³

The *Better Wales* benchmarks set a number of overall goals for the economy. For example, Benchmark 8 stated:

Output per head must have risen from around 83% of the UK average in the mid-1990s to at least 90% generating an additional £5 billion at 1997 prices.³⁷⁴

Benchmark 11 set the following objective for the agriculture sector:

Excluding direct subsidies, the added value for every person employed in agriculture should have risen faster than productivity in the economy as a whole and the number of jobs in the dairy, lamb and beef processing sectors should have grown by at least 10 per cent. The area of agricultural land covered by an agri-environmental scheme, registered as organic or in conversion to organic status must have increased significantly.³⁷⁵

4.8 Innovation / Thick Labour Markets

According to Ralph Fevre, the level of entrepreneurship and innovation in the Welsh economy has been affected by the region’s dependency on firms based outside the region. Furthermore, Fevre argued that Wales’ relative economic decline over the past 20 to 30 years has heightened its economic dependence on both externally-controlled companies and British Government subsidies.³⁷⁶ Fevre stated that

³⁷³ Ibid, p 14.

³⁷⁴ Ibid, p 20.

³⁷⁵ Ibid, p 20.

³⁷⁶ Ralph Fevre, “The Welsh Economy,” p 57.

This dependence on outside companies means that Wales does not always get the best *type* of jobs, and dependence on government intervention means that the Welsh economy is subsidized.³⁷⁷

Fevre argued that much of the industry attracted to Wales over the past 20 was attracted for what he saw as the ‘wrong reasons’:

Wales has a problem attracting, and keeping, the *right sort* of jobs. It has had the most success (in the 1980s, for example,) in attracting the wrong sort of jobs, namely jobs with employers who are attracted to Wales to take advantage of low labour costs.

These firms “are unlikely to be at the leading edge of their industry or even in the sort of sector that prizes skills and innovation.”³⁷⁸ Moreover, the jobs these firms create tend to be poorly paid and at the bottom end of the corporate ladder, with managerial and technical positions remaining centred in company headquarters. Fevre argued that

For the most part manufacturing firms do not relocate their headquarters or research and innovation department to Wales. Instead they move routine assembly operations here. Often the Welsh operation is only a part of the process the firm controls and important decisions are made elsewhere.³⁷⁹

Furthermore, Fevre argued that Welsh employees, therefore, are themselves are on the peripheries of the companies they work for:

Wales ... has too few professional managers and scientists and too many manual workers (and too many of these are in repetitive assembly and construction). Although the numbers of professional engineers, scientists and technologists have grown, these sorts of jobs are still less common in Wales than they are elsewhere in the UK, even within the same industry.³⁸⁰

³⁷⁷ Ibid, p 57.

³⁷⁸ Ibid, p 59.

³⁷⁹ Ibid, p 59.

³⁸⁰ Ibid, p 59.

Another structural aspect of the economy that contributes to dependency, according to Fevre, is the level of inward or foreign direct investment. While inward investment creates new employment opportunities, especially when the subsequent output is exported, inward investment also brings foreign ownership of domestic assets. This reinforces dependency relationships, with profits flowing outwards and decision-making taking place outside the region. Fevre thus sees inward investment in Wales as a 'double-edged sword':

Foreign-owned companies have been responsible for many of the better jobs created in Wales and foreign direct investment (FDI) has generally been the success story of Welsh manufacturing. This success, however, simply underlines the failure of the Welsh economy to create enough jobs without outside intervention. FDI does not alter the fact that Wales has a dependent economy ... For many commentators FDI is a sign of weakness and dependence.³⁸¹

Fevre noted that another significant factor in attracting inward investment to Wales, along with lower labour costs, has been the use of government subsidies and incentives. The effect of these programs is similar to the effect of lower wages, as firms tend to move cost-sensitive, non-core parts of their business to regions where they will attract subsidies. Fevre argued that this type of investment attraction does not attract managerial or research and development roles to the region, and again adds another layer of dependency (to Government subsidies) on the economy.

Welsh reliance on government is not restricted to industry assistance, however. The relative importance of the public sector in the economy has increased significantly in recent years, and the sector now employs a larger considerably proportion of the Welsh workforce. Lovering, for example, noted that

The public-spending-dominated employment categories of Public Administration and Defence, Health, Social Services, and Education account for a higher proportion of both

³⁸¹ Ibid, p 60.

GDP and employment in Wales than in any mainland UK region. In the last decade and a half these sectors created 22 times as many jobs as the manufacturing sector. In no other UK region was the public sector the greatest contributor to job creation.³⁸²

This form of dependency has been highlighted by a number of commentators, such as Brand et al, who stated that

Wales has replaced its dependency on Coal and Steel with a Public Sector dependency. This inherent structural weakness will continue to undermine Wales' prospects in the new regional competitive arena. Public sector jobs make relatively low contributions to GDP.³⁸³

The rise of public sector employment has also seen a shift in the nature of employment away from the blue-collar, male-dominated sphere of the coal and steel works, to a stronger white-collar sector with more jobs for women. Fevre noted that "these jobs are the most important reason why, by the end of 1996, female employees outnumbered male employees in Wales."³⁸⁴ Fevre also argued, however, that while public sector employment is generally well paid, and involves managerial-level employment, "the public sector is no better at spending money on R&D [sic] in Wales than the private sector."³⁸⁵

Wales' economic dependency was also raised by Professor Phil Cooke, Director of Advanced Studies at the Cardiff University, in late 2003. Professor Cooke argues that financial transfers from the UK Government and the European Union to address Wales' economic disadvantages were simply reinforcing dependency relationships, and failing to address innovation and entrepreneurship. Professor Cooke stated that "Wales is becoming more dependent, not less, on London for the underwriting of its economic future."³⁸⁶

³⁸² J Lovering "Celebrating Globalisation and Misreading the Welsh Economy: the 'New Regionalism'," *Contemporary Wales*, 11, p 31.

³⁸³ S Brand, J Bryan, S Hill, M Munday and A Roberts, "An Economic Strategy for Wales: Response to the Welsh Office Consultation Document," *Welsh Economic Review*, 10/1, p 53.

³⁸⁴ Ralph Fevre, "The Welsh Economy," pp 65-66.

³⁸⁵ Ibid, p 66.

³⁸⁶ Professor Phil Cooke, "Weak Devolution Settlement 'Hinders' Welsh Economy," cited by *News Wales*, www.neswales.co.uk, published 24/11/2003, accessed 1/3/04.

The ‘flip-side’ of the dependency on foreign investment and Government support is a relatively weak domestic business sector, and a lack of entrepreneurship. As Fevre noted,

Wales is not very good at growing successful companies from small beginnings and in the 1990s the rate of company *failure* in Wales exceeded the rate elsewhere in the UK.³⁸⁷

Fevre argued that even the local Welsh companies that have succeeded have failed to export, and have not provided dynamic business leadership:

There are a handful of home-grown success stories, of which the best-known are all retail enterprises which sell at the cheaper end of the markets for groceries and apparel. For the most part successful Welsh companies do not create jobs which demand highly skilled workers and pay high wages.³⁸⁸

Better Wales identified the links between investment, research and development and innovation. Benchmark 9 stated that

Inward investment should have been maintained at late 1990 levels. Welsh companies must make full use of a world class telecommunications infrastructure. Welsh representation in the knowledge-based sectors must be far higher. Business R&D [sic] should have grown faster than in the UK as a whole over the decade. The level of innovation throughout the diversified Welsh economy must be among the best in the UK.³⁸⁹

Benchmark 7 focused on issues of civic participation and voluntary activity, along with encouraging greater levels of entrepreneurship:

³⁸⁷ Ralph Fevre, “The Welsh Economy,” pp 57-58.

³⁸⁸ Ibid, p 58.

³⁸⁹ *Better Wales*, p 20.

More people should be actively participating in voluntary and community action. Turnout at local and Assembly elections should typically exceed 50%. As a result of greater awareness and wider opportunities, more of our young people will pursue self-employment and entrepreneurship.³⁹⁰

Several other goals also made reference to the need to build a stronger education system, and a system that aids the development skills relating to innovation and entrepreneurship through the Welsh education system. For example, Benchmark 2 stated that

There must be a strong extra-curricular prospectus for every child covering cultural, volunteering and enterprise activity. Excellent services should be available for children and young people with special needs or at risk of social exclusion.³⁹¹

Benchmark 5 recognised the role of further education in addressing 'skill bottlenecks' in the labour market:

there must be no important skill bottlenecks; most members of the workforce, including those excluded today, must have the basic competencies required to prosper in a knowledge-based economy and the opportunity to refresh them regularly through lifelong learning.³⁹²

Furthermore, Benchmark 6 also recognised the significance of further education to the Welsh community:

Further and higher education must make a greater contribution to the creation of wealth, community and cultural development and the achievement of an inclusive society. Higher education should command research funding twice as large as the average for the 1990s. Graduates and others with higher education qualifications should make up at least the same share of the workforce as in the rest of the UK.³⁹³

³⁹⁰ Ibid, p 20.

³⁹¹ Ibid, p 19.

³⁹² Ibid, p 19.

³⁹³ Ibid, p 19.

4.9 Lifestyle

The Welsh lifestyle is often viewed in terms of its cultural icons such as the annual Welsh eisteddfod. Popular Welsh art and culture, however, can be seen as an important component of the Welsh national identity. In his overview of modern popular culture in Wales, Steve Blandford asked if there is “currently a minor Welsh cultural renaissance that is genuinely shaking perceptions of the country, both in the rest of the UK and internationally?”³⁹⁴ Blandford noted that Welsh popular music, film, television and theatre have all achieved a level of commercial success in recent years, and have made significant contributions to the general discussion of what it means to be Welsh.

The high profile of Welsh popular culture is perhaps most clearly evident in the realm of contemporary music. Blandford argued that a number of Welsh bands such the Stereophonics, Catatonia, The Manic Street Preachers and Super Furry Animals have achieved worldwide commercial success, raising the cultural profile of Wales in the process. Moreover, the explicitly political and nationalistic lyrics of the Manic Street Preachers, and the Welsh language vocals of Catatonia and the Super Furry Animals have furthered awareness of both Welsh political issues and the Welsh language.³⁹⁵

Blandford argued that the use of the Welsh language in popular music has been a significant symbolic boost for both the language and the Welsh identity. Blandford stated that

The importance of the implicit stance taken on the language by some of the new Welsh bands (for example, the Super Furry Animals have a clause in their contract with Creation that allows them to record in Welsh) is that it is yet another dimension to the way that the cultura is moving forward. They refuse to render the language invisible, even in an industry as dominated by English as the music business; but nor is it an entrenched purist position. Instead bilingualism becomes a layer of complexity in a

³⁹⁴ Steve Blandford, “Aspects of the Live and Recorded Arts in Contemporary Wales,” in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 111.

³⁹⁵ Ibid, pp 113-114.

culture, to be embraced as richness (as it is in a lot of Europe) with a life in contemporary art forms, rather than the subject of divisions.³⁹⁶

Apart from defending the national language, Blandford argued Welsh rock bands have also stimulated a sense of pride within Wales. For example, Blandford stated that

many would say the most important thing that they collectively give to Wales' identity is simply youth itself. To a culture used to seeing itself represented abroad as the land of Harry Secombe, Shirley Bassey, Tom Jones or even Max Boyce, the success of Catatonia and the Manic Street Preachers is, to say the least, an injection of energy.³⁹⁷

Indeed, Gruff Rhys of the Super Furry Animals has stated that collectively the Welsh bands are linked by the struggle to overcome Welsh stereotypes:

I suppose the one thing we're all fighting against is this romanticised, comedy view of Wales.³⁹⁸

Blandford also noted that Welsh rock bands have helped to redefine the image of modern Wales, citing a music critic who stated "Goodness me, perhaps it's finally cool to be Welsh."³⁹⁹

Better Wales identified a number of goals relating to the Welsh lifestyle. These goals covered issues such as health and well-being and quality of life. For example Benchmark 14 stated that:

People should accept even greater responsibility for their own health and our lifestyles must be healthier, particularly in the poorest communities: 75% of adults should be non-smokers; the growth in the number of overweight people and obesity should have levelled off as must the level of substance misuse by young people. Underage pregnancies should not exceed the UK rate.⁴⁰⁰

³⁹⁶ Ibid, p 114.

³⁹⁷ Ibid, p 112.

³⁹⁸ Gruff Rhys, cited in Steve Blandford, "Aspects of the Live and Recorded Arts in Wales," p 113.

³⁹⁹ P Morgan, cited in Steve Blandford, "Aspects of the Live and Recorded Arts in Wales," p 114.

⁴⁰⁰ *Better Wales*, p 21.

Benchmark 21 identified transport infrastructure as an important component of quality of life in Wales:

Much improved public transport and cycleway provision, including community transport, should enable about a quarter of commuting to work to take place by these means rather than by car, compared to about a fifth in the late 1990s. A higher proportion of freight should be carried by rail.⁴⁰¹

Benchmark 22 refers specifically to the quality of life in disadvantaged communities:

The quality of life in most disadvantaged communities, as judged by their residents, must have improved sharply. Most communities across Wales should have worked out what they want, and many more people should be taking action in their communities to meet those needs.⁴⁰²

Similarly, Benchmark 23 refers to the provision of basic services to communities, and also refers to access to leisure facilities, particularly for young people:

High-quality social housing must be readily available for those who cannot afford to buy. A flourishing private rented sector should enhance choice and labour mobility, but must be effectively regulated to prevent serious risk to health and safety. The need for people to sleep rough must have been eliminated. There should be better leisure facilities for children and young people, particularly in our most deprived communities. Access to the benefits of up to date information and communications technologies and systems must be available to all. People must feel safer on the streets and in their homes.⁴⁰³

⁴⁰¹ Ibid, p 22.

⁴⁰² Ibid, p 22.

⁴⁰³ Ibid, p 22.

4.10 Diversity

Charlotte Williams noted that cultural diversity has been considered “part and parcel of Welsh society”⁴⁰⁴ since the 19th century. In particular, Cardiff, Swansea and Newport have been regarded as ethnically and culturally diverse, with strong migrant populations being established around the port and trading activities of the three cities. Williams stated that in the 1911 census, Cardiff was the second-most ethnically diverse city in the United Kingdom behind London, in terms of the number of citizens born overseas:

By far the majority were Europeans, Italians, Russian Jews, Spaniards, but a significant group of these, some 700, were Africans and West Indians, in the main seamen.⁴⁰⁵

Despite the presence of ethnic nationalities in the port areas, Williams noted that “rural Wales was relatively homogeneous, predominating in the table of counties for the whole of Britain with the highest proportion of native born residents.”⁴⁰⁶

This cultural chasm between urban and rural Wales has persisted. Census statistics gathered in 2001 found that “religious and ethnic minorities in Wales formed a small proportion of the population, although Cardiff was considerably more diverse.”⁴⁰⁷ Furthermore,

People from ethnic backgrounds other than White were concentrated in the three biggest cities in Wales. In Cardiff they made up 8 per cent of the population, in Newport 5 per cent and in Swansea 2 per cent... Around half of the Black and Asian groups and a third of the Mixed and Chinese groups lived in the capital.⁴⁰⁸

⁴⁰⁴ Charlotte Williams, “Race and Racism: What’s Special About Wales?” in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 275.

⁴⁰⁵ Ibid, p 275.

⁴⁰⁶ Ibid, p 275.

⁴⁰⁷ National Statistics, *Wales: Its People – Ethnicity and Religion*, www.statistics.gov.uk/CCI/nugget.asp?ID=451, accessed 1/3/04.

⁴⁰⁸ Ibid.

A significant factor in the ethnic and racial composition of the Welsh population that is not readily apparent in official statistics is the number of second and third-generation Welsh residents from migrant ancestors. For example, 2001 Census figures showing 17,661 people of 'mixed' ethnicity (0.61 per cent of the total population)⁴⁰⁹ indicated the level of inter-marriage between migrants from different countries. Williams also noted that Welsh-born people with migrant parents or grand parents tend to consider themselves as indigenous Welsh, and therefore do not list themselves as belonging to an ethnic minority.

The traditional Welsh concept of the 'gwerin' can also be seen as an important in the context of diversity and tolerance in the Welsh community. According to Williams, the concept of the 'gwerin' is

almost an untranslatable term which refers to a type of community built on mutual understanding, harmony, and tolerance amongst a highly-cultured, moral and upright people. The *gwerin* is a historical concept but remains central to ideas of the Welsh national character as hospitable, open minded and essentially internationalist in outlook.⁴¹⁰

In this sense, the 'gwerin' underpins the Welsh image of openness and tolerance, based on shared culture rather than race. Williams argued, however, that this concept was problematic, as it rests on an idea of cultural homogeneity:

Further, it reflects a type of ethnic absolutism that cannot be sustained; that is a notion of Welshness that is rigid, and relates to highly specified attributes that are somehow seen to be immutable.⁴¹¹

Williams, in fact, suggested that the image of Welsh tolerance was something of a myth, and was not supported by empirical evidence, particularly given the high-levels of ethnic homogeneity in rural Wales and numerous examples of violent racial conflicts in Wales:

⁴⁰⁹ Ibid.

⁴¹⁰ Charlotte Williams "Race and Racism: What's Special About Wales?" p 277.

⁴¹¹ Ibid, p 277.

Evans's (1991) examination of the treatment of immigrants in Wales over a period of 150 years finds two parallel accounts: one appealing to the harmony of the gwerin and the other a hard document of intolerance, racial animosity and overt violence in the face of multiculturalism.⁴¹²

R Merfyn Jones also discussed the Welsh reputation for tolerance, although he suggested that it Wales was actually a more tolerant society than it has been given credit for. Jones argued that while Wales has a reputation for intolerance of homosexuality, community attitudes towards homosexuality are relatively liberal. Homosexuality was illegal in Wales until 1967, however Jones stated that prejudices had diminished over the post war period:

It was often assumed that Wales was particularly prejudiced, and there were certainly problems in some rural areas. Nevertheless, the response of the Welsh public and media to the alleged behaviour of Ron Davies in 1998, when polls demonstrated only a minority had reacted negatively to his behaviour, suggested that attitudes in Wales were in fact as open and tolerant as elsewhere, if not more so.⁴¹³

The *Better Wales* vision made specific reference to diversity as marker of Welsh identity. The vision stated that

We want Wales to be – committed to fostering its unique and diverse identity, and the benefits of bilingualism, while looking confidently outwards and welcoming new cultural influences.⁴¹⁴

The *Better Wales* benchmarks, however, made just one reference to diversity – in relation to the functioning of government agencies. Benchmark 27 stated

⁴¹² Ibid, p 277.

⁴¹³ R Merfyn Jones, "Social Change in Wales Since 1945," in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 17.

⁴¹⁴ *Better Wales*, p 1.

The policies and actions of all public sector bodies, including the Assembly, its sponsored bodies and agencies and local government must take full account of the needs and views of all parts of society. As organisations and at all levels they must be as diverse as the populations they serve. The result should be better decision-making and better use of the talents of the people of Wales, with all this implies in terms of economic benefit and greater social justice.⁴¹⁵

4.11 Authenticity

Arguably the most striking component of the Welsh regional identity is the Welsh language. The very existence of the Welsh language, after centuries of English domination, can be seen as a testament to the resilience of Welsh culture. As a marker of authenticity, the Welsh language is a cultural symbol that is unique and sets Wales apart from other regions of the United Kingdom.

Evans and Rhys stated that English has been tacitly accepted as the only official language of Wales since 1536, “if not indeed 1282.”⁴¹⁶ Nevertheless, in 1995, 500,000 people considered themselves Welsh speakers, and only one per cent of secondary schools in Wales did not teach Welsh to their students. In recent years the total number of people speaking Welsh has risen, with the number of primary school students speaking the language having doubled from 31,000 to 62,000 between 1980 and 1995.⁴¹⁷ The 2001 Census found that 21 per cent of the Welsh population could speak Welsh, while 20 per cent could read and 18 per cent could write Welsh.⁴¹⁸

The Welsh language is integral to Welsh identity for several reasons. Firstly, it is the major point of difference between the Welsh and the English, signifying the existence of a distinctly Welsh cultural tradition. Symbolically, it is the embodiment of that cultural tradition, and a potent link between modern day Wales and Welsh history.

Evans and Rhys stated that

⁴¹⁵ *Better Wales*, p 22.

⁴¹⁶ G Evans and I Rhys, “Wales,” p 220

⁴¹⁷ National Statistics, *Wales: Its People – Welsh Language*, www.statistics.gov.uk/CCI/nugget.asp?ID=447, accessed 1/3/03/04.

above all, the language remains the toughest element in the national personality, the rallying cry of the most stubborn defenders, the springboard of the most successful counter attacks.⁴¹⁹

John Aitchison and Harold Carter also argued that the language is crucial to Welsh identity:

Much of the emotional attachment to the language derives from its role as the key constituent of Welsh ethnic identity.⁴²⁰

Aitchison and Carter argued that, historically, language has been particularly important to Wales because of a lack of other political and institutional ethnic signifiers. In the absence of political unity or any specific Welsh civil institutions to denote Wales a separate and distinct entity, any shared sense of Welshness has been based around the shared language. This situation changed dramatically however in the 20th century, with both the creation of a number of Welsh civil institutions. The creation of the Welsh assembly is possibly the most significant of these institutional and political changes and has established an institutional 'flag-bearer' for Welsh nationalism.⁴²¹

Moreover, Aitchison and Carter found that using Welsh as a central component of Welsh ethnicity or nationalism has been a dividing force – dividing the principality along a roughly north/west and south/east axis - as the Welsh language has been historically stronger in the north and west. The Welsh Assembly and other institutions are, however, inclusive, as they represent and are accessible to all Welsh people:

⁴¹⁸ Ibid.

⁴¹⁹ G Evans and I Rhys, "Wales," p 221.

⁴²⁰ John Aitchison and Harold Carter, "The Welsh Language Today," in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 104.

⁴²¹ Ibid, pp 104-105.

Through these institutions, and other developments such as the progress of national sports teams, especially in rugby and soccer, a sense of identity has been built which is not immediately tied to language.⁴²²

Secondly, the Welsh language represents an important tool in the social reproduction of Welsh customs, traits, and values. By defining these things in Welsh, as opposed to defining them in English, the original Welsh meanings are retained, and not reinterpreted in the language of another culture. Evans and Rhys had this in mind when they argued for the retention of the Welsh language:

A language is also far more than a means of expression: it is a way of thinking and feeling, even a way of life: most Welshmen, for example, are largely free from awareness of class and rank when speaking Welsh, but seldom so free of it when English is the language.⁴²³

Trends in the usage of the Welsh language not only underscore traditional internal divisions in the broader Welsh community, but highlight how social and demographic changes are affecting rural Wales in particular. Essentially, the traditional Welsh-speaking heartland of north and western Wales has seen the most severe decline in native Welsh speakers. On the surface, this appears to augur badly for the future of the language, however the loss of language skills in the north and west has been counter-balanced by an upswing in Welsh language skills in the south and east, where traditionally the Welsh language has been weakest. Significantly, Aitchison and Carter noted that the greatest levels of increase in Welsh language skills are also taking place in younger age groups due to the introduction of Welsh into more schools.⁴²⁴

Aitchison and Carter argued that the problems facing the Welsh language in its traditional heartland areas in the north and west are due to a number of factors. Most significantly, economic decline in the agriculture sector is forcing many younger

⁴²² Ibid, p 105.

⁴²³ G Evans and I Rhys, "Wales," p 221.

people to move away from the country and into the cities in search of employment. While younger Welsh people are moving out there has also been a rising trend on immigration of older people seeking to find a rural idyll. Generally, these new arrivals are older, from metropolitan areas, English, and do not speak Welsh. Aitchison and Carter noted that the influx of non-Welsh speaking migrants to these areas has provoked a nationalist backlash of people rallying around the cause of the declining Welsh language.⁴²⁵

Graham Day has also noted the significance of these demographic trends in rural Wales to the maintenance of the Welsh identity.⁴²⁶ Day states that the traditions of rural Wales have been considered to be under challenge from

the forces of modernization, especially the impact of urban society and the spread of English influences and values, which threatened to destroy Welshness, including the Welsh language.⁴²⁷

Teri Brewer argued that the tourism industry is crucial in presenting a 'face' of Wales to the rest of the world, and also is important in defining what is considered to be 'authentically' Welsh. In particular, Brewer, argued that the emphasis on heritage tourism in Wales has contributed to the continuing development of Welsh identity:

The focus on heritage tourism, though, is not about bringing visitors' cash in and job creation ... A revalued and revised representation of Wales continually affects the internal dialogues of identity, regionalism and nationalism.⁴²⁸

⁴²⁴ John Aitchison and Harold Carter, "The Welsh Language Today," p 93.

⁴²⁵ Ibid, pp 98-105.

⁴²⁶ Graham Day, "The Rural Dimension," in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, pp 75-89.

⁴²⁷ Ibid p 77.

⁴²⁸ Teri Brewer, "Heritage Tourism: A Mirror for Wales?" in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 154.

According to Brewer, the origins of tourism in Wales during the early 19th century was important in developing emerging notions of Welsh nationality, and particularly in distinguishing the Welsh concept of the 'gwerin':

During this same era, discussions about priorities and identity were also going on inside Wales, the extension of antiquarian concern to culture saw its parallel in the elaboration of the concept of the *gwerin* (folk, or people). In Welsh this term has been integral to a historical discourse on Welshness from the late 18th century onwards.⁴²⁹

Brewer argued that the contemporary focus on heritage tourism encapsulates retains a focus on the 'gwerin', but also encapsulates other aspects of Welsh history, culture and environment. Brewer states that, in this context, heritage

is not about just sites and monuments, it includes forms of expressive culture and expert knowledge like Welsh fiddling, modern Welsh rock bands, Valleys choirs, language traditions, styles of public speaking influenced by traditions of chapel and eisteddfodau, farm auctions, allotment gardening and local boxing rings, but also the skills of passing industries and occupations.⁴³⁰

The iconic images that are most relevant to the Welsh identity promoted through the tourism sector are therefore associated with this expanded concept of heritage:

Heritage markers, taken out of context of everyday life, continually shape the way visitors perceive Wales, whether as a land of daffodils, song and druids, as a contested frontier, pony-trekking, rock-climbing and rambling paradise, a Celtic Fringe, a wellspring of spirituality, a post-industrial landscape – to name just a few of the images of Wales promoted for tourism.⁴³¹

Taken collectively, Brewer suggested that these markers present an

image of Wales as a place in which the processes of history [are] made apparent. Apparent in the dramatic geology and consequent scenery of the Welsh uplands,

⁴²⁹ Ibid, p 151.

⁴³⁰ Ibid, p 155.

apparent in the survival of the Welsh language with its traditions of oratory and poetry, apparent in the daily life, housing and customs of the Welsh people themselves. Not as a timeless land, but a place where change and tradition are both viewed positively.⁴³²

The *Better Wales* benchmark most directly related to the concept of 'authenticity' was Benchmark 24, which identified a desire to increase the number of people able to speak Welsh, and while also seeking to increase awareness of Welsh cultural icons:

International knowledge and appreciation of Welsh music, film, art drama and sport should have increased substantially. The proportion of the total population who can speak Welsh should have grown, with the sharpest rise having been among young people.⁴³³

4.12 Identity / Status

As noted in Chapter 2, the way a region is portrayed in the media is extremely important in defining regional identity and in establishing a sense of 'status'. Kevin Williams highlighted the significance of the media in this context for Wales:

Often discussion of our national and cultural identity is made without reference to the quality of the daily life of many of our fellow women and men. It neglects the real problems that exist in the streets and fields of Wales. But the importance of the mass media is the crucial role they play in how we make sense of these problems and understand our plight and that of our fellow citizens.⁴³⁴

Allen and O'Malley noted that the commercial newspaper media in Wales is dominated by London-based publications. In the television and radio sector, however, government intervention has created a playing field much more sympathetic to the

⁴³¹ Ibid, p 160.

⁴³² Ibid, p 161.

⁴³³ *Better Wales*, p 22.

⁴³⁴ Kevin Williams, cited in Stuart Allen and Tom O'Malley "The Media in Wales," in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 131.

needs of the Welsh community. In particular, the national broadcaster, the BBC, has a number of specifically Welsh production divisions and stations. Allen and O'Malley stated that "the BBC was forced at an early stage to acknowledge the status of Wales as a distinct nation with its own traditions and aspirations."⁴³⁵ As a result of this recognition from the early days of public broadcasting has formed the basis

for a public service ethos which continues to inform the institutions with which we are familiar today, such as BBC Radio Cymru, BBC Radio Wales, BBC Wales TV, Harlech TV (HTV) Wales and the bilingual (Welsh and English) S4C.⁴³⁶

With a number of avenues for Welsh news and programming on broadcast radio and television, these media have become important conduits for discussion about Welsh nationality, and for promoting indigenous Welsh language and culture. According to Allen and O'Malley, however, more local content in the Welsh media is required, to combat the dependence on commercial and public media based in London.⁴³⁷ Allen and O'Malley cited Kevin Williams to argue that there is a need for more indigenous Welsh media:

Mass media of our own are not only important in combating the stereotyping of Welsh identity by others but also vital ingredients in the building of collective solidarity and understanding inside Wales, and addressing the problems that we face as a community.⁴³⁸

Conversely, Graham Day suggested that images of rural Wales had worked in favour of its acceptance as an attractive place to live, and this has been evidenced by the level of in-migration. Day argued that

⁴³⁵ Stuart Allen and Tom O'Malley, "The Media in Wales," p 135.

⁴³⁶ Ibid, p 135.

⁴³⁷ Ibid, p 144.

⁴³⁸ Kevin Williams, cited in Stuart Allen and Tom O'Malley, "The Media in Wales," p 144.

Given the pervading attractiveness of rural locations for many people in Britain, rural Wales is widely perceived as among the more desirable places to live.⁴³⁹

Furthermore, Day argued that rural Wales has been ‘marketed’ specifically to urban-dwellers as an example of the ‘rural idyll’, and therefore as a peaceful alternative to city life. Day stated that

One of the tasks the [development] agencies faced was to reposition rural Wales in a kind of marketing exercise, presenting it to potential investors not as a declining region of old-fashioned communities and quaint types of behaviour, but as desirable places to live and work, with excellent scenery and environment, and a high quality of life. For example, the Development Board tried to ‘brand’ rural Wales as the ‘British Business Park’, proposing that it was possible to combine up-to-date business activity with all the advantages of life in the countryside. This appealed to a growing sentiment among sections of the British population that they would like to participate in the ‘rural idyll’, but if possible without sacrificing the benefits of urban living.⁴⁴⁰

While it has been argued that a stronger local media would promote a stronger sense of Welsh nationalism, on the political level it can be argued that Wales is already forging a stronger national identity. Two factors can be seen to be acting on the development of Welsh identity at the political levels. Firstly, Welsh political devolution is highlighting the distinction between England and Wales, giving Wales its own political voice and structure. In his annual ‘State of the Nation Address’ in 2004, Welsh Secretary Peter Hain emphasises the role of the new political arrangements in building ‘confidence’ within Wales. Hain stated that

Our objective with Westminster and Cardiff working in partnership through devolution is to build a world-class Wales, with a high-skill, high-quality economy and top-class public services. A Wales which looks to the future not the past, and is confident and outward-looking. A Wales which people are increasingly attracted to not just because it has a strong economy and a high quality of life – but because they know through

⁴³⁹ Graham Day, “The Rural Dimension”, in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, p 82.

⁴⁴⁰ Ibid, p 78.

devolution that their views will be listened to and acted upon. And a Wales which both learns from the rest of Britain and teaches the rest of Britain.⁴⁴¹

Secondly, Wales is integrating with a larger political and cultural entity – the European Union. This parallel political process is also having an impact on the Welsh identity, in particular by realigning notions of Wales as a principality of the United Kingdom towards a recognition of Wales as a region of Europe.

Wales is represented in the European Parliament by five local members. As a region rather than a sovereign state, however, Wales does not have direct representation to the Council of Ministers. Andrew Thompson noted that

In the Council of Ministers, the chief legislative institution of the EU, Wales is represented by the appropriate central government minister. Thus in matters of defence or general economic affairs, for example, Wales, like the rest of the UK, will be represented by the Secretary of State for Defence and the Chancellor of the Exchequer, respectively.⁴⁴²

Nevertheless, the growing public association with Europe is driven by a desire within Wales to establish new political and economic alliances. This is partly motivated by a sense of Wales “growing up”, and becoming a more prominent member of the international community. For example, Thompson cited the then President of Plaid Cymru, Dafydd Elis Thomas, alluding to this new sense of national maturity in a newspaper column in 1988:

New Year can be the opportunity when we think of ourselves more clearly as Welsh Europeans, ready for the challenges of the wider world, and their impact on the world of Wales.⁴⁴³

⁴⁴¹ Peter Hain, “State of the Nation” address, full text reported on News Wales, www.neswales.co.uk/?section=politics&F=1&id+6653, published 28/1/2004, accessed 1/3/2004.

⁴⁴² Andrew Thompson, “Wales in Europe,” in David Dunkerley and Andrew Thompson (Eds), *Wales Today* (Cardiff: University of Wales Press, 1999), p 306.

⁴⁴³ D E Thomas, cited by Andrew Thompson, “Wales in Europe,” p 309.

According to Thompson, commentators have argued for the new Welsh to take a stronger role in the European Union. For example, it has been argued that a

powerhouse Parliament will put Wales at the heart of a new Europe of the Nations and historic Regions – no longer left on the furthest edge of the UK listening to the Euro-squabble of middle England.⁴⁴⁴

A secondary impetus behind Wales' enthusiasm for Europe has been the dispersal of European Union regional economic assistance, through which Wales has received considered financial benefit. For example, according to Thompson,

one commentator has remarked that, if Wales is 'unrecognisable from the industrial hulk drifting onto the rocks in the 1970s and 1980s', it is partly due to the 'not insignificant part played by the European Union in helping shape this economic miracle'.⁴⁴⁵

Better Wales made specific reference to Wales' status as a region of Europe. For example, Benchmark 12 stated:

We must be far more international in outlook . Wales must have a higher profile, clearer national identity and greater influence than today. The tourist industry must attract a much higher share of overseas visitors and more students coming to the UK should attend our higher education institutions. The number of Welsh companies exporting and having links with businesses worldwide must have grown. EU and UK policies must be better tuned to our needs and surveys of opinion makers and the business community abroad must show that our market profile is higher. Made in Wales branded products must be associated in the international marketplace with high quality, advanced technology, reliability and good design.⁴⁴⁶

Furthermore, Benchmark 3 also made specific reference to Wales' status in regard to its education system:

⁴⁴⁴ Andrew Thompson, "Wales in Europe" p 311.

⁴⁴⁵ Ibid, p 312.

Wales should be recognised as an outstanding place to teach as well as learn. Robust quality assurance and professional development systems must have led to higher standards in classes and further and higher education courses than in the rest of the UK.⁴⁴⁷

4.13 Better Wales Identity

The introduction to the *Better Wales* document is titled *A Common Vision: Getting Down to Business*. The phrase ‘getting down to business’ in one sense refers to the establishment of the Welsh Parliament, but also places ‘business’ (and hence economy) at the centre of the vision for a ‘better’ Wales. The *Better Wales* vision stated that

We want Wales to be:

- United, confident and creative;
- Committed to fostering its unique and diverse, and the benefits of bilingualism, while looking confidently outwards and welcoming new cultural influences;
- Prosperous, well-educated, skilled, healthy environmentally and culturally rich;
- Served by modern, effective, efficient and accessible public services;
- Active in its local communities, where the voice of local people is heard;
- Fairer – a place where everyone is valued and given an opportunity to play a full part;
- A place which values its children and where young people want to live, work and enjoy a high quality of life.⁴⁴⁸

There are a number of key themes evident in this vision. Firstly, the vision is of a Wales where intra-regional differences are encouraged but are not divisive, and do not detract from a stronger Welsh identity that is more confident and embraces creativity. The broad goals of Better Wales also reflect the focus on building a more innovative and entrepreneurial community. Better Wales stated that

⁴⁴⁶ *Better Wales*, pp 20-21.

⁴⁴⁷ *Ibid*, p 19.

Our aim is to fashion a business environment where job creators, innovators and entrepreneurs can flourish, where jobs are created in areas of most need and best used is made of the talents and motivation of a highly educated, skilled and adaptable workforce.⁴⁴⁹

Secondly, the *Better Wales* vision sought to incorporate hallmarks of the traditional Welsh identity, such as the centrality of the Welsh language. *Better Wales* also retains the traditional Welsh emphasis on strong local communities and fairness – or the ‘gwerin’. For example, *Better Wales* stated that

we are one of the oldest nations in Europe with our own language and rich and diverse cultural inheritance, both urban and rural.⁴⁵⁰

In this sense, the *Better Wales* plan reinforced the historical Welsh identity derived from the image of the strong, hard working Welshman, and also the rural intellectual tradition that was inspired by the non-conformist revival.

Better Wales also sought to pursue a ‘communities first’ approach:

The Plan emphasises our deep commitment to developing better communities: places where people want to live, work and play; where people have access to economic opportunities, a pleasant and safe environment and active and inclusive social networks.⁴⁵¹

The emphasis on community is also evident in a number of ‘social’ benchmarks. For example, Benchmark 19 called for greater community involvement in determining priorities for health care:

⁴⁴⁸ Ibid, p 1.

⁴⁴⁹ Ibid, p 8.

⁴⁵⁰ Ibid, p 13.

⁴⁵¹ Ibid, p 8.

We must have an NHS (National Health Service) which is better attuned to the needs of people by ensuring that more decisions are taken locally and that better informed citizens more actively engage in planning their health services.⁴⁵²

Benchmark 19 is also an example of how *Better Wales* sought to couple an emphasis on community with an individual's responsibility to participate actively in the community. This can be seen as a continuation of the values associated with the tradition of Welsh radicalism.

Thirdly, the Better Wales benchmarks consistently make reference to protecting and improving Wales' physical environment. The focus on environmental issues can be seen in a number of the Benchmarks already cited in this chapter. In its summary of the State of Wales, the Better Wales plan highlighted that national parks cover around one fifth of Wales. Furthermore, Better Wales stated that

Some 500km of the Welsh coastline has been designated as Heritage Coast. Our landscape and our historic environment are a major asset, making Wales not only a first-class place to visit but also an exceptional location for business. Our country is an essential ingredient in the quality of our lives.⁴⁵³

Better Wales also made reference to the damage heavy industry has done to the Welsh environment, and to the continuation of remedial actions on degraded areas: "Areas scarred by our industrial past are being repaired and restored to their former glory."⁴⁵⁴

4.14 Summary

This chapter has identified a number of consistent themes inherent in the Welsh regional identity. These themes include the concept of the 'gwerin', the Welsh historical traditions of religious non-conformism and radical individualism, the centrality of the Welsh language, and the importance of rural Wales and the Welsh

⁴⁵² Ibid, p 19.

⁴⁵³ Ibid, p 13.

environment, and the unique Welsh cultural history – with its strong tradition in music and sport. While these themes have been common to Wales as a region and can be traced historically, it is also acknowledged that Wales does not have a strong political tradition of regional unity. Prior to the English political domination which has ruled Wales since the 15th century, Wales was mostly a loose collection of separate principalities with no overarching political structure. Regional cultural differences between parts of Wales are well-established, and are usually described in terms of a north west / south east axis. These cultural differences are also apparent in a urban / rural divide, with, for example, greater concentrations of overseas-born residents in the urban areas of Cardiff, Swansea and Newport.

The establishment of the Welsh Parliament created a new Welsh political structure, and led to a greater level of interest in the question of what it means to be Welsh. In attempting to answer this question, The *Better Wales* plan has sought to build on the traditional elements of the Welsh identity and place these national characteristics in modern-day context. For example, *Better Wales* tries to position Wales as an outward-looking and confident region of Europe, rather than as a disadvantaged corner of the United Kingdom.

The next chapter analyses the changing regional identities of both Wales and Tasmania in terms of the six criteria derived from Florida's work and examined in Chapter 2. The six criteria will be used to determine the strengths and weaknesses of the respective identities of the two regions. Furthermore, application of the framework will also enable an assessment of the utility of the 'creative class' approach in the analysis of regional identity and regional development policy.

⁴⁵⁴ Ibid, p 13.

Chapter 5 -Analysing the Tasmanian and Welsh Regional Identities

As economic peripheries, Wales and Tasmania share a number of regional characteristics. For example, both regions are physically close to major western economic centres, are English-speaking and share the same western culture. Both regions are also economically disadvantaged compared to their wealthy neighbouring regions, and suffer from socio-economic problems such as relatively high unemployment.

The two regions, however, have developed significantly different regional identities. Wales has developed and maintained its identity over a period of around 1,000 years, despite centuries of political and cultural dominance by England. Wales has also had a separate language, separate religious traditions and a Celtic heritage that has clearly defining it as a distinct cultural entity. Chapter 4 noted a number of themes that are central to notions of the Welsh regional identity. For example, traditional Welsh culture emphasised the idea of community, but also incorporated a strong respect for individual rights. The cultural domination of England, however, has seen the cultural differences between the two societies erode, and today the differences can best be described as subtleties.

While the rise of religious non-conformism in Wales during the nineteenth century saw a surge in nationalism based around religious difference, that form of nationalism subsided in the latter part of the 20th century. In fields such as music and sport, however, Wales has retained a sense of independence. The establishment of the Welsh National Assembly in 1998, furthermore, has added considerable impetus to a resurgence in Welsh nationalism, and has led to a renewal in public discussion and debate about the nature of the Welsh regional identity. Nevertheless, Alys Thomas argued that Welsh identity “remains elusive.”⁴⁵⁵ Denis Balsom identified three distinct Welsh identities: Y Fro Grymraeg, Welsh Wales and British Wales, reflecting

⁴⁵⁵ Alys Thomas, “Politics in Wales: A New Era?” p 288.

the political and social differences between the rural, urban and industrial regions of Wales.⁴⁵⁶

Tasmania, conversely, has been developing its regional identity for less than 200 years, and hence does not have a long historical tradition to refer to. While a number of themes have emerged, defining a cohesive identity has been problematic. Whereas Wales has struggled to stay culturally distinct from its neighbour, Tasmania has struggled to define just what its cultural differences are. Two different trends have emerged in the expression of Tasmania's regional differences. Chapter 3 described these trends in terms of a 'romantic' Tasmanian identity and a 'progressive' Tasmanian identity. The 'romantic' identity essentially sees Tasmania as a pastoral idyll, where nature takes precedence over man and where high culture takes precedence over the wheels of industry. Tasmania's physical isolation is an integral element of this identity, as are the values of harmony, peace and stability. The 'romantic' identity can also be seen as a reaction against the notion of a 'progressive' Tasmania that values industry, science and the human mind over nature. The most potent symbol of the 'progressive' Tasmanian identity has been the Hydro Electric Commission, which has traditionally been a major employer and has underpinned the development of industry in Tasmania through the provision of relatively cheap hydro electricity.

Recently, however, both Wales and Tasmania have attempted to redefine themselves to meet the challenges faced by regional areas coming into the 21st century. In Tasmania, the *Tasmania Together* program has involved an exhaustive process of community meetings, submissions, and planning documents, ultimately producing a vision of Tasmania in the year 2020. The *Better Wales* plan arguably has a stronger sense of purpose, as it aims to establish broad objectives, and a framework for decision-making, for the nascent Welsh Assembly.

This chapter analyses the strengths and weakness of the regional identities discussed in the previous two chapters. This chapter also considers how successful the *Better Wales* and *Tasmania Together* programs have been in redefining the regional

⁴⁵⁶ Dr Denis Balsom, "The Three Wales Model," in J Osmand (Ed), *The National Question Again?*

identities of the two regions. The criteria to be used in this evaluation are those outlined in Chapter 2, as adapted from Richard Florida's 'creative class' approach:

- Well-defined competitive advantages in key 'growth' industries, and have developed clusters around those advantages;
- High levels of innovation and business start-ups, leading to thick labour markets, employment opportunities, and the development a strong local business culture;
- Openness to diversity and tolerance of difference;
- A lifestyle that provides '24/7' recreational opportunities, and has a strong local cultural scene, such as live music;
- An 'authentic' local culture, as opposed to generic cultural icons, which make the region in some way unique;
- An identity that confers status as a desirable place to live.

The task of applying these criteria to Tasmania has been made somewhat easier by the completion of a benchmarking study using creative class indicators by the Australian Local Government Association (ALGA). The ALGA's *State of the Regions Report 2002-03*⁴⁵⁷ examined regional development in Australia by comparing economic statistics for 64 regions around the country. The report, which is commissioned annually, broke new ground in 2002 by including comparative data on 'creative class' indicators for each region. For example, employment in each region is broken down according to the categories of 'agriculture', 'creative class', 'working class', 'service class', and 'super creative core'. A series of indicators or indices were also given to demonstrate a region's credentials as a creative centre, including:

- Innovation Index – given as the number of patents per 100,000 people in the region;
- High tech Index – which measures the output of designated high-tech industries;

Welsh Political Identity in the 1980s (Llandysul: Gswag Gomer, 1985).

⁴⁵⁷ National Economics / Australian Local Government Association, *State of the Regions Report 2002-03*.

- Diversity Index – measured as a proportion of same sex couples in the local population;
- Talent Index – which measures the proportion of people in the region aged 25 and over with a bachelor degree or higher;
- Creativity Index – which combines the Innovation, High-tech, Diversity and Talent Indices;
- Bohemian Index – which measures amenities such as “a local music scene, vibrant street culture, small art galleries and so on”;
- Melting Pot Index – measured as a the proportion of people in the region who are born; and
- Composite Diversity Index – which combines the diversity, melting pot and bohemian indices.⁴⁵⁸

For the purposes of the report, Tasmania was divided into three regions – Southern, Northern and North West. This delineation of Tasmania into three regions is useful as there are significant social and economic differences between each area.

Unfortunately no similar study is available for Wales, however, the six criteria will be applied to the qualitative data gathered from literature on the Welsh identity in Chapter 4.

5.1 Competitive Advantages

Chapter 2 noted that Tasmania’s ‘progressive’ has been predicated on the development of Tasmania’s natural resources, rather than intellectual or human resources. The symbols of Tasmania’s ‘progressiveness’, therefore, tend to involve forestry, mining, and other resource-intensive industries. Notably, the most potent icon of progressive Tasmania, the HEC, achieved prominence through the construction of dams to harness the State’s natural water resources.

The reliance on resource-intensive industry, and the export of commodities to larger

⁴⁵⁸ National Economics / Australian Local Government Association, *State of the Regions Report 2002-03* p 6.4.3.

economic centres, is a central component of the definition of an economic periphery. It can be argued that the progressive identity reinforces the essential elements of Tasmania's economic dependence on core or metropolitan regions by linking Tasmania's perceived 'progressiveness' to its utilisation of natural resources rather than intellectual capital resources. Implicit in the progressive vision is therefore a notion that Tasmania is a supplier of materials, rather than a transformer of materials. This view of the State is borne out by the statistics cited earlier in this chapter that showed Tasmania to have a relatively small professional services sector, but relatively strong resources and manufacturing sectors. In terms of Florida's 'creative class' analysis, these industries involve largely 'working class' occupations, and do not support high number of jobs that fit into Florida's classifications of the 'super creative core' or 'creative professionals'.

The competitive advantages that can be linked to Tasmania's 'romantic' identity, however, can be viewed in the context of the *Brand Tasmania* project. According to *Brand Tasmania*, the State's advantages include its clean environment, natural wilderness and reputation for producing high-quality products, especially in the food and beverages sector. *Brand Tasmania* also identified creativity and innovation as being characteristics of Tasmanian society. Furthermore, the Nixon and Callaghan Reports both highlighted the importance of the Tasmanian environment to its competitive advantage. In particular, Nixon noted the relationship between the Tasmanian natural environment and cultural heritage and the State's marketing advantages in industries such as agriculture, aquaculture and tourism. The *Brand Tasmania* focus on the State's 'clean/green' image provides Tasmanian producers with a potential marketing advantage that can lead to price premiums. For example, there are opportunities for Tasmanian products to be processed or value-added locally, especially in the agriculture, aquaculture and forestry sectors.

Tourism is another industry sector that is consistently nominated as an area in which Tasmania has advantages, particular in the *Brand Tasmania* vision of the State. The Nixon Report stated that

Tourism is the State's highest value export ... The tourism industry provides Tasmanians with the ability to use the State's recognised natural environment,

combined with its significant colonial heritage, to generate wealth and employment for the community. This can be done with little or no adverse environmental impact.⁴⁵⁹

The tourism industry is also subject to market fluctuations, particularly given Tasmania's reliance on air and sea transport links. Events such as airline strikes, and the collapse of Ansett Airlines have in the past had serious short-term consequences for the Tasmanian tourism industry. The tourism industry is also seasonal, with significant peaks and troughs, and many jobs in the sector are casual or part-time. Furthermore, the tourism sector supports mostly 'service class' jobs. Florida warned against regions placing too much emphasis on the tourism industry to create jobs:

Some Service Class centers – mainly tourist destinations like Las Vegas – are attracting people and creating jobs rapidly. But many of these are low-wage dead-end jobs. A job cleaning hotel rooms or even dealing cards in Las Vegas does not offer much of a ladder up into our economy's jetstream. I suspect the Service Class centers too will become increasingly separated from the economic engine of our society.⁴⁶⁰

Tasmania Together identified similar themes when it alluded to the State's economic strengths. For example, Goal 20 reflected the *Brand Tasmania* themes of capitalising on the State's reputation for having a 'clean/green' environment and for producing high-quality products:

Promote our island advantages including our 'clean-green' image, natural resources, location and people.⁴⁶¹

The 'challenges' listed under this goal included increasing visitor numbers, and increasing exports of renewable energy.⁴⁶² This indicates that Tasmania also has a comparative advantage in the area of renewable energy production - building on the historical role of the HEC and its iconic status for the 'progressive' image of the State.

⁴⁵⁹ Peter Nixon, *The Nixon Report*, pp 187-188.

⁴⁶⁰ Richard Florida, *The Rise of the Creative Class*, p 235.

⁴⁶¹ Community Leaders Group, *Tasmania Together*, p 23.

⁴⁶² *Ibid*, p 23.

The importance of stimulating *competition* within industry clusters, however is something which *Tasmania Together* appears to overlook, as it does not specifically identify competition as part of its vision for the future. Possibly, it may be considered that the nature of competition does not fit well with the vision of Tasmanians “living in harmony.”⁴⁶³ Porter’s work on the importance of competition to stimulating innovation and regional development, however, indicates that the *Tasmania Together* goals relating to healthy business environments and increased entrepreneurship are unlikely to be achieved without appropriate levels of competition in the economy.

Tasmania Together’s use of progressive themes also moves away from the resource processing symbolism which has dominated the ‘progressive’ Tasmanian identity. Even in the contentious area of forestry, which remained a focus of dissent, references to it in the *Tasmania Together* goals focused on downstream processing, or value-adding, rather than on continuing the practice of exporting raw materials such as woodchips. The affirmation of information technology and other service-related industries as being crucial to regional economic growth reiterated the rhetoric of the Intelligent Island program, and continued to reposition the State’s ‘human capital’ at the centre of the ‘progressive’ identity.

Chapter 4 showed that, historically, Wales has developed its comparative advantages around the exploitation of its natural resources and agriculture. In particular, large-scale coal mining and the steel industry dominated the post-industrial revolution Welsh economy. These industries were not only resource-based, but were driven by large companies based outside Wales. Fevre noted that the major industry sectors in the Welsh economy are now agriculture and manufacturing, with a growing service sector aided by a particularly high proportion of Government sector jobs. Tourism, and particularly ‘heritage tourism’ has also been identified as a sector in which Wales has advantages.

Better Wales does not define Wales’ competitive advantages in terms of industry sectors or clusters, and only three industry sectors are mentioned specifically. Firstly,

⁴⁶³ Community Leaders Group, *Tasmania Together*, p 1.

tourism is identified as a potential source of growth and a beneficiary of policy goals to improve and promote the Welsh environment. Secondly, the information technology sector is highlighted as an important driver and facilitator of growth. Thirdly, growth in the agriculture sector is set as a benchmark, with a stated goal of increasing employment in the dairy, lamb and beef processing sectors by 10 per cent. An increase in the number of farms certified as being 'organic' is also set down as a benchmark, indicating that Wales is perceived to have a competitive advantage in organic agriculture.

The *Better Wales* plan, however, identified the concept of *Brand Wales* as important mechanism in its attempt to redefine Welsh competitive advantages in the modern global economy. As noted in Chapter 4, *Better Wales* stated that

Made in Wales branded products must be associated in the international marketplace with high quality, advanced technology, reliability and good design.⁴⁶⁴

In this respect *Brand Wales* aims to make 'high-quality' recognised as a Welsh trait or value - in a similar way to Germany's international reputation for producing high quality goods in the automotive sector.

Welsh competitive advantage can therefore be seen as similar to that of Tasmania, with a focus on resource processing industries (especially agriculture) and an emphasis on tourism as a growth sector. *Brand Wales*, like *Brand Tasmania*, seeks to establish a 'premium' brand for Welsh-made products that will negate the impacts of commodity market fluctuations. Again however, the focus of these industries is on working class or service class occupations, therefore the competitive advantages of the Welsh regional economy do not support the development of a stronger 'creative class'.

⁴⁶⁴ *Better Wales*, p 21.

5.2 Thick Labour Markets / Innovation

The 'romantic' and the 'progressive' images have significantly different implications for the criterion of innovation and thick labour markets. The 'romantic' view of Tasmania provides a counterpoint to the artificiality of city life, and has been ascribed the qualities of tranquility, nature, harmony and peace. By implication, therefore, the romantic image of Tasmania is also sleepy, unproductive and lacking the industrious, productive and fast-paced qualities of metropolises. The establishment of the romantic Tasmanian identity has parallels with the pastoral identity of the French Quebeckers. The romantic identity also confers a sense of conservatism and comfort in the "old ways". This was recognised by Callaghan, who stated that

Tasmania cannot live forever on its natural beauty and its history. The citizens of today need to think of the future. I have no doubt the great majority of the people of Tasmania realise this. On the other hand, the observer senses, among many, a resistance to change.⁴⁶⁵

The Nixon Report was written some 20 years after the Callaghan Report, but reiterated many of the same themes. Nixon also found a evidence of a general "resistance to change" in the Tasmanian community. Nixon reported that

comments have been made to me also about the general attitude to development in the State and how this is promoted through Government decision making. Concerns have been raised about the community attitude to large developments in Tasmania where the approach is to actively seek out and promote what is wrong with a suggested development rather than trying to make the development work. It has been suggested that this approach arises from a fear of change within the community.⁴⁶⁶

It can be argued, therefore, that the 'romantic' Tasmanian identity fosters a general resistance to change in the Tasmanian community, and a rejection of innovation. Conversely, the 'progressive' Tasmanian identity, with its emphasis on industry and

⁴⁶⁵ Sir Bede Callaghan, *Report Into the Structure of Industry and the Employment Situation in Tasmania*, p 78.

⁴⁶⁶ Peter Nixon, *The Nixon Report*, p 21.

science, would appear to be more supportive of change. The *Intelligent Island* and *Innovations Centre* programs, for example, can be seen as taking the 'progressive' identity and placing it in the context of Tasmania's information technology-based service industries. These programs promoted an image of Tasmania that was supported of innovation and promoted the development of industries that support the creation of 'creative class' jobs.

The *State of the Regions Report 2002* used the high-tech index as a proxy measurement for labour market 'thickness'. According to the report, 15.5 per cent of the Southern Tasmanian workforce were 'creative professionals', below the national figure of 16.3 per cent, and 9.6 per cent of the workforce were classified within the 'super creative core', above the national average of 8.9 per cent. In total, the size of Southern Tasmania's 'creative' labour force was exactly equal to the national average of 25.2 per cent. In terms of the high-tech index, Southern Tasmania was rated 28th of the 64 regions measured.⁴⁶⁷

In Northern Tasmania, 13.7 per cent of the workforce were classified as 'creative professionals' and 7.1 per cent were classified as being within the 'super-creative core', for a total of 20.8 per cent of the workforce being in the 'creative class'. Northern Tasmania was ranked 41st on the high tech index. In North West Tasmania the results were among the lowest in the nation, with just 12 per cent of the workforce classified as 'creative professionals', and 6.9 per cent in the 'super creative core' for a total of 18.9 per cent in the total creative class. North West Tasmania was ranked 50th on the high-tech index.⁴⁶⁸

The *State of the Regions* report figures therefore indicated that the Tasmanian labour market as a whole was below the national average in relation to 'thickness' for creative professionals. This placed Tasmania at a disadvantage compared to other regions, with a labour force of insufficient critical mass to provide the breadth of job opportunities that is required to attract members of the 'creative class', especially those who are involved in the information technology sector. Within the State,

⁴⁶⁷ National Economics / Australian Local Government Association, *State of the Regions Report 2002*, pp A5.118-123.

⁴⁶⁸ Ibid, pp A5.118-123.

however, regional differences exist, with the labour market being considerably thicker in the South than in either the North or North West.

Chapter 4 showed that *Tasmania Together* supported the notion of creating a ‘thicker’ labour market by encouraging the development of a more entrepreneurial culture and expressing support for the continued development of the State’s small to medium-sized enterprise sector. For example, the *Tasmania Together* vision statement that “We will have a world class reputation for innovation, imagination and intelligence”⁴⁶⁹ pointed directly to the establishment of a more ‘creative’ economy. This was again borne out in Goal 19, to “have an internationally focused business culture.”⁴⁷⁰

Tasmania Together also highlighted a need for increased investment in research and development. For example *Tasmania Together* set a goal of increasing investment in research and development, and a target benchmark of becoming the leading Australian State in terms of investment in research and development as a proportion of Gross State Product. Furthermore, *Tasmania Together* also identified the adoption of new technology as a priority for the community, with Goal 17 aiming to “maximise the opportunities available through information and other technologies.”⁴⁷¹

Like Tasmania, Wales suffers in comparison to larger centres in that its labour market is by definition smaller, and therefore options for people are more limited. Nevertheless, the Welsh labour market is considerably bigger than Tasmania. Chapter 4 noted that Wales has been described as lacking a culture of innovation and entrepreneurship. Indeed, *Better Wales* stated that

We have a long-standing tradition of self-employment, but the innovator and the entrepreneur culture required to create a truly dynamic small and medium enterprise sector is not as strong as we would wish. We are also under-represented in significant high value-added growth sectors such as Information Technology, pharmaceuticals and other science and knowledge-based activities. Within our company structure, there are

⁴⁶⁹ Community Leaders Group, *Tasmania Together*, p 1.

⁴⁷⁰ *Ibid*, p 23.

⁴⁷¹ *Ibid*, p 22.

too few decision-making departments, units and occupations in finance, research and development, marketing and product design.⁴⁷²

Ralph Fevre argued that Wales also suffers from a cycle of dependency, with reliance on inward investment and government assistance acting to further discourage the development of entrepreneurship. *A Winning Wales*, the national economic development strategy of the Welsh Assembly Government, recognised this pattern stating that

Wales lags behind the UK both in terms of the business birth rate and the number of extant businesses per head of population.⁴⁷³

Similarly, *Better Wales* stated that

Although our service sector, including financial services, is growing rapidly, it is small and we continue to rely on the low-value end of manufacturing. Our small and medium sized enterprise sector is relatively under-developed and relatively few of our small businesses make the crucial transition to larger, dynamic enterprises. Fewer still gain stock market status. The rate of new business start-ups is lower than that in England and Scotland.⁴⁷⁴

With relatively fewer businesses in the small to medium-sized enterprise sector, the Welsh labour force must therefore be considered relatively ‘thin’.

The relative lack of research and development activities in Wales was identified in Chapter 4 as a contributing factor to Wales’ economic dependency. For example, *Better Wales* set benchmark targets for greater levels of research and development and for increased funding further and higher education. Chapter 4 also showed that *Better Wales* supported the adoption of new technology, and in particular telecommunications and information technology. *Better Wales* also calls for the development of an ‘Information Age’ strategy to ensure “that Wales takes full

⁴⁷² *Better Wales*, p 15.

⁴⁷³ *A Winning Wales – The National Economic Strategy of the Welsh Assembly Government*, Cardiff: January 2002, p 21.

advantage of the Information and Communications Technologies revolution.”⁴⁷⁵ Furthermore, a number of benchmarks cited in Chapter 4 (such as Benchmarks 2, 5 and 6) specifically point to the creation of new businesses in order to create new employment opportunities, and to the role of promoting innovation and use of technology through the education system.

5.3 Lifestyle

Chapter 3 found that the main ‘selling points’ of the Tasmanian lifestyle are often considered to be its ‘easy pace of life’ and clean, unpolluted environment. Florida’s assessment of ‘creative class’ values, however, suggested that these lifestyle factors may not be the ones of most interest to the ‘creative class’. Florida suggested that members of the ‘creative class’ seek locations that offer a variety of experiences and activities, or “ready access to recreation on a just-in-time basis.”⁴⁷⁶ In this context Tasmania – and certainly the major population centres of Hobart and Launceston – does have much to offer in terms of parks, beaches, and other areas for outdoor activities such as bike riding, jogging, surfing or bush walking.

Chapter 3 noted Tasmania can also be seen to have a relatively small but flourishing arts and culture scene. Florida cited Erica Colsor’s research on the ‘nightlife’ preferences of people in their 20s and 30s, which found that the most desired nightlife options were:

cultural attractions (from the symphony and theatre to music venues) and late night dining, followed by small jazz and music clubs and coffee shops.⁴⁷⁷

Given these preferences, the promotion of the Tasmanian Symphony Orchestra as a State ‘icon’, as discussed in Chapter 2, can be seen as a valuable drawcard for the creative class.

⁴⁷⁴ *Better Wales*, p 15.

⁴⁷⁵ *Better Wales*, p 2.

⁴⁷⁶ Richard Florida, *The Rise of the Creative Class*, p 224.

The *State of the Regions Report 2002* ranked Southern Tasmania 18th out of 64 regions in relation to the 'Bohemian Index', which measured the availability of lifestyle amenities such restaurants, cafes and live music venues. Northern Tasmania was ranked 36th, and North West Tasmania was ranked 42nd.⁴⁷⁸

The availability of lifestyle amenities in the North and North West is increasing, however, with the development of 'café cultures' and cultural precincts. Indeed, the editor of the local newspaper in Launceston made the following observation in a newspaper column on the city's cultural and economic progress:

Launceston took the strategic path to give itself a new future, particularly with its innovative search conference which tapped into community views about what sort of city its residents wanted in the future. The footpaths were widened; the café culture thrives and has created the climate that supports the high quality dining that has given the city national note as a place to eat... The rediscovery of the city's river edges and the investment in their improvement has provided the most dramatic change for the city – not just its physical environment but, on the basis of anecdotal evidence, making people feel more positive about their city.⁴⁷⁹

Creative class lifestyle values appear in some ways to sit more comfortably with the 'romantic' Tasmanian identity than with the 'progressive'. The romantic emphasis on art and culture, and the notion of Tasmania being a haven for artists, certainly resonates well with Florida's notion of the creative community and the creative economy. Furthermore, it can be argued that the physical markers of Tasmania's romantic identity – its parks, wilderness and natural environment – provide a perfect setting for the active recreational experiences preferred by the 'creative class'.

Florida argued, however, that the 'creative class' lifestyle is also about access to a range of amenities and services on a 'just-in-time' basis. Furthermore, Florida's suggested that certain types of recreational activities are more important to members of the 'creative class' – that is activities that involve participation, and can be engaged

⁴⁷⁷ Ibid, p 225.

⁴⁷⁸ National Economics / Australian Local Government Association, *State of the Regions Report 2002*, pp 118-123.

⁴⁷⁹ Rod Scott "It's Strategies that Win Goals", in *The Examiner*, 15 June 2003, p 22.

in at any time to fit around busy, flexible personal schedules. Florida also noted that many younger 'creative class' members sought an 'around the clock' nightlife – not because they are 'party animals', but because they had flexible and demanding working hours.⁴⁸⁰ The blurring of the separation between work and recreation time means that creative people tend to require the lifestyle amenities of modern city. The tranquil, isolated and pastoral virtues of the romantic identity are, therefore, not particularly conducive to the new, fast-paced creative class lifestyle. This was recognised by the on-line submission to *Tasmania Together* cited in Chapter 3 that stated:

To participate in the global economy and attract people that live in that economy (for example those who have been tagged the 'e-generation') Tasmania needs to act as if it is part of that economy. This means committing to a 24/7 economy and understanding that, for example, restrictive shop trading hours are a symbol of 19th century thinking and a symbolic barrier to participation in the global economy.⁴⁸¹

Tasmania Together highlighted the arts sector as playing an important role in the development of a creative culture. According to *Tasmania Together*, Tasmanians wanted

increased participation in the arts and cultural activities – [because] active involvement stimulates community interest in the arts and creates an environment conducive to creativity.⁴⁸²

Goal 11, therefore, aimed to "Have Tasmania recognised nationally and internationally for its innovation, pursuit of excellence and creativity in arts and culture."⁴⁸³ In this respect *Tasmania Together* goes some way towards addressing the lifestyle issues raised identified by Florida. While *Tasmania Together* set a goal of "encouraging healthy lifestyles,"⁴⁸⁴ it did not, however, identify the provision of

⁴⁸⁰ Richard Florida, *The Rise of the Creative Class*, pp 224-225.

⁴⁸¹ Alex Tewes, www.tasttogether.asn.au/feedback, submitted 8/2/00, accessed 24/9/00.

⁴⁸² Community, Leaders Group, *Tasmania Together*, p 15.

⁴⁸³ *Ibid*, p 15.

⁴⁸⁴ *Ibid*, p 11.

active recreational facilities as a priority, or address the issue of providing services and recreational activities on a '24/7' basis.

Better Wales identified both sport and music as being important components of the Welsh national identity and lifestyle:

We have a passion for music and sport. We have musicians with world-wide reputations in everything from opera to rock.⁴⁸⁵

Better Wales also successfully identifies an imperative to increase participation in sport and recreation, setting a goal to "increase the number of adults taking part in sporting activities by 45 by supporting the work of the Sports Council"⁴⁸⁶ by March 2003.

As with *Tasmania Together*, however, *Better Wales* only dealt with the issue of participation, not with the more basic issue of provision of recreational opportunities. No reference is made in the plan as to how participation objectives would be achieved, or what type of recreational activities should be promoted. *Better Wales*, in this sense, fails to identify the provision of infrastructure for recreational activities as an important measure for encouraging a more creative community.

Better Wales did acknowledge a need to provide an environment and culture more conducive to attracting and retaining young people. This was explicitly stated in Benchmark 14:

Wales must be able to retain a far higher proportion of its young people. It must be a place where young people want to live, work and enjoy a high quality of life.⁴⁸⁷

Again, however, *Better Wales* did not provide any detail on how this would be achieved, nor did it recognise the role of 'nightlife' in retaining and attracting creative people.

⁴⁸⁵ *Better Wales*, p 13.

⁴⁸⁶ *Ibid*, p 32.

⁴⁸⁷ *Ibid*, p 21.

5.4 Diversity

Chapter 3 showed that Tasmania's cultural and ethnic diversity is steadily increasing due to continued international migration. The State experienced considerable immigration from Europe during the 1950s, especially from Poland, Italy, the Netherlands and Greece. In more recent times, Tasmania has experienced an influx of migrants from South East Asia and Africa. Both Callaghan and Nixon found that Tasmania's ethnic diversity was limited in comparison to other Australian States, and Callaghan noted that this lack of diversity could have economic consequences for Tasmania.

Richard Florida highlighted the 'gay index' as a measure of diversity and as an indicator that a place is open to outsiders and to people who are 'different'.⁴⁸⁸ Attitudes to homosexuality have slowly been changing in Tasmania, nevertheless, Chapter 4 noted that issues relating to homosexuality invariably raise vigorous debate in Tasmania.⁴⁸⁹

The *State of the Regions Report 2002* found significant differences in the 'Diversity Index' results for the three Tasmanian regions. Southern Tasmania was ranked 18th on the list of Australian regions for this indicator, while Northern Tasmania was ranked 44th and North West Tasmania was ranked 57th. The 'Melting Pot Index', which measures the proportion of a region's foreign-born population, is another indicator of diversity. Results for this indicator in the *State of the Region Report 2002* showed that Southern Tasmania was ranked 38th with 0.11 per cent of the population being classified as foreign-born, Northern Tasmania was ranked 45th (0.09 per cent) and North West Tasmania was ranked 55th (0.08 per cent). In the 'Composite Diversity Index', which is a combination of the Diversity and Melting Pot Index results, Southern Tasmania was ranked 38th, Northern Tasmania was ranked 42nd and North West Tasmania was ranked 47th.⁴⁹⁰

⁴⁸⁸ Richard Florida, *Rise of the Creative Class*, pp 255-258.

⁴⁸⁹ Rodney Croome, Address at the launch of "A Just Society," 10/9/99, transcript on International Lesbian and Gay Association website, www.ilga.org/Information/asia_pacific, accessed 2/3/04.

⁴⁹⁰ National Economics / Australian Local Government Association, *State of the Regions Report 2002*, pp A.5.118-123.

These results indicated that Tasmania was relatively less diverse than most Australian regions. Moreover, North and North West Tasmania were among the lowest one third of Australian regions for diversity. Southern Tasmania, however, was in the top 20 regions in relation to the gay index, which indicated a relatively high level of acceptance of other cultures and sexual orientations, but was close to the national average in terms of the proportion of people born in foreign countries.

Themes related to tolerance and diversity are central to *Tasmania Together*. While the overarching vision refers to people 'living in harmony,' Goal 9 specifically deals with the issue of promoting cultural diversity in the community:

Foster an inclusive society that acknowledges and respects our multicultural heritage, values diversity and treats everyone with compassion and respect.⁴⁹¹

While the Welsh population is predominantly of European background, Chapter 4 noted that a wide range of ethnic backgrounds are represented in Wales. Indeed, racial tolerance is regarded as a marker of the contemporary Welsh identity - consistent with the historic characteristic of equality. Charlotte Williams stated that

The Welsh have traditionally regarded themselves as a welcoming and tolerant people viewing with contempt the narrow racism of much of English nationalism. Popular images of Wales abound as a country where a melee of cultures has settled harmoniously in a type of colour-blind co-operation.⁴⁹²

Most parts of Wales, however, have relatively small ethnic minority populations. Welsh Office figures list the proportion of Welsh population considered to be part of 'ethnic minorities' as 1.5 per cent, or 41,551 in a total population of over 2.8 million. The most significant concentration of the ethnic minority population is in the Vale of Glamorgan, which contains the capital city of Cardiff, with 6 per cent.⁴⁹³ Williams notes that the ethnic minority population includes people classified as 'black', 'South

⁴⁹¹ Community Leaders Group, *Tasmania Together*, p 13.

⁴⁹² Charlotte Williams, "'Race' and Racism: What's Special About Wales?" p 114.

⁴⁹³ *Ibid*, p 272.

Asian', 'Chinese' and a significant number of people with mixed ethnicity.⁴⁹⁴

Williams however questioned whether the idea of tolerance was genuinely a part of the Welsh character. Conversely, Chapter 4 also cited R Merfryn Jones, who argued that Wales is relatively open and tolerant of homosexuality.⁴⁹⁵

The traditional Welsh concept of the 'gwerin' was also discussed in terms of this criterion. One on hand, the notion of community inherent in the idea of the 'gwerin' can be seen as supportive of a culture of tolerance. On the other hand, however, Williams noted that the idea of the 'gwerin' is based on a historically homogenous view of Welsh culture. In this sense, it can be argued that the concept of the 'gwerin' is not particularly supportive of cultural diversity.

The *Better Wales* vision highlighted diversity as a key theme, stating that

We want Wales to be – committed to fostering its unique and diverse identity, and the benefits of bilingualism, while looking confidently outwards and welcoming new cultural influences.⁴⁹⁶

The *Better Wales* vision, therefore, set a solid foundation for a culture of tolerance and diversity. Chapter 4 noted that a number of goals acknowledge that there is often a racial or cultural element involved in social disadvantage. *Better Wales*, however, did not identify the promotion of tolerance and diversity as a specific goal or benchmark, nor did it set out any plan for achieving greater levels of diversity – especially in rural areas. Furthermore, *Better Wales* did not identify sexuality in relation to diversity, and did not set any goals or benchmarks relating to the homosexual community.

⁴⁹⁴ Ibid, p 273.

⁴⁹⁵ R Merfryn Jones, "Social Change in Wales Since 1945," in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, (Cardiff: University of Wales Press, 1999), p 17.

⁴⁹⁶ *Better Wales*, p 1.

5.5 Authenticity

Florida asserted that creative people are attracted by places that offer ‘authentic experiences,’ as opposed to generic ones. As an island, Tasmania can be considered to be well-placed in terms of offering a lifestyle that is removed and distinct from other regions, and therefore ‘authentic.’ In terms of cultural heritage, however, Tasmania has only a relatively short history of European settlement, and the treatment of the local indigenous population has removed virtually all signs of aboriginal culture from the State. Nevertheless, when compared to the American regions examined by Richard Florida, Tasmania does not appear disadvantaged in terms of cultural heritage, so this should not be a limiting factor.

Both Nixon and Callaghan identified the State’s environment as a major component of the Tasmanian identity, and in itself the environment can be seen as integral to a sense of Tasmania’s ‘authenticity.’ Similarly, Tasmania’s well-preserved colonial architecture is considered to be unique in Australia, and therefore also adds to the picture of an ‘authentic’ Tasmania.

Florida suggested that members of the ‘creative class’ tend to be attracted to places that offer a dynamic and evolving culture that embraces diversity. In this respect, ‘authenticity’ can be seen as more about a place developing its own cultural ‘feel.’ Florida argued that while it is impossible for regions like Tasmania to keep generic multinational brands and experiences out, they can promote a sense of difference by supporting the development of new local experiences and protecting old ones.

Florida also noted the significance of popular music to the creative class lifestyle. According to Florida, successful regions tend to be associated successful music ‘scenes’ – or have an ‘audio identity.’ In this respect, both Callaghan and Nixon noted a perception in young Tasmanians that the State was often ‘left off the map’ in terms of access to popular music. As noted in Chapter 3, Nixon stated that “young people have expressed their concern that bands touring Australia frequently leave Tasmania off their agenda.”⁴⁹⁷ Furthermore, Chapter 3 noted that relatively few

⁴⁹⁷ Peter Nixon, *The Nixon Report*, p 201.

Tasmanian contemporary musicians have achieved national or international success. In this respect, therefore, Tasmania can be seen to lack the 'audio identity' that Florida identified as a hallmark of 'creative' communities.

While not using the term 'authenticity', the *Tasmania Together* vision can be seen as recognising the value of 'authenticity' through its focus on preserving the State's cultural and natural heritage. Goal 21, to "value protect and conserve our natural and cultural heritage,"⁴⁹⁸ for example, is significant in the context. *Tasmania Together* also recognised the importance of planning schemes, in protecting the State's heritage with a number of benchmarks addressing planning-related issues. The included benchmarks such as

- To improve the planning system to value the environment; and
- To foster innovative design of the built and landscaped environment.⁴⁹⁹

Goal 9 also called for State's indigenous cultural heritage to be maintained:

Acknowledge and respect the contribution that the aboriginal community and its culture have made and continue to make to Tasmania and its identity.⁵⁰⁰

Chapter 4 highlighted the significance of the Welsh language to notions of Welsh identity. The sense of regional difference that is conveyed by the Welsh language also fits well with Florida's concept of 'authenticity.' Visitors to Wales cannot escape the presence of the Welsh language on road signs and in the community, and this provides a visible reminder that Wales is indeed unique. Chapter 4 also noted that the existence of the Welsh language is also significant for other reasons. By speaking Welsh, the Welsh people are able to define the world around them in their own terms, rather than through the structure of another language. As Evans and Rhys stated,

⁴⁹⁸ Community Leaders Group, *Tasmania Together*, p 25.

⁴⁹⁹ Ibid, p 79.

⁵⁰⁰ Ibid, p 13.

The question that troubles nationalists is the extent to which the warm and unique Welshness of the valleys can be transmitted from generation to generation without a language through which to assimilate the immense standardizing forces which are imposing sameness on the whole of Western Europe today.⁵⁰¹

Teri Brewer also noted the role of that Welsh heritage in defining images of Wales, particularly in relation to the tourism industry. Brewer stated that

Heritage markers, taken out of the context of every day life, continually shape the way visitors perceive Wales, whether as a land of daffodils, song and druids, as a contested frontier, pony-trekking, rock-climbing and rambling paradise, a Celtic Fringe, a well-spring of spirituality, a post-industrial landscape – to name just a few of the images of Wales promoted for tourism.⁵⁰²

Chapter 4 highlighted some of the problems with these cultural markers, in that they can be used to symbolise a clichés and patronising view of Wales. This “leeks and rugby”⁵⁰³ image is used to portray Wales as being quaint and something of a novelty, but it also implies a lack of cultural sophistication. In turn this reinforces metropolitan prejudices against Wales, and is used to justify the maintenance of core-periphery power relations.

Florida noted that ‘authenticity’, to his creative class subjects, could include the existence inner-city industrial areas, as well as more conventional aspects of cultural heritage. In this sense, Wales can build on both its Celtic and post-industrial heritage to promote an ‘authentic’ Welsh lifestyle. In relation to popular music, Wales also appears to meet Florida’s identified requirement for a region to have a thriving musical culture. Indeed, the success of Welsh popular music can be likened to the ‘soundtrack’ that, according to Florida, accompanies other successful creative regions. Chapter 4 noted the comments of Steve Blandford, for example, who argued that

⁵⁰¹ G Evans and I Rhys, “Wales,” p 247.

⁵⁰² Teri Brewer, “Heritage Tourism, a Mirror for Wales,” p160.

⁵⁰³ Gruff Rhys, cited in Steve Blandford, “Aspects of the Live and Recorded Arts in Contemporary Wales,” p 113.

Welsh pop musicians had taken Welsh music beyond “patronising novelty status”⁵⁰⁴ to become internationally recognised.

Better Wales identified Wales’ cultural heritage and language as a crucial element of the Welsh identity. The *Better Wales* stated that “We are one of the oldest nations in Europe with our own language and a rich and diverse cultural inheritance, both urban and rural.”⁵⁰⁵ Furthermore, *Better Wales* also established benchmarks for growth in the number of Welsh speakers, For example, Benchmark 24 stated that

The proportion of the total population who can speak Welsh should have grown, with the sharpest rise having been among young people.

The protection of natural and built heritage, however, was less visible in the *Better Wales* benchmarks. While noting that national parks cover one fifth of Welsh land, *Better Wales* did not identify any specific benchmarks relating to either natural or built heritage.

5.6 Identity / Status

Florida argued that members of the ‘creative class’ tend to link their own personal identity and sense of self with the place in which they live, and with the ‘status’ values associated with that place. In this respect, Tasmania’s image and reputation is vital to defining its status as a place to live, and therefore its ability to attract creative people. Chapter 3 noted that negative stereotypes have downplayed Tasmania’s status, however a jump in population growth between 2001 and 2004,⁵⁰⁶ and a real estate boom fuelled by interstate investors,⁵⁰⁷ suggests that Tasmania’s status as a location for living and working may be improving.

⁵⁰⁴ Steve Blandford, “Aspects of the Live and Recorded Arts in Contemporary Wales,” p 112.

⁵⁰⁵ *Better Wales*, p 13.

⁵⁰⁶ Tasmania’s population rose by around 5 per cent between 1999 and 2004, see Australian Bureau of Statistics, *Tasmania – Regional Profile*, www.abs.gov.au, accessed 21/4/04.

⁵⁰⁷ *Property Focus Tasmania* (Hobart: Real Estate Institute of Tasmania, 2004).

On one level, both the 'progressive' and 'romantic' identities reaffirm Tasmania as a place worthy of status. In the case of the 'progressive' identity this comes from Tasmania as a regional leader in business and academia, and in the case of the 'romantic' identity this comes from Tasmania's natural and cultural assets, and rejection of commercialism. Both of these identities, however, can be seen as reinforcing some of the negative stereotypes about the State which act against Tasmania being considered as a 'high-status' location. This was apparent in a number of submissions to *Tasmania Together*, such as comments which referring to Tasmania as an 'irrelevant backwater' and describing a 'we can't do it mentality'.

Bruce Felmingham also noted the role of the media in promoting certain images of Tasmania. Felmingham's observation about 'Tasmania bashing' in the national media highlighted one of the problems of being a peripheral or semi-peripheral area, and also indicated how regional areas suffer from having limited access to the mechanisms of the third dimension of power.⁵⁰⁸ While difficult to quantify, negative publicity about regional areas must surely affect the status that is associated with those regions, and therefore affect the ability of those regions to attract members of the 'creative class'.

The *Tasmania Together* vision clearly set out to encourage a greater sense of community pride. Indeed, the vision statement to make Tasmania "an icon for the rest of the world by creating a proud and confident society",⁵⁰⁹ can be seen as directly addressing this issue. Goal 11, to "have Tasmania recognised nationally and internationally for its innovation, pursuits of excellence and creativity in arts and culture,"⁵¹⁰ also sought to improve Tasmania's status as a location for creative people.

This interpretation of the *Tasmania Together* vision has a number of important differences from the established romantic and progressive traditions. Firstly, it was been achieved through a grass-roots, bottom-up approach, thus effecting a movement against top-down solutions applied to regional problems. Secondly, it combined the two existing regional identities (progressive and romantic) to form a new hybrid

⁵⁰⁸ Bruce Felmingham, "Offensive Effects of Poisoned Minds." *The Sunday Tasmanian*, 6/10/02.

⁵⁰⁹ Community Leaders Group, *Tasmania Together*, p 1.

⁵¹⁰ *Ibid*, p 15.

identity. In this sense, the *Tasmania Together* identity subverted the negative aspects which were inherent in the traditional approaches, and which have been discussed in this chapter. For example, in terms of the 'romantic' identity, the *Tasmania Together* vision identified the negative qualities of backwardness and lack of productivity, and attempted to reverse them by setting goals for economic development. The very use of the language of economics and 'progress' was an attempt to overcome the implied state of under-development inherent in the romantic ideal.

It can also be argued that the 'status' values associated with Wales have suffered from negative stereotyping. Chapter 4 noted that core-periphery relationships within the Welsh media are perhaps most notable in the newspaper sector, where industry consolidation has not only reduced the proportion of newspapers published in the Welsh language, but also reduced the proportion of Welsh-owned publications. It can be argued that the lack of Welsh-owned media limits the ability of the Welsh community to influence the images of Wales that are presented through the media. Nevertheless, David Dunkerley noted that the Welsh population rose continuously over the second half of the twentieth century – albeit at a diminishing rate – due to steady inward migration.⁵¹¹ Dunkerley, in fact, argued that the images of Wales promoted in the media mask the real state of Wales as a region beset by chronic economic and social disparities. In his review of social statistics for Wales, Dunkerley stated that

What we see is a poor country that is deeply divided, with sharp contrasts between one area and another. And yet Wales is often portrayed in a kind of romantic timeless way as a land of mountains and lakes and beaches, of high culture and innovation.⁵¹²

Chapter 4 also found that Wales is increasingly being defined as part of the broader European community, rather than as part of the United Kingdom. The Welsh Assembly has played an important role in redefining the Welsh identity in this respect. As Thompson stated, the development of a

⁵¹¹ David Dunkerley, "Social Wales," in David Dunkerley and Andrew Thompson (Eds), *Wales Today*, (Cardiff: University of Wales Press, 1999), p 39.

⁵¹² *Ibid*, p 39.

Powerhouse Parliament will put Wales at the heart of a new Europe of the Nations and historic Regions – no longer left on the furthest edge of the UK listening to the Euro-squabble of middle England.⁵¹³

The *Better Wales* vision also set out to develop a stronger Welsh regional identity, and to increase international recognition of Welsh culture. Benchmark 24, for example, stated that

International knowledge and appreciation of Welsh music, film, art drama and sport should have increased substantially.⁵¹⁴

Benchmark 12 also referred to Wales' place in the world, stating that

We must be more international in outlook. Wales must have a higher profile, clearer national identity and greater influence than today.⁵¹⁵

In this sense, the *Better Wales* vision promoted a Welsh identity that appeals to the mobility and internationalist focus of the creative class, and underpins a sense of greater 'status'.

5.7 Intra-Regional Differences

It is apparent from examining both case studies that the six criteria being used cannot be adequately applied uniformly across regions such as Tasmania and Wales. In both Tasmania and Wales there are clear *intra-regional* differences that make generalisations in regard to regional identity particularly problematic. Moreover, the intra-regional differences are often attributable to the urban/rural divide, and the cultural differences which mark city life from country life. This problem is, therefore, essentially a product of what can be seen as an urban bias in the 'creative class' approach.

⁵¹³ *The Best for Wales*, 1998, p 2, cited in Andrew Thompson, "Wales in Europe," p 311.

⁵¹⁴ *Better Wales*, p 22.

In regard to Tasmania, for example, Southern Tasmania comes out clearly ahead of Northern and North Western Tasmania in regard to virtually every criterion. Southern Tasmania has greater diversity, more university graduates, higher levels of innovation and more 'creative class' amenities. Intuitively, Hobart's spectacular natural setting and 'bohemian' districts are also more likely to be considered 'authentic', and carry greater weight as high 'status' locations than other parts of the State. Significantly, Southern Tasmania also is ahead of Northern and North Western Tasmania on most economic indicators – most notably in relation to employment. For example, annual regional unemployment rates for the three regions in 2002-2003 were 7.8 per cent in the south, 8.7 per cent in the north and 10.1 per cent in the North West.⁵¹⁶

Tasmania Together noted the special needs of Tasmanian communities outside of the major metropolitan areas. Goal 7, for example, aimed to "Foster and value vibrant and diverse rural, regional and remote communities that are connected to each other and the rest of the world."⁵¹⁷ Benchmarks related to this goal included:

- Double the proportion of GPs in rural and regional areas by 2020.
- Maintain the proportion of Tasmania's population living outside the four major urban centres (Greater Hobart, Launceston, Devonport and Burnie).⁵¹⁸

Significant regional differences are also apparent in Wales. The Cardiff Business School noted these differences, stating that

On one hand there is the comparatively prosperous South East centred on Cardiff and Newport. On the other is the doubtful accolade conferred in the industrial South Wales valleys, West Wales and North West Wales, who enter the new Millennium with EU Objective 1 status, making them comparable with the poorest regions of the European Union.⁵¹⁹

⁵¹⁵ *Better Wales*, p21.

⁵¹⁶ Australian Bureau of Statistics, *Labour- Tasmanian Regional Overview, 2002-2003*, www.abs.gov.au, accessed 1/3/04.

⁵¹⁷ Community Leaders Group, *Tasmania Together*, p 13.

⁵¹⁸ *Ibid*, p 12.

⁵¹⁹ Cardiff Business School, *The Welsh Economy*, www.weru.org.uk/economy.html, accessed 1/3/04.

Unlike the 'industrial South', rural Wales remains heavily reliant on agriculture, although the industrial profile is changing. Graham Day stated that

The proportion of the population engaged in or reliant upon agriculture and associated activities has fallen dramatically, although by comparison to average UK figures it remains substantial, and therefore rural Wales still has much to lose from any further decline in the fortunes of its farmers. The share of the population involved in manufacturing has grown, but continues to be only a small fraction of the total numbers employed. As elsewhere in Britain today, the vast majority of jobs in rural Wales are to be found in the various branches of the service sector – the public sector (government, education, health and welfare), retailing and the leisure industries, such as hotels and catering.⁵²⁰

Futhermore, Day noted that the labour market in rural Wales was relatively weak, levels of entrepreneurship and wages were lower in rural Wales than in urban Wales, and employment growth had come in low-paid and low-skilled occupations.⁵²¹

Conversely, there are fewer highly paid professional and managerial posts, and fewer jobs in the most advanced sectors of the economy, such as financial services, than would be found in other parts of Wales, and so a relatively weak presence of some of the more dynamic fractions of the middle class.⁵²²

Similarly, Ralph Fevre noted an 'east-west' economic divide in Wales:

Unemployment rates strongly illustrate the east/west divide within Wales, as do comparisons of earnings. Cardiff is a particularly good example of the relative success of east Wales... All the annual statistical profiles show Cardiff (together with smaller centres like Hay on Wye or Cowbridge) becoming increasingly differentiated from

⁵²⁰ Graham Day, "The Rural Dimension," p 80.

⁵²¹ Ibid, p 80.

⁵²² Ibid, p 84.

other Welsh towns and cities and, in fact, becoming rather more like the south of England in terms of earnings and house prices and productivity.⁵²³

Better Wales also recognised the disparities between different parts of Wales. *Better Wales* stated that

Prosperity is spread is unevenly across Wales. In the west of Wales and the Valleys, output per head is nearly 30% below the EU average, although in East Wales it is actually slightly higher.⁵²⁴

The challenges facing rural Wales, according to *Better Wales*, included

The risk of isolation, poor communication links, low incomes, a relatively old population, pockets of severe deprivation and high unemployment and the difficulties of finding opportunities for economic growth which strengthen the quality of the natural environment.⁵²⁵

The urban bias of the creative class model was acknowledged by Florida. Indeed, he expressed concern that the social shifts he observed were creating a 'new divide'.

Florida stated that

I fear we may be splitting into two distinct societies with different institutions, different economies, different incomes, ethnic and racial make-ups, social organizations, religious orientations and politics. One is creative and diverse – a cosmopolitan admixture of high-tech people, bohemians, scientists and engineers, the media and the professions. The other is a more close-knit, church-based, older civic society of working people and rural dwellers.⁵²⁶

⁵²³ Ralph Fevre, "The Welsh Economy," p 69.

⁵²⁴ *Better Wales*, p 15.

⁵²⁵ *Better Wales*, p 15.

⁵²⁶ Richard Florida, *The Rise of the Creative Class*, p 281.

Florida argued that the reasons for this new divide were explained by the creative class approach. Essentially, Florida argued that economic growth was generated by certain types of cities:

The reason is simple: these places are open and easy to enter. They are where people can find opportunity, build support structures and be themselves. And they also provide the habitat that is conducive to creativity in its many varied forms.⁵²⁷

Gertler et al also argued that the 'creative class' approach was essentially an explanatory tool that could be applied to 'city-regions', rather than rural areas. For example, Gertler et al stated that

A distinct advantage of city-regions is their ability to produce, attract and retain those workers who play the lead role in knowledge-intensive production and innovation – those who provide the ideas, know-how, creativity and imagination so crucial to economic success.⁵²⁸

5.8 Summary

By evaluating the regional identities of Wales and Tasmania against the six criteria established in Chapter 2, it is possible to see where the two regions have strengths and weaknesses. These strengths and weaknesses are summarised in the following tables.

⁵²⁷ Ibid, p 281.

⁵²⁸ Meric S Gertler, Richard Florida, Gary Gates, Tara Vinodrai, *Competing on Creativity: Placing Ontario's Cities in North American Context*, (Report prepared for the Ontario Ministry of Enterprise, Opportunity and Innovation and the Institute for Competitiveness and Prosperity, November 2002), p 1.

Table 3 – Strengths and Weaknesses of the Tasmanian Identity

Competitive Advantages	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • <i>Brand Tasmania</i> • Reputation for clean environment and colonial heritage • <i>Tasmania Together</i> goal to promote ‘island advantages’ <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Reliance on ‘non-creative’ industry sectors – eg service class (tourism) and resource-based industries (forestry, mining and agriculture)
Innovation and Labour Market	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Employment growth in ‘high-tech’ industries • Competition in ITC sector – no dominant player Government and <i>Tasmania Together</i> focus on innovation and entrepreneurship <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Perception of community and Government ‘inertia’ against change • Relatively small labour market, lack of critical mass especially in ‘high-tech’
Lifestyle	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Flourishing arts and culture scene, including TSO • ‘Bohemian’ culture and lifestyle amenities in Southern Tasmania • Access to outdoor recreation, eg national parks • <i>Tasmania Together</i> goal of excellence and creativity in the arts <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Lack of live popular music scene • Lack of lifestyle amenities in Northern Tasmania
Diversity	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Changing community and legislative attitudes to homosexuality, eg Significant Relationships Act • Relatively high level of acceptance of gay community in Southern Tasmania <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Relatively low levels of foreign-born residents across Tasmania – lack of cultural diversity • Relatively low level of acceptance of gay community in Northern Tasmania
Authenticity	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Colonial history and architecture • Reputation for natural environment and wilderness • <i>Tasmania Together</i> focus on natural and cultural heritage <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Lack of popular music scene and ‘audio identity’ • Marginalisation of local indigenous culture • ‘Romantic’ Tasmanian identity – unsupportive of change and innovation
Identity / Status	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Increasing population and real estate values • <i>Tasmania Together</i> vision of State as an “icon for the rest of the world.” <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • ‘Tasmania Bashing’ in the media • Perceptions within Tasmania of State as an ‘irrelevant backwater’ and ‘can’t do it mentality’.

Table 4 - Strengths and Weaknesses of the Welsh Identity

Competitive Advantages	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • <i>Brand Wales</i> – high-quality, advanced technology, reliability <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Reliance of “non-creative” industries, eg agriculture and mining • High proportion of public sector jobs
Innovation / Labour Market	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • <i>Better Wales</i> focus on new businesses, take-up of technology and promoting innovation through the education system <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Low levels of research and development and business start-ups, high level of business failure
Lifestyle	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Tradition for excellence and participation in sports and music • <i>Better Wales</i> goal to be a place where young people want to live, work and enjoy a high quality of life <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • <i>Better Wales</i> does not recognise role of ‘nightlife’ or importance of active recreation
Diversity	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • History of cultural diversity, established ethnic populations • Traditional concept of the ‘gwerin’ as basis of inclusive community <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Homogenous view of Welsh culture inherent in the ‘gwerin’ • Lack of diversity in rural Wales • <i>Better Wales</i> does not set benchmarks for diversity or tolerance
Authenticity	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Welsh language • Welsh cultural heritage • Thriving popular music scene – Welsh ‘audio identity’ <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Patronising ‘leeks and rugby’ view of Wales • <i>Better Wales</i> does not directly address the preservation of Wales’ natural and cultural heritage
Identity / Status	<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Stronger sense of identity associated with new Parliament <i>Better Wales</i> vision to reposition Wales as a region of Europe • <i>Better Wales</i> goal to increase international appreciation of Welsh culture <p><u>Weaknesses</u></p> <ul style="list-style-type: none"> • Lack of Welsh-owned media • Negative stereotypes of Wales

The strengths and weaknesses outlined above can be seen as having a range of development policy implications for both regions. The consistent message in these policy recommendations, however, is that image *does* matter. Moreover, regional economic outcomes can be enhanced by promoting a regional identity that embraces the elements of Florida's so-called 'creative' society. For example, in relation to lifestyle factors, Tasmania could make more of its advantages as a location for outdoor recreational pursuits in its generic 'lifestyle' marketing, or could place more emphasis on developing the local popular music culture. Wales, on the other hand, could look to promote its local popular music culture as a feature of the Welsh lifestyle.

The emphasis on 'branding' in terms of the competitive advantages for both Wales and Tasmania is another indication of how and why image matters. Branding is not only useful for marketing products, but for regions it is useful in defining the region's major economic strengths, and in achieving recognition of those strengths in the broader marketplace. The formation of clusters around those strengths then serves to create formal and informal networks between members of the 'creative class', thus adding to the development of an environment that supports creativity and growth. As with any such 'marketing' exercise, however, it is essential that the strengths identified in the brand do reflect the genuine strengths of the region, otherwise the opportunity to form industry clusters will not eventuate.

This chapter has shown that the Tasmanian 'brand' focuses more on Tasmanian's physical resources than the talent and creativity of its people. Considering the framework outlined in Chapter 2, this element of the Tasmanian identity needs to be addressed if the State is to break out of its role as a semi-peripheral provider of raw material. Neither region has a particularly strong indigenous business culture, with few regional headquarters based in either Hobart or Cardiff. Tasmania, however, has a growing information technology industry, based around small to medium-sized enterprises. The proliferation of smaller businesses, and the lack of a dominant single employer, underpins a relatively 'horizontal' labour market. Similarly, the lack of an entrepreneurial culture has been identified as an impediment to economic growth in Wales. With few major Welsh-based companies, it has been argued that Wales does not have a strong local business elite.

The *Better Wales* plan sought to build on what it saw as existing Welsh values – in particular the ‘importance of community’. By labelling the importance of community as a specifically Welsh value, Better Wales reinforced the notion that Welsh communities are more close-knit and harmonious than communities elsewhere. It also reinforced the centrality of life in rural Wales to the Welsh identity, as close-knit communities are far more likely to exist in rural areas than in large cities such as Cardiff. *Tasmania Together*, however, does better in identifying the importance of preserving a region’s natural and built heritage, and therefore capitalising on the region’s physical claims to ‘authenticity’. *Tasmania Together* also placed more emphasis on the notions of diversity and tolerance.

The criterion of ‘authenticity’ is an aspect of Florida’s work which raises policy questions implications. For example, Tasmania’s treatment of its aboriginal heritage can be seen as weakness in terms of its ‘authenticity’. In this light, therefore, there is an economic justification for pursuing social justice policy initiatives such as aboriginal reconciliation, and to adopting more aboriginal symbols such as place names. Florida’s model would suggest that allowing the indigenous aboriginal culture a more high-profile role in Tasmanian life would serve to reinforce the notion of Tasmanian ‘authenticity’, thus increasing the attractiveness of the State to members of the ‘creative class’. It could also be argued that this would increase Tasmania’s reputation as a place where diversity is welcomed, again leading to the development of a more ‘creative’ culture.

Similarly, this chapter identified a weakness of the Tasmanian identity in relation to the lack of a strong local popular music culture. This could be addressed through State Government policies aiming to stimulating the live music scene, such as providing incentives for venues to support local musicians and to promote live music. The State Government could also examine ways to promote careers in popular culture to young people, and to develop stronger career paths for people leaving school and looking to enter the field of popular entertainment. To a degree, the Tasmanian

Government already does this through existing programs,⁵²⁹ however Florida's argument indicates that the issue may be worthy of greater attention.

This analysis, however, has also exposed a potential 'catch-22' in the creative class approach relating to the criterion of 'authenticity'. This chapter, for example, identified a risk for both Wales and Tasmania in the further 'romanticisation' of their respective regional identities. While on one hand, Florida's analysis identifies 'authenticity' as a key factor in attracting human capital, the romanticisation of Tasmania and Welsh has contributed to the development of regional identities similar to that of the French Quebecers – that is, one that idealises the status quo and rejects innovation and change. The quest for 'authenticity' therefore, can paradoxically lead to the development of symbols and myths that serve to reinforce the characteristics of semi-peripheral and peripheral regions, and thus deter regional economic growth.

Furthermore, Florida's description of what makes a region 'authentic' can also be seen as 'city-centric'. As noted in Chapter 2, Florida stated that

Authenticity comes from several aspects of a community – historic buildings, established neighbourhoods, a unique music scene or specific cultural attributes. It comes from the mix – from urban grit alongside renovated buildings, from the commingling of young and old, long-time neighbourhood characters and yuppies, fashion models and 'bag ladies'.⁵³⁰

Presenting such an image is undoubtedly difficult for a small town. While rural areas may have some elements of such 'authenticity' in terms of historic buildings or even unique music scenes, they are clearly at a disadvantage in providing a 'commingling' of urban grit and fashion models and so forth. There are numerous other difficulties in applying the 'creative class' approach to rural areas. Several of the other criteria, such as 'thick' labour markets, diversity and lifestyle, rely on an element of 'critical mass' which simply cannot be sustained by a small population.

⁵²⁹ For example, the *Screen Tasmania* and *Arts Tasmania* programs – see www.development.tas.gov.au and www.arts.tas.gov.au.

⁵³⁰ Richard Florida, *The Rise of the Creative Class*, p 228.

Tasmania Together and *Better Wales* both address many of the issues raised in the Chapter 2 as being important to the definition of a successful regional economy. Furthermore, both *Tasmania Together* and *Better Wales* both place emphasis on adopting new technology, developing more successful home-grown businesses, and encouraging greater levels of research and development and innovation in the tertiary education and business sectors.

Perhaps the most significant challenge for the two regions is to build greater diversity and tolerance in their respective communities. For Tasmania, this means overcoming traditional social prejudices and finding new ways to attract migrants. For Wales, however, the challenge may be to reinvigorate the traditional Welsh concept of the ‘gwerin’ and to place it in a 21st century context, thus giving the values of diversity and tolerance a more central role in defining the Welsh identity.

Chapter 6 - Conclusion

This thesis has examined the most basic problem of regional economic development theory – explaining the causes of regional economic disparities. For satirist PJ O'Rourke, this problem seemed intractable:

It's not a matter of brains. No part of the earth (with the possible exception of Brentwood) is dumber than Beverly Hills, and the residents are wading in gravy. In Russia, meanwhile, where chess is a spectator sport, they're boiling stones for soup. Nor can education be the reason. Fourth graders in the American school system know what a condom is but aren't sure about 9 x 7. Natural resources aren't the answer. Africa has diamonds, gold, uranium, you name it. Scandinavia has little and is frozen besides. Maybe culture is the key, but wealthy regions such as the local mall are famous for lacking it.⁵³¹

This thesis has argued that regional identity has a crucial role in regional economic development. In particular, it has been argued that a region that embraces the values of innovation, entrepreneurship and change as part of its regional 'identity' will be more likely to foster a competitive and growth-oriented business environment.

Richard Florida's 'creative class' approach emphasised the importance of 'human capital' in stimulating economic growth. According to Florida, regions with high levels of innovators or 'creative' people tend to have higher levels of economic growth. This is consistent with the argument that innovation and changes drive growth, but switches the focus of analysis from economic grounds to social grounds. Florida argued that building communities that attract these creative people is essential to stimulating economic growth, and therefore we need to study the decision-making patterns of mobile creative people to see why they choose to locate in some regions rather than others. Critics of Florida, however, such as Steven Malanga, have accused the 'creative class' model of essentially being a lightweight, trendy rationale for maintaining 'leftist' public policies involving high-levels of government spending and social justice initiatives. In particular, Malanga argued that the 'creative class'

approach distracted policy makers from more effective regional development measures such as lowering levels of business taxation.⁵³²

This paper has placed Florida in the context of broader regional development theories. In particular, the 'creative class' approach can be seen as following in the tradition of theorists who have identified the importance of innovation, entrepreneurship and change as drivers of the capitalist economy. These writers have included Weber, Schumpeter, Veblen, and more recently Porter. Furthermore, the 'creative class' approach can be seen as compatible with Wallerstein's core-periphery model, in it serves to explain the differences between core and non-core regions. Clearly large metropolitan areas have advantages over regional areas in attracting human capital, and therefore this social pattern reinforces the economic disparities between cores and peripheries and prevents peripheries from developing the environment required to achieve growth and reduce dependency. Nevertheless, Wallerstein's model allowed for some movement between core and semi-periphery status, and the 'creative class' approach shows how this movement may occur.

The core-periphery model also implications for the use of power and the definition of regional identities. Chapter 2 showed how regional identity is a constructed concept. Furthermore, regional identities are subject to the exercise of the third dimension of power. In the context of the core-periphery model, cores or metropolises can therefore influence the development of regional identities in peripheral regions in order to reinforce existing power and dependency relationships.

By focusing on the reasons people choose to locate in certain regions rather than others, Florida's approach places greater significance on the role of regional identity. Given that regional identities are malleable, it follows that they can be challenged and manipulated in order to support the development of a 'creative class' values, and to present an image of the region that is more attractive to the 'creative class'. Peripheral regions can therefore challenge the power relationships that underpin and reinforce economic dependency and disadvantage by redefining their regional identities in a manner than encourages creativity, innovation and entrepreneurship.

⁵³¹ PJ O'Rourke, *Eat The Rich*, p 1.

Seen within this broader theoretical context, Florida's arguments can be seen as being consistent with and complementary to a wide range of established regional development theories. Nevertheless, the extension of Florida's analysis to the broader concept of regional identity represents a new contribution to the field.

This thesis has shown, however, that there are also significant limitations to the use of the 'creative class' approach. Firstly, while Florida focuses his efforts on cities, this paper has looked at the broader concept of regions. Chapter Five noted the problem of intra-regional disparities, and found that Florida's prescription offered only limited value to the specific problems faced by rural areas. The development of creative culture values is almost by definition limited to cities. For example, factors such as a '24/7' lifestyle, thick labour markets and social interaction are not just indicators of successful 'creative economies', they are also hallmarks of city life. Rural areas, which are by definition isolated from major population centres, have natural disadvantages in being to provide these factors. Florida's approach does provide an explanation of why rural areas continue to be economically disadvantaged in comparison to urban areas. For policy makers, however, the 'creative class' approach offers decidedly bleak conclusion for rural communities, and is therefore of limited utility to those wishing to address rural / urban economic disparities.

Similarly, Florida's analysis also is subject to criticism for its seemingly unwavering emphasis on the 'high-technology' sector. For rural areas where manufacturing and resource processing are the most significant industry sectors, it may not be practical in the short to medium term to contemplate a move towards more 'creative' industries, and particularly the information technology sector. Creativity still may be useful as a driver of economic growth for these areas, but it needs to be put in the context of the genuine competitive advantages that rural areas have. By refining the criteria used by Florida, this thesis has attempted to reconcile the insights of Florida's approach with the regional development objectives of regional areas (as opposed to cities), however it is acknowledged that the urban bias of the 'creative class' approach remains a difficult issue.

⁵³² Steven Malanga, "The Curse of the Creative Class."

Secondly, Wallerstein stated that semi-peripheries form a buffer between the core and the periphery. In this sense, semi-peripheries are likely to have the basic infrastructure necessary to assume core status. Peripheral regions, however, face more intractable structural problems, and are less likely to be in a position of attaining core status. For this reason, the 'creative class' thesis is of more utility for semi-peripheral regions. Focusing on human capital may therefore be useful for semi-peripheral regions, however this will not address the basic structural issues facing peripheral areas without basic infrastructure or the institutional support needed to underpin a successful regional economy.

Peripheral regions tend to face a range of economic disadvantages, and attracting 'human capital' will not solve all of them. The 'creative class' approach does, nevertheless, provide important insights into the causes behind regional economic disparities. Indeed, the 'creative class' approach shows that PJ O'Rourke may have been closer to the understanding these causes than he realised. To borrow PJ O'Rourke's vernacular, a region that has an image as a place that 'sucks' will not attract the human capital it needs to stimulate innovation and growth. Redefining the identities of such regions, however, can encourage higher levels of entrepreneurship and innovation, and therefore contribute to the development of a stronger regional economic base. Image does matter, and a region that has an image of being confident and entrepreneurial is more likely to break the 'circular causation' that keeps peripheral regions trapped in a cycle of economic disadvantage.

The 'creative class' approach has already stimulated a considerable amount of research into regions in Australia, the United States and Canada. To date, this research has involved applying the findings of Florida's work to other regions, and formulating indices such as those used in the Australian Local Government Association's *State of the Regions Report 2002*. The application of these indicators to Australian and Canadian regions, however, assumes that Florida's findings apply equally to members of the 'creative class' in countries other than the United States. But while this is an acceptable starting point, we do not know if there are other cultural factors that influence the demands of members of the 'creative class' in different countries. It may well be that in Australia there are different factors at play. For example, Australians are renowned as sports enthusiasts, therefore Florida's

argument in relation to the utility of sports stadium may be less applicable in the Australian context. Certainly, the *State of the Regions Report* found that Inner Melbourne came second in its 'top 10 regions' in relation to most 'creative class' indicators.⁵³³ Given Melbourne's reputation as Australia's 'sports capital', it could be argued that sporting stadia and facilities are actually seen as advantages to Australian members of the 'creative class'. Further research, therefore, to the preferences of 'creative class' members in other countries, such as Australia, would provide insight into the effect of such cultural differences.

Furthermore, this thesis has argued that more attention should be paid to issues of regional identity. Within the 'creative class' approach, Florida referred to 'status' as an important part of a region's identity, and argued that people seek to find places that reflect their own personal identity. In this respect, there is scope to conduct more research into the 'status' of regions such as Tasmania and Wales. The *State of the Regions Report 2002*, for example, did not include any qualitative indicators relating to 'status'. Surveys of people in the 'creative class', however, may be able to gather information about the level of 'status' associated with different regions.

As a relatively new strand of development theory, the 'creative class' approach is bound to evolve as further research is conducted. Indeed, this paper has contributed to that evolution by expanding on the six factors identified by Florida as being integral to the 'locational' decisions of members of the 'creative class.' Furthermore, it is to be expected that the preferences of 'creative' people will also continue to change over time, and therefore there will continue to be a need for this type of research into the reasons why people choose to live and work in some regions rather than others.

⁵³³ National Economics / Australian Local Government Association, *State of the Regions Report 2002*, p 6.4.

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