KCIs - EXAMPLE
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- ‘old model’ economic development

  The term has been used to describe Australian economic development (as measured by the European yardstick of increases in GDP) up to the end of the 1920s. The central characteristic of the period is that rural industries (i.e. those based on the use of land) provided the main basis of economic development (i.e. increases in GDP). Three phases of ‘old model’ have been identified: the first, until about 1860 when new land was being brought into use; the second, until about 1890 when capital was being applied to land so that land could be used more intensively for the grazing of sheep and the production of wool; and the third, until the end of the 1920s when the more intensive use of land was based on the ‘new rural industries, i.e. those involving the use of land for agriculture rather than the grazing of sheep. It was the second of these phases that resulted in a rapid increase in production) and a level of GDP per head considerably in excess of any other comparable country.

- trade protection

  This term refers to a policy of protecting (or shielding) producers within an economy from competition from overseas producers. In Australian economic history it refers particularly to the protection of producers within the manufacturing sector, in order that the Australian manufacturing sector could develop. The main instrument of the policy was the tariff (in effect a tax on imports) which made overseas produced goods less competitive relative to domestically produced goods. The policy was implemented in the 1920s when there were major increases in tariff levels, and in the context of the 1930s Depression, this being one factor in the relatively rapid recovery from the Depression. The policy continued to characterise the Australian economy in post-WWII decades. In so far as trade protection resulted in the extensive development of industries that were economically inefficient it has been held to be one of the main factors underlying the poor economic performance of the Australian economy for most of the twentieth century.

- the price of iron ore since the year 2000

  The price of iron ore was approximately $12-$14 per tonne in the early 2000s then started to increase sharply after 2004, reaching a peak of nearly $180 per tonne in 2011. After this time it fell steadily to about $50 - $60 per tonne. The significance of this lies in the fact that iron ore is the largest export commodity. There were major positive economic effects through linkages to other industries, both through the expenditure of incomes made by owners and employees and (‘backwards’) through the supply of inputs to producers of iron ore. There was also large-scale investment associated with the development of new mines and on infrastructure associated with mining projects. A further effect was that the value of the Australian dollar (because of the high demand for Australian dollars to purchase iron ore) increased sharply. However, this negatively affected industries in other sectors that were oriented to export.