

Launch of the Competing from Australia Project Report

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Address to CEDA, Melbourne, 09/07/07

Mr Chairman, ladies and gentlemen. Thanks for the generous introduction.

I'm reminded in my position of the 1950's when Mr Menzies was Prime Minister and Dr. Emmett was leader of the opposition and there was some discussion in Canberra about proposed insurance legislation which hinged heavily on the definition of an accident and a disaster. And a reporter asked Mr Menzies about the difference between those two terms and Mr Menzies replied if Dr Emmett, who was the leader of the opposition, challenged the Sydney Harbour that would be an accident but if they hooked him out again that would be a disaster.

I'm not sure whether I'm an accident or a disaster. I'm here by misadventure because in 1966 I published the book the Tyranny of Distance and coined the phrase and the phrase has been galloping ever since. I should add that I've always been slightly uneasy about the phrase. I can see it's a widened phrase and therefore has been widely used. On the other hand it's a very loose phrase and lends itself to a variety of meanings and quite clearly in Australia's history distance has been a tyrant and yet in some ways distance has also been a friend and a benefactor but the phrase is still widely used in Australia and overseas.

I must say that when I was asked to take part in this seminar and when I was told of the research that had taken place recently on the impact of distance I felt slightly surprised. There can be no doubt that in the 19th century Australia's economy was profoundly affected by distance. Australia's economy was affected by distance within Australia whether the distance between Melbourne and Kalgoorlie or the distance between Sydney and Charters Towers, that was often a great burden. And Australia was also profoundly affected by the fact that most of its migrants and most of its ideas came from the British Isles and most of its trade was with the British Isles and here were these two countries so far apart and it's beyond dispute that Australia's two great exports in the 19th century and for the first half of the, or for the first part of the 20th century were two commodities, wool and gold which having a very high value per tonne could easily afford the tyranny of distance because freight was a relatively small component of their total costs. Just looking at the book the other day I noticed that it roused very little comment amongst economists. The debate was usually amongst historians. Chapter two was debated amongst historians and even poor school children had to debate it. Why was Australia settled? And I argued that distance had part of that thing.

I also wrote that distance was also important within Australia. I put forward the argument, in 1996 the core of Australia's economy and the heartland of its population extended around the coast and

along a narrow hinterland all the way from Brisbane past Sydney and Melbourne and Adelaide to Port Pirie. I should have added Whyalla but I didn't. I christened it the boomerang coast because of its shape. If you look at that strip of Australian coast and the narrow hinterland behind it from Brisbane down through Sydney and Melbourne and around to the gulfs of South Australia it is shaped like a boomerang. I said that it held less than one tenth of the nations' area and less than one half of the nations' natural resources, a very rough guess in retrospect and yet it held 8 out of every 10 people. It held one tenth of our area but out of 10 of our people.

Chapter 6 of the book concluded with a sentences through the concentration of population on the boomerang coast Australia spends much less of its energy in carrying goods and supplying services over vast distances. The standard of living and its ability to support a larger population are much higher than if its main economic activities and its population had been scattered right round the rim of the continent. I said that the boomerang coast and the dominant cities on that coast were the simplest solution to the problem of distance. I may have over stated but that's what I claim. Interestingly in the last 40 years the proportionately faster growth of Western Australia and Queensland dramatic growth, the boomerang coast is not quite so dominant.

If somebody had said to me 20 years ago that distance would still be important I wouldn't be quite certain how to answer it. Quite clearly in the commodities exports distance had been eased. The means of communications, the bulk carrier, the fast railway, the fact that Australia's new export markets were in East Asia rather than in Europe and that so many of our new mining fields were in the western and the northern half of the country this meant that in part the tyranny of distance had been eased. But people went much further than that and I remember reading in 1997 when it came out a book by a very good writer in England, Frances Cairncross and her book was called the Death of Distance. I was quite rightly the target of the book. She argued well and I can see the validity of her argument, the world is shrinking and distance therefore will be less important. I didn't pay much attention, I didn't reply to it but, then Rupert Murdoch said a few years later the Tyranny of Distance, and he quoted the book, the Tyranny of Distance was a great slogan in its day but now it's dead. I thought for a while and I wondered how can the Tyranny of Distance be completely dead if Mr Murdoch a great business man decides that in order to conduct his global empire he has to move from Australia to the United States.

I began to think too about the history of Melbourne and Sydney. Melbourne was the financial capital of Australia. Melbourne was the big city of Australia. Melbourne lost its role as the big city of Australia about 1900. Melbourne was still the great stock exchange in Australia in the 1960's and the financial capital and then bit by bit Sydney overtook it. I thought one of the reasons, and there can be little doubt about this, one of the main reasons why Sydney overtook Melbourne as the financial capital is that when air rather than sea became the main means of communication between Australia and the outside world Sydney as the great airport suddenly gained a huge advantage. In those days it was only about three hours difference if you came from New York or you came from London to Sydney, there was only three hours difference between coming on from Melbourne. But that three hours difference made an enormous affect on those financial houses which decided to set up their office in Australia. Those three hours often influenced the decision that it should be Sydney rather than Melbourne.

When I opened the papers a few weeks ago, the papers I think are all with you in the printed report, I must say I was startled to see the distance was back again on the agenda and if you read some of the papers, not all of the papers and it's a complex question; what is happening to the Australian economy. If you look at some of the papers they put great emphasis on distance. They say that rather than the world shrinking dramatically and we being the great gainer we are a great gainer not the great gainer and in some ways other countries are gaining even more than Australia through that remarkable shrinking of distance that we've just lived through.

There's an interesting comment in the paper by Glen Rivers who I think is in Germany today. He says, on page 22 he writes that the unexpected power of distance to rein in a world where ideas and information form one of the main items of freight than the basis and the raw material of new dynamic industries, I'm paraphrasing him. But he speaks of the unexpected power of distance to continue reining even in a world where ideas and information form one of the main items of freight. He says some things have improved but perhaps not as much as is popularly believed. In particular the common assumption that modern communications technology has eradicated distance is not a tall clear cut. This is because, he says, as the world moves increasingly to become a global knowledge economy much of the creative high level knowledge is conveyed in direct personal interaction. Much of the creative high level knowledge is conveyed in direct personal interaction and therefore to be close is an enormous advantage.

He goes on to say quoting another research paper; indeed there is evidence to suggest that the impact of distance is rising and not declining with time. He's speaking of Australia. There is evidence to suggest that the impact of distance is rising and not declining with time. This I must say not being an economist took me very much by surprise. I wouldn't have thought that was happening but reading the papers, the evidence is fairly strong. Within wide areas and narrow areas this is still happening. It's not necessarily a cause for great alarm, if you realise that your competitors are gaining more than you're gaining from the miraculous transformation in communications then once you know it you know if you've got a fight on your hands. The great new industries are so often knowledge industries. If you want to win in those industries you have to be better educated and you have to be brighter and more alert, there's no reason why Australians can't in the long term be brighter and more alert.

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