The rapid expansion in the mining industry over the past decade has done more harm than good to Geelong's economy. Mining has created virtually no jobs in Geelong and has induced a high exchange rate that is crippling Geelong's manufacturing industry with more than 1 in 8 manufacturing jobs lost over the past six years.

Politicians and commentators are fond of terms like two speed and patchwork economy to describe how parts of the Australian economy are doing well and other parts not so well. This leaves people with the impression the best thing they can do is to encourage those parts of the economy that are doing well and hope the other parts pick up soon. However, it is a poorly understood fact that parts of the economy that are roaring ahead are the reason the other parts are falling behind.

The struggles of the manufacturing, agriculture and tourism industries are a direct result of the runaway mining boom. Geelong with its long history of manufacturing is being particularly hard hit. Between the 2006 and 2011 census employment, jobs in manufacturing fell by over 1,100 or 13 per cent. On the upside the mining boom delivered Geelong 82 extra jobs in the mining industry.

You don't have to be an economist to understand these numbers don't balance.

While Geelong has been particularly hard hit a similar story of big drops in manufacturing employment offset by small rises in mining employment is playing out across the country. The reason for this is that manufacturing is a huge employer with almost a million people working in the industry. By comparison, even after almost a decade of boom time for the mining industry they only employ around 250,000 people.

With the rest of the world willing to pay much higher prices for Australia's mineral resources, the value of our exports has risen leading to an increase in the demand for the Australian dollar. This higher demand in turn has pushed up the exchange rate. Demand for the dollar is also being pushed up by the massive sums of foreign money flowing into building new mining projects and expanding existing ones. Bureau of Resource and Energy Economics figures show that the resource sector investment pipeline has blown out to a record 268 billion dollars.

The mining boom is also pushing up the wage rate of workers that can be used in the construction of resource projects. These are the same workers who were working for the manufacturing industry, who are now far more expensive and in short supply. This is causing further stress to the manufacturing sector already hit hard by the high exchange rate.

The community of Geelong is further suffering because of flow on effects being caused by the mining boom. As manufacturing workers are laid off due to businesses going bust or reducing their size in reaction to the high Australian dollar their wages no longer flow through the local economy supporting local shops and businesses, amplifying the damage.

The government has badly mismanaged the current mining boom. The Reserve Bank knows that when the economy is booming and inflationary pressures are getting out of control its time to put on the breaks and slow the economy down by lifting interest rates. Higher long term growth is achieved by slowing booms down. The government needs to take this knowledge to its management of the mining boom.

The mining boom is causing significant collateral damage to many parts of the economy. It is in Australia's long term national interest to have a diversified economy with many different industries. If the mining boom kills off Australia's manufacturing sector, who will be left to employ Australians when the boom ends? The government's decision to drive the boom by handing out new mining approvals like confetti will ultimately lead to a bigger crash and more economic pain.

Geelong is suffering from the effects of a runaway mining boom. It's time for governments to take its role seriously in managing the economy and consider the national interest rather than just the best interests of the big mining companies.

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