Overview: The urban economy
Analytical, research and policy challenges

Authored by:
Frank Stilwell

University of Sydney
f.stilwell@econ.usyd.edu.au
INTRODUCTION

An understanding of the economic base of cities is necessary for their effective management. We need to develop both the economic tools and the policy expertise necessary for that purpose. Substantial informational, analytical and structural constraints limit our current capacity to steer, let alone control, the modern urban economy. Arguably, our ignorance and impotence in respect of the urban economy is surpassed only by our failings in the realm of urban ecology. To redress this situation is the major challenge currently facing urban economists.

The task, first and foremost, is to understand the processes of change that are re-shaping cities – the big shifts in the sectoral and spatial forms of capital investment and employment, rapid technological changes, property price inflation, growing land use problems and transport stresses, and the various tensions between economic interests and environmental quality. Of course, we have much to celebrate about our cities. And for most of the time - as sites for production, distribution, exchange of goods, services and information - they work. But globalisation and neoliberalism have changed for whom they work, widening the gulf between winners and losers. We may be progressing economically and getting richer in the aggregate, but our urban economies are becoming more insecure, more unequal and less sustainable. These are major challenges indeed.

Why is our analytical capacity to address these challenges so conspicuously inadequate? There is, first and foremost, a lack of urban economists with the ability to understand the processes of spatial change. Urban economists do work for profit-oriented institutions involved in urban development processes; but they are very thin on the ground in urban planning agencies and in the universities. One might have expected and hoped that some economists would follow Professor Max Neutze’s pioneering professional trajectory, applying tools of economic analysis to urban problems of all kinds. Max did not live altogether in vain, but there has been a notable lack of such disciples in practice. The orthodox economists in academia remain wedded to their equilibrium theories, usually ignoring the spatial dimension of economic activity that makes key neoclassical assumptions like perfect mobility and perfect competition logical impossibilities. Their territorial expansion into so-called ‘new geographical economics’ is largely an extension of formal neoclassical
modeling, remaining innocent of the specificities of actual urban places. Meanwhile, ritual genuflections by economists to the importance of interdisciplinary urban studies are usually just that – rituals with little effective practical follow-through, other than the ‘imperialism’ of neoclassical analysis extended to social phenomena. Thankfully, urban geographers and other social scientists have partially filled the void, generating useful descriptive data on urban and regional structures, development processes and policy responses. (eg. O’Connor, Stimson and Daly, 2001, Troy 2000, and Gleeson and Low 2000).

So when facing the challenge to understand and re-shape the economic forces impacting on our cities we need to do some fundamental rethinking. This paper makes four small steps in that direction by: (i) reflecting on how we might analyse the fundamental drivers of capital accumulation that shape our cities; (ii) considering how those processes are being changed by globalisation, in conjunction with the growth of consumerism and neo-liberal economic policies; (iii) analyzing the principal policy challenges thrown up by the resulting contradictions in contemporary urban change; and (iv) reflecting on the implications for future directions in Australian urban research.

CAPITAL ACCUMULATION AND THE CITIES

It is not difficult to construct a list of contemporary urban developments and problems requiring analysis and political attention. Ongoing trends include:

• The restructuring of the urban economic base, with a relative decline in manufacturing industries balanced in the aggregate, but not spatially, by service sector growth; also waves of mergers and takeovers, business relocations and greater emphasis on outsourcing;

• Changes in employment structures, with a striking dualism between casual and part-time jobs and an elite set of ‘higher order’ technical, managerial and professional jobs;
• A corresponding polarisation in the distribution of income, manifest in terms of more marked social-spatial inequalities, causing more fragmented cities whose sub-regions have contrasting economic characteristics and social identities;

• rapid land price inflation, with corresponding problems of housing affordability;

• significant stresses on the capacity of existing urban infrastructure;

• growing problems of sustainability associated with existing and projected patterns of transport, energy use, building construction, water use and waste disposal.

If we are to go beyond this sort of simple ‘check-list’ approach to urban problems and policy issues we need a clear analytical framework. How that is constructed reflects the way in which we visualize the character of the prevailing economic arrangements. From an economic perspective, the principal contrast is between the neoclassical and political economic approaches to urban analysis.

The dominance of the neoclassical approach is largely explicable in terms of ideology. It fits in with neoliberal conceptions of the virtues of a ‘market economy’. Seeing our cities – indeed, whole nations – primarily as markets implies a particular analytical viewpoint. Primacy is given to the role of the price system in facilitating mutually advantageous exchanges, reconciling conflicts and promoting efficient resource allocation (subject to the limits of ‘market failure’). This ‘way of seeing’, associated with neoclassical economics, implies a laissez-faire orientation – accommodating to urban economic change or, at most, steering change through adjustments to the price mechanism. ‘Urban economic fine-tuning’ it could be called. A liberal-interventionist variation on this theme, putting more weight on the sources and problems of ‘market failure’, leads to the Neutze type of policy analysis with a stronger emphasis on concerns about equity, externalities and environmental quality.

An urban political economy approach digs deeper, emphasizing the property rights, economic interests and structures of economic power that underpin markets. It thereby seeks to identify the driving force of a capitalist economy – the process of capital accumulation – and its spatial manifestations. As the expression of the profit-seeking motive and the economic growth processes thereby generated, capital
accumulation has its own systemic ‘logic’. It is a ‘logic’ that imparts a strong element of continuity between past and future. The accumulation process in this sense is more fundamental than market processes. They are interlinked, of course, but markets are just one means by which accumulation processes are organized and made subject, to some extent, to the disciplines of competition. Whereas markets are allocative mechanisms, it is capital accumulation that is the engine of economic growth.

This accumulation process is nowhere more evident than in the major cities. It is the source of their dynamism and of the dislocations and conflicts arising in processes of urban economic change. It is in this context that the ‘logic’ of capital accumulation also imparts a strong element of discontinuity, continually confronting spatial inertia with the restless dynamic of change.

Understanding capital accumulation – and its spatial manifestations – requires an analytical framework which studies how capital undergoes a process of self-expansion. We need to understand the processes of surplus generation, disposition and distribution. For this purpose we require analysis of the circuits of capital and their spatial relationships. The economic analysis also needs to be situated in both a social and environmental context, revealing how the accumulation process relates to consumption processes, class structures and the physical environment from which the resources needed to underpin accumulation are drawn. To be of contemporary relevance, and to prevent this being purely abstract reasoning, the analysis also needs to be set in the context of studying how contemporary globalisation, neoliberalism and consumerism affect our urban economies.

**CONTEMPORARY URBAN ECONOMIC CHANGES.**

The forms that capital accumulation take are continually changing, particularly as the process comes to be more global in character. Far from eradicating the significance of space and place, the globalisation of capital makes space and place more important as determinants of where economic activities are located and how their costs and benefits are distributed. The effect is a radical reshaping of our cities. The process can be ‘unpacked’ into those aspects of the accumulation process centered on industrial capital, financial capital and property capital.
(a) Industrial capital
Political economy, as a means of understanding how capitalism works and the processes of economic change, has traditionally focused on the primary circuit of industrial capital. Value, and therefore wealth, is created therein through the use of labour, in combination with land and capital, to produce goods and services. Global integration has its most obvious effect here in the intensification of the spatial competition for investment in these wealth-generating industrial processes. Countries compete for international investment, especially by transnational corporations, according to spatial price differentials (eg. wage rates, raw materials prices), corporate tax rates, the severity or otherwise of environmental regulations, and a host of other factors. The urban dimension is significant in this context primarily because the cities are the main focal points of industrial development. In the Australian case this has meant secondary industrial centres, such as Newcastle, Wollongong and Geelong as well as the metropolitan areas.

To the extent that it is now cities and regions, rather than nations, that compete, this makes each more susceptible to international competition. The increased rivalry for transnational capital therefore has intra-national reverberations. It is made more acute by the federal organization of Australian government. Beggar-thy-neighbour competition is a familiar consequence. This is the aspect of the capital accumulation process that most obviously leads to a ‘race to the bottom’ affecting the urban economies – downward pressure on wage rates, tax rates and environmental controls. ‘Location by negotiation’ has come to be the norm for transnational capital and – as in the case of Mutsubishi in South Australia – commonly creating the basis for ongoing subsidies to individual businesses because of regional dependence thereon. It is difficult for Australian cities to be successful as magnets for industrial capital, other than in particular ‘niche’ sectors based on local entrepreneurship and innovation, without significantly eroding the wage, tax and environmental standards established in previous eras of economic and social development.

(b) Financial Capital
Circuits of financial capital are an equally important feature of contemporary capital accumulation. Indeed, the globalisation of capital has had the effect of making them (dis)proportionately more so (a feature which was recognised early in the research of Daly and Logan 1989). In principle, finance is ancillary, even subordinate, to
industrial capital. In that sense the rationale of banks and other financial institutions is to serve the requirements of businesses making goods and services, alongside their broader responsibilities to their general customers. However, with the global integration of financial institutions, the proliferation of financial instruments such as derivatives, and the greater opportunities for financial speculation on a global scale, there has been a marked reorientation of the relationship between industrial and finance capital.

This changed relationship between ‘fractions’ of capital has its urban manifestations, most obviously in the growth of the financial services sector whose presence has become emblematic in the central business districts in particular. The ascendancy of Sydney as the nation’s principal financial centre is particularly significant in this respect. It has been a major component in Sydney’s development as a ‘World City’ (albeit in the second division) but its economy becomes more dependent on the conditions in global financial markets as a consequence. Being ‘locked in’ to markets whose inherent instability is even starting to cause leading speculators (such as George Soros) to call for stricter regulation is a matter of significant concern, even at the moment of celebrating success. Moreover, the gulf between ‘insiders’ and ‘outsiders’ is widening – and this too has a spatial dimension. The concentration of financial institutions in the major centres has as its corollary the marginalisation of peripheral regions. The closure of rural and suburban bank branches is a case in point: between 1993 and 2002 the number of bank branches in Australia fell by nearly 33%, mainly in non-metropolitan areas, and the number of jobs in banking fell by 30% (Connolly and Hajaj 2002).

(c) Property Capital

Property capital also requires attention in contemporary urban economic analysis. This third dimension of capital is the most place-specific. Its foundation is that ultimately most immobile of resources – land. But it also embraces the associated physical assets – the capital improvements which are integral to giving land, both urban and rural, its greatest income-generating capacity. Real estate is central to the processes of capital accumulation, and therein lies some of the most major challenges for urban policy. The increased importance of property capital is partly structural, reflecting the inherent demand-supply imbalance in land markets as urban development continues. In the American TV program ‘The Sopranos’, when a
gangster friend asks Tony Soprano ‘what is the best type of investment’? Tony replies ‘Land, ‘cos they ain’t making no more of the stuff’. The housing affordability crisis in our cities is ultimately traceable to our failure to address this fundamental insight.

The other reason for the importance of property capital is cyclical, reflecting its role as a ‘refuge’ from the periodic crises affecting the rate of return on capital in other spheres. How and why capital shifts between the industrial, financial and property forms is crucial to understanding the rhythms of urban development, as David Harvey emphasized in his seminal works on urban political economy (eg. Harvey, 1982). Both long-term secular shifts and short-term cycles need to be understood.

Globalisation, as already noted, has been associated with a secular shift to financial capital; but this trend is overlaid by shorter swings between investments in industry and property. The most striking manifestations of the latter were the urban real estate booms of 1987-89 and 2000-3. In both cases major falls in the value of industrial stocks precipitated the switching of capital into real estate, leading to surges in capital city land and property prices and corresponding slumps in housing affordability. The relativity between wage levels and housing costs has been substantially changed as a consequence. In the case of Sydney for example, in 1987 the ratio of median house prices to average yearly earnings was under 4:1: it is now over 12:1 (Stilwell 2003). The problems of urban housing markets – and the impediments facing aspiring first home purchasers in particular – are thereby innately linked to broader economic conditions. Housing 'stress' has distinctive local patterns (as illustrated by Randolph and Holloway 2002) but is driven by macroeconomic factors.

(d) Consumption

Alongside these considerations of capital accumulation processes, we need an analysis of consumption patterns and their urban effects. Consumption and production have a necessary degree of harmony, both in absolute volume and in product patterns, for the economic system as a whole to attain its own systemic conditions for reproduction and expansion. But with globalisation has come major disjunctures between spatial patterns of production and consumption. The ‘where’ of production and the ‘where’ of consumption now respond to different logics of accumulation. At the local scale, increasingly extended and complex patterns of
commuting, and trips for shopping and leisure purposes, create wider scope for production–consumption disarticulation, albeit always subject to the capacity of the production process to generate the requisite incomes. At the broader urban and regional scale, there is increasingly intense spatial competition for consumption activities, including competition for tourist dollars and competition to host ‘urban spectacles’ ranging from international sporting events to flower shows. This has become a key element in contemporary ‘place marketing’, a process which tends to produce socialisation of the costs and privatization of the profits (see, for example, Engels 1999).

Consumerism is, more generally, a hallmark of contemporary capitalism. Its connection with housing expenditures in particular warrants analysis. Rising land prices and urban consolidation policies may push people into smaller lot sizes – and rising proportions into flats – but the expectations of the housing itself have escalated. Four bedrooms have become the social norm for detached dwellings, almost irrespective of family composition it seems, with en suite bathrooms de rigeur. In rapidly expanding suburbs like Sydney’s Baulkham Hills the so-called ‘edifice complex’ is much in evidence. Arguably, the process is partly driven by the focus on housing expenditure as an investment – one that is tax-favoured because of the exemption of owner occupied property from land tax and capital gains tax – as well as a focus for conspicuous consumption. The outcome is a bizarre spiral of property prices, expectations, aspirations and debt that makes the seemingly reasonable goal of decent, affordable housing for all ever more elusive.

(e) Neoliberalism and the Cities
The dominant effect of the prevailing neoliberal ideology in the realm of public policy is to facilitate these capital accumulation processes. For example, it has made the movement of capital between the circuits of industrial, finance and property capital largely free of any regulation. Of course, regulations on land-use remain central concerns of local government. But the implementation of neoliberal policies at Federal and state government level has meant that the drivers of capital accumulation and restructuring processes are subject to less control at that level. The processes of privatization and corporatisation of public enterprises, together with the deregulation of capital, undermine the direct capacity to mould the processes in a way that reflects broader public concerns beyond the pursuit of profit. The zero-debt
commitment embraced by both Federal and state governments is particularly significant in this respect. It undermines the capacity to finance direct provision of infrastructure, leading to greater reliance on public-private partnerships (PPPs) for this purpose (Stilwell 2003a). It is ironic, to say the least, that public debt is considered so politically unacceptable at the time when governments have implicitly encouraged and facilitated the spectacular growth of private household debt.

The result of two decades of policies molded by neoliberal ideology is that our urban form depends yet more directly on private capital accumulation processes. Therein lies the source of greater tensions relating to the exploitation of labour, nature, and culture.

Political economists have long emphasised that a generalized process of labour exploitation underpins the production of an economic surplus, if only because some part of the wealth created in the production of goods and services is not returned to labour as wages, being retained instead in the form of rents and profits, and then allocated according to the class interests of its recipients rather than being subject to broader democratic processes. The evidence on the growing inequality in the distribution of income suggests an intensification of this exploitation process arising from the greater power and mobility of capital relative to labour.

Meanwhile, the exploitation of nature is illustrated in its simplest form by the concept of ‘urban ecological footprint’. One study of Sydney’s resource usage, for example, found its ecological impact, in broad terms, to be some 35 times its own land area (Beale and Dayton 1996). Notwithstanding some substantial problems with the concept and this sort of measurement, here is a clarion call to recognize the challenge of sustainability in a spatial context. (For an analysis of the challenge of Sydney’s sustainability in the context of contemporary globalisation see also Murphy and Wu 2011.)

Concurrently, there are important cultural implications of these political economic changes. The ‘commodification of social life’ proceeds apace, as more services catering for – and extending – social needs come to be organized through marketable arrangements. This is particularly problematic because of the inherent limitation associated with ‘positional goods’ (Hirsch 1977) in cities. We cannot all
enjoy the ambience of living beside Sydney’s harbour, for example. The commodification and privatization of environmental amenity is part of the process of increasing social division. This too may be unsustainable, unless a growing proportion of society’s resources are used for the purposes of social control – a process that already become clearly evident.

We have much to celebrate about our cities, I repeat. However, if we aspire to be global exemplars, these are fundamental problems needing to be addressed.

**URBAN ECONOMIC POLICY CHALLENGES**

So what does this analysis suggest are the key policy challenges today? One hesitates to generalize about Australian cities, each of which has its own specific features, experiences and problems. However, the following five challenges are broadly common, albeit with locally specific manifestations. Arguably they can only be addressed by policy measures that are *national* in focus, whether undertaken directly by the Commonwealth and/or by a greater degree of inter-State cooperation than has been evident in the past. They all imply fundamental questioning of the prevailing neoliberal approach, if not a radically different policy orientation.

**(a) Securing the Economic Base**

First is the challenge of *consolidating and diversifying the economic base of the cities*. This has a necessary connection with industry policy. It is no accident that, currently, there is a vacuum at the national level in both industry policy and urban policy. Both are incompatible with market-oriented neoliberal ideologies and practices. Such an anti-policy environment does not readily permit translation of ideas about developing ‘institutional thickness’, ‘industry-clusters’ and ‘knowledge-intensive industry’ into practical policy measures on the ground. The arguments developed by Neutze in his early work (eg. Neutze 1965) emphasized the need to recognise that locational interdependencies among business and external economies make systematic government policy intervention a necessary condition for achieving economically efficient outcomes. A more radical variation on that theme could involve, for example, the creation of a national investment program, drawing on the savings currently held by superannuation funds, and using that to finance spatially-
targeted industry policy initiatives. Investment selection criteria could include considerations of spatial competitive advantage as well as job-creation and contribution to greater ecological sustainability. It is heartening to see increased interest in such potential policy developments (eg. Frankel 2001) although the major political parties remain largely unconcerned. The development of a coherent national industry policy is difficult, but it is hard to envisage establishing a more secure basis for the urban economies in the long term without it.

(b) Appropriating the Economic Surplus
Second is the challenge of securing part of the privately appropriated economic surpluses for public purposes. At present much of the wealth generated by economic growth is being captured by speculators and by landowners who make no direct productive contribution to economic progress. Not that this is novel – the classical political economist David Ricardo pointed to the problem of landownership as a fetter on social progress nearly two centuries ago and Henry George inspired a movement to redress it through land taxation, a movement that had considerable force in Australian cities early last century. It is interesting to note the revival of interest in these issues (eg. Day 1995). This is not altogether surprising because the tendency for landowners to capture much of the economic surplus has become particularly evident in recent years as property prices have soared, a process which is both a cause and consequence of wealth appropriation by urban landowners. My own estimate is that in Sydney alone something like $620 billion increase in wealth has been appropriated by landowners as a result of residential property price inflation over the last 10 years. This is ‘unearned income’ par excellence. State governments have been obtaining a small part of this surplus through land taxation and, more particularly, through stamp duties on property transfer. The latter now comprises 32% of NSW self-generated state revenue, for example, up from 20% in a decade ago (Stilwell 2003). Raising that revenue through uniform land taxation without exemption for owner-occupied properties is the more economically rational policy, but it would require more political courage than one can anticipate from the major parties.

(c) Rebalancing Competition and Cooperation
Third is the challenge of overcoming the tendency towards beggar-thy-neighbour competition. This is particularly problematic because of the existing structures of federalism. ‘We’ve got to drive down the cost of investing in this State’, said Bob
Carr after becoming NSW Premier, ‘so that it can seize job-generating investment from the other States’ (quoted in Sydney Morning Herald, 31.3.1995). As noted earlier, the combination of international competition, capital accumulation and inter-State competition has produced a strong tendency towards a ‘race to the bottom’ – or, rather three ‘races to the bottom’, relating to wages, taxes and environmental regulation. However, the lowered wages, tax cuts and more ‘flexible’ approach to environmental controls can be counter-productive. Industrial capital may be attracted to a locality by such features, but the effect is to simultaneously make that locality less attractive for consumption-oriented activities and higher-order corporate control functions. The case for cooperative inter-State agreements to limit beggar-thy-neighbour competition is thereby strengthened. As Troy (1995) has emphasised, there are many problems faced in creating more cooperation between governments, but this is essential if a coherent national urban strategy is to be developed.

(d) Harmonizing Production and Consumption
Fourth is the challenge to achieve better spatial balance through the coordination of consumption and production activities. This is a challenge that has important implications for the detailed planning of urban development and transport infrastructure. At that ‘micro’ level it has important health implications, since there is growing evidence of the link between residential and transport patterns and personal health problems such as obesity (Capon, 2003). At a broader spatial scale it is a challenge that goes beyond the cities into the broader arena of regional development. Many parts of Australia, most obviously the eastern seaboard (particularly, but far from exclusively, the Sunshine Coast, the Gold Coast and the Northern NSW Coast) and the coastal areas of the south west (such as Mandurah and Busselton), are becoming overwhelmingly consumption-focused. Retirees, weekenders and tourism are creating major pressures on the limited coastal land and natural resources. Part of the appeal of these localities is the absence of heavy industry, but there is clearly the need to foster a broader array of local employment opportunities and service provision. The sustainability and infrastructure stresses of these coastal developments is getting increased attention (eg. Manning 2003). The spatial disjuncture of production and consumption also underpins much of the transportation problem. It is a source of transport trip demands, particularly for freight movements but also for commuting (eg. by the growing proportion of urban workers traveling from peri-metropolitan areas like the Central Coast of NSW to Sydney).
Decentralisation of jobs must necessarily be on the policy agenda in these circumstances. How to achieve it is the conundrum. Governments have direct control over the location of public sector employment but, in a capitalist economy, private business interests have the initiative, subject to regulatory constraints by government which the prevailing neoliberal ideology represents as inappropriate, tending to ‘kill the goose that lays the golden eggs’. In this context it is interesting to note the increased attention being given to ‘downshifting’ as a response coming from below, rather than from government policy (Hamilton and Mail 2003). It does not necessarily involve spatial relocation (as in ‘Sea Change’) but it is indicative that at least some forms of decentralisation policies may be more in tune with household aspirations than has traditionally been thought to be the case. More generally, as Peter Self (1995) emphasised, urban policy debates must necessarily be seen in the broader regional policy perspective. The separation of urban policies from regional policies is mutually impoverishing, whereas their integration promises ‘win-win’ outcomes.

(e) Emphasising Equitable Redistribution

Fifth is the challenge of dealing with the widening socio-economic divisions within and between our cities and regions. The tendency towards increasingly divided cities is not a novelty, reflecting the long-standing tendency whereby ‘the rich command space while the poor are trapped in it’. Its analysis and redress is a well-established theme in Australian urban studies (eg. Badcock 1984, Burnley and Forrest 1985, and Murphy and Watson 1997). The inequalities are not simply a matter of binary divides – between Sydney’s West and Northern/Eastern suburbs, or between Melbourne’s East and Western Regions, for example. Rather, the evidence suggests that the patterns of urban spatial socioeconomic segmentation are becoming more complex – Duncan Timms’ (1971) conception of ‘the urban mosaic’ truly comes of age! It is not immediately clear how urban public policy can make a difference. The location of public housing is one such policy variable, but public housing is now such a small proportion of the total housing stock, and its administrators in a ‘cash-strapped’ public sector argue that provision of public housing in the more expensive suburbs has substantial opportunity cost in terms of the greater number of housing units that might have been provided in less expensive areas.
Evidently, the redress of urban spatial inequalities is not purely a matter for urban policy. It is necessarily part of a broader redistributational policy program – involving considerations of incomes policies, tax policies, social security policies, education policies and so forth (as argued in Stilwell 2000, Ch.7). Indeed, a similar point applies to all five of the policy challenges I have emphasized – urban policy is likely to be at its most effective when integrated into a broader national political economic policy program.

**IMPLICATIONS FOR RESEARCH**

Based on the preceding reasoning, it is not difficult to construct an urban economic research agenda, homing in on those aspects of the five challenges (and more) about which we need a deeper understanding if we are to identify and promote effective urban policy responses. The following points are no more than indicative of some such possible priorities:

- research on the relationship between spatial patterns of investment and urban employment trends;
- research on the potential for using tax reforms, such as uniform land taxes, betterment taxes or ecological taxes, as a driver of urban spatial change;
- research on the effects of increased global mobility by the various ‘fractions’ of capital, its impacts on economic security within urban economies and possible policy responses;
- research on how consumption patterns are changing and how this impacts on the well-being of urban citizen/consumers;
- research on how urban social-spatial inequalities respond to policy changes, such as policies to facilitate home-ownership, education policies, and policies for the public provision of urban infrastructure.

The papers being presented at this conference today and over the next two days look likely to take us some way in probing these issues. We have papers concerned with understanding the drivers of spatial economic and social change, the patterns of employment growth, the relationship between property values and employment trends, the changing patterns of socio-economic advantage and disadvantage, the spatial mismatch between affordable housing and employment opportunity, the role of knowledge-intensive industries and the agglomeration in business services, the
effects of neoliberalism on urban change, the urban impacts of corporate restructuring, and many other important matters. There is no single ‘touch-stone’ to the truth here. Rather, the dominant emphasis is on widening and deepening our knowledge base.

CONCLUSION

Many challenges currently confront researchers and policy makers dealing with the Australian urban economy. The analysis developed here suggests that, if current trends are allowed to continue, we will have cities that are increasingly unequal, insecure and unsustainable, even if there is prodigious prosperity and a remarkably good life for some of the urban inhabitants in the short term. The globalisation of capital and the application of neoliberal economic policies are transformative, but in ways that are fundamentally jarring to the expectations and aspirations of many in Australian society. Orthodox economic analysis has been complicit in these processes, fluctuating between myopia and tunnel-vision and, in effect, providing apologetics rather than analysis. The development of an alternative urban political economy, both in theory and policy practice, is necessary. We need, dare I say it, a different ‘road map’. Now is a good time to be working on it as a collective research and policy process.
REFERENCES:


Murphy, P., and Wu, Chung-Tong., (2001), Globalisation and the Sustainability of Cities in the Asia Pacific Region: the Case of Sydney, in Lo, Fu-Chen and Marcotullio, P. J. (Eds), Globalisation and the Sustainability of Cities in the Asia Pacific Region, United Nations University Press, Tokyo and New York, pp. 399-427.


STATE OF AUSTRALIAN CITIES NATIONAL CONFERENCE

SYDNEY, 2003

SPONSORS

University of Western Sydney
Australian National University
The University of New South Wales
Griffith University
The University of Melbourne
Victorian Department of Sustainability and Environment
NSW Department of Infrastructure, Planning and Natural Resources
ACT Planning and Land Authority

For all enquiries, please contact:-

University of Western Sydney
Urban Frontiers Program
Building 22, Campbelltown Campus
Locked Bag 1797, Penrith South DC NSW 1797

Phone +61 2 4620 3443
Fax +61 2 4620 3447

Email urbanfrontiers@uws.edu.au
Web www.urbanfrontiers.uws.edu.au