



Australia and New Zealand

ECONOMY

Australia's Uncertain Future

One popular image of Australia is of a country of wide open spaces and great opportunity— not unlike the American West of a century ago. Australia does share some of the Old West's characteristics—vast lands for raising crops and livestock, a wealth of mineral resources, and rapid population growth. However, this reading suggests that, without major changes, Australia's best times may be in the past, rather than in its future.

Imagine a country on the Pacific Rim, 10 times the size of Texas, rich in mineral resources, well endowed with farmlands, . . . and populated by about 18 million mostly well-educated people who have enjoyed stable government since the beginning of [the twentieth] century. Surely such a country would be a leading economic tiger in the region. . . .

The answer is—no. Australia today is what some locals . . . call an NDC, a Newly Declining Country; a seller of raw materials, not finished ones; a purveyor [supplier] of livestock, meat, and wheat on undependable world markets; . . . an economy with an uncertain future. . . .

Australia continues to rank as a high-income economy. . . . In the late 1990s, Australians on average earned far more than Thais, Malaysians, Chinese, or Koreans. . . . Australian cities, where more than 85 percent of all Australians live, are not encircled by crowded shantytowns. . . . Life is orderly and unhurried. . . . Standards of public transportation, city schools, and health care provision are high. Spacious parks, pleasing waterfronts, and plentiful sunshine make Australia's urban life more acceptable than almost anywhere else in the world. . . . But Australia's privileges are being eroded away, and standards of living are in danger of serious decline. The country's cultural geography evolved as that of a European outpost, prosperous and secure in its isolation. Now Australia must reinvent itself as . . . a Pacific partner in a transformed [changed] regional economic geography.

Distance has been an ally as well as an enemy to Australia. Its remoteness helped save [it] when Japan's empire expanded over the western Pacific [during World War II]. From the very beginning, however, goods imported from Britain (and later from the United States) were expensive, largely because of transport costs. This encouraged local entrepreneurs to set up their own industries in and near the developing cities. . . .

When the prices of foreign goods became lower because transportation was more efficient and therefore cheaper, local businesses demanded protection. . . . This was done by [the colonial governments] enacting high tariffs [taxes] against imported goods. The local products now could continue to be made inefficiently because their market was guaranteed. . . . How could Australia [afford this]? . . . The colonies could export valuable minerals whose earnings [supported] those inefficient, uncompetitive local industries. By the time [of independence], the income from [agriculture]

contributed as well. So the miners and the farmers paid for those imports Australians could not reproduce themselves, plus the products made in the cities. No wonder the cities grew: here were secure manufacturing jobs. . . . Australians once [had] the highest per capita GNP in the world, [but] this was achieved in the mines and on the farms, not in the cities.

. . . The good times had to come to an end. The prices of farm products fluctuated [changed frequently], and international market competition increased. The cost of mining ores and minerals . . . and [exporting] them also rose. . . . Unemployment crept upward. [Yet] in 1995, only 18 percent . . . of Australian exports were the kind of high-tech goods that have made East Asia's economic tigers so successful. That was double the 1985 figure, but still far below what the country needs to produce. . . .

Australian manufacturing . . . remains [focused on] local domestic markets. Do not expect to find Australian [manufactures] challenging the Pacific Rim's economic tigers for a place on world markets. . . . [But] Australia's shops are full of goods from Japan, South Korea, Taiwan, and Hong Kong. [This is because] despite its long-term protectionist practices, Australia still does not produce many goods that could be manufactured at home. Overall, the economy continues to display symptoms of a . . . still-developing . . . country.

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Understanding What You Read After you have finished reading the selection, answer the following questions.

1. What places does the reading suggest are the "economic tigers" of Asia?

2. Why are Australia's industries inefficient and uncompetitive? How have these industries been able to survive ?

3. Why is Australia's economy not as well off as it was in the early 1900s?

Activity

Imagine that you are campaigning for election to Australia's parliament. Prepare a five-minute campaign speech outlining your concerns for your country's future and suggesting changes to make it brighter.