



**WHITLAM AND THE CITIES : URBAN AND REGIONAL  
POLICY AND SOCIAL DEMOCRATIC REFORM**

by

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## ABBREVIATIONS

AIUS	Australian Institute of Urban Studies
AWDC	Albury-Wodonga Development Corporation
BODC	Bathurst-Orange Development Corporation
CSHA	Common wealth-State Housing Agreement
DURD	Department of Urban and Regional Development
EHCD	Department of Environment, Housing and Community Development
HURA	Department of Housing, Urban and Regional Affairs (South Australia)
Landcom	Land Commission of New South Wales
MDC	Monarto Development Commission
NURDA	National Urban and Regional Development Authority
NSWULC	New South Wales Urban Land Council
PEC	Planning and Environment Commission (New South Wales)
PRS	Priorities Review Staff
SAHT	South Australian Housing Trust
SALC	South Australian Land Commission
SAULT	South Australian Urban Land Trust
SPA	State Planning Authority (South Australia)
UDAC	Urban Development Advisory Committee (South Australia)
UDIA	Urban Development Institute of Australia
UDCC	Urban Development Co-ordinating Committee (South Australia)
ULA	Urban Land Authority (Victoria)
VULC	Victorian Urban Land Council
WAULC	Western Australian Urban Lands Council

**STATEMENT**

This thesis contains no material which has been accepted for the award of any other degree or diploma in any University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

I consent to the thesis being made available for photocopying and loan.

Lionel Orchard

**ABSTRACT**

This thesis is an empirical account of the programs and policies of the Whitlam Government's Department of Urban and Regional Development (DURD) which investigates their actual effects through the decade since DURD's demise. The account is developed in the context of three bodies of literature - existing accounts of the general experience of the Whitlam Government, existing accounts of the particular experience of DURD, and recent debates within social, political and urban theory, in particular, debates about social democratic reform and the place of urban policies within it.

The thesis is structured in the following way. The first chapter presents an overview of recent debates within social, political and urban theory as they are relevant to questions of federal urban policy and social democratic reform while the second critically reviews existing analyses of the Department of Urban and Regional Development.

The empirical account of the impact and legacy of DURD's policies and programs follows. This account comprises four chapters, one on DURD's general strategic and policy work and three on DURD's programs. In each chapter, the actual experience is reviewed in the light of the ideas and theories which motivated the DURD reforms.

The conclusion to the thesis assesses DURD's initiatives in the context of a general discussion of federal government, social democratic reform and urban policy in the late 1980s and beyond.



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## INTRODUCTION

This thesis reviews existing interpretations of the crisis of the Whitlam Government through a critical analysis of its urban and regional policies as implemented through the Department of Urban and Regional Development (DURD). There was a close relationship between the urban program and the general politics of the Whitlam Government. The urban policies were one of the cornerstones of Whitlam's social democratic program. For these reasons, an analysis of them offers much to our understanding of those years.

While a great deal has been written about the Whitlam Government and its urban and regional policies and programs, these bodies of literature do not illuminate each other very successfully. They differ in assumptions and arguments. The main difference is that whereas much of the general commentary is informed by marxist assumptions, much of the DURD commentary uncritically accepts the social democratic assumptions of the Whitlam program. This thesis is concerned to strike some ground between these two general positions.

An inadequately recognised irony about intellectual discourse on the Whitlam government helps explain these divergent interpretations. At the same time as one of the most progressive social democratic governments in Australia's history came to power, the international ascendancy of marxist scholarship in the social sciences was being felt in the Australian academy. Marxist analyses of the approach and ultimate crisis of the Whitlam Government gained currency. The most famous of these were Catley and McFarlane's *From Tweedledum to Tweedledee* and Connell's *Ruling Class, Ruling Culture*. This is not to say that other arguments have not been put. Indeed, this thesis hopes to show that a more balanced account of the rise and fall of the Whitlam Government is present in the broader literature. Nevertheless, the dominance of marxist arguments about the Whitlam Government reinforces a conspiracy theory about the crisis of that government which is yet to be challenged in the intellectual debates even if it is not held in mainstream popular discourse.

While most Australian urbanists have had something to say about the DURD reforms, their analyses are inadequate for various reasons.

Many on the 'left' eulogise these reforms. This is understandable given the commitment of many of them, during the 1960s and early 1970s, to the concept of a federal role in urban and regional affairs and the close involvement of some of them in DURD. But it does mean that, in the attempts to write the history of these reforms from left viewpoints, these analyses are somewhat uncritical. They are too defensive in their accounts of the DURD effort.<sup>1</sup>

During the years of the Fraser Government, some commentators drew upon neo-classical economic theory and the American neo-conservative critique of central government to criticise DURD.<sup>2</sup> They argued that DURD was fundamentally misconceived on economic, administrative and political grounds. Federal government has no place in urban affairs in this perspective. Nevertheless, these arguments are too categorical in their general dismissal of the DURD reforms. They ignore the impact that the DURD reforms have had on urban planning at the state level, in particular shifting the focus from 'end state' planning to a view of planning as a social and redistributive process. This is not to say that the DURD model is without problems. These problems will be highlighted later. But the ideas articulated within DURD have had an important influence on Australian urban planning which cannot be dismissed on the basis of rather

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<sup>1</sup> This applies, in particular, to the work of Pat Troy and Clem Lloyd. See P.N. Troy, 'Federalism and urban affairs 1972-75', *Royal Australian Planning Institute Journal*, 14, 1/2 (1976), pp. 15-20 ; P.N. Troy, *A fair price : The Land Commission Program 1972-1977*, Sydney, Hale and Iremonger, 1978 ; ; C. Lloyd and P.N. Troy, *Innovation and Reaction : The life and death of the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981.

<sup>2</sup> R.A. Carter, 'Australian Regional Development Policy in the 1970s', *Canadian Journal of Regional Science*, 1, 2 (1978), pp. 77-93 ; M.A. Jones, 'Australian Urban Policy', *Politics*, 14, 2 (1979), pp. 295-303 ; M. Painter, 'Urban Government, Urban Politics and the Fabrication of Urban Issues : The Impossibility of Urban Policy', *Australian Journal of Public Administration*, 38, 4 (1979), pp. 335-346 ; A. Parkin, *Governing the Cities : The Australian Experience in Perspective*, Melbourne, MacMillan, 1982 ; J. Paterson, 'Australian Housing Futures', in Committee of Inquiry into Housing Costs, *The Cost of Housing : Volume 3 : Studies Commissioned by the Committee*, Canberra, AGPS, 1978 ; J. Paterson, 'Where have all the urban problems gone?', *Social Alternatives*, 1, 8 (1980), pp. 53-54 ; R.K. Wilson, 'Urban and regional policy', in R.B. Scotton and H. Ferber (editors), *Public Expenditure and Social Policy in Australia : Volume 1 : The Whitlam Years*, Melbourne, Longman Cheshire, 1978.

simple views about the structure of Australian federalism and the 'efficiency' of the private market.

Others on the 'left' have come to question the adequacy of the DURD model for future federal involvement in urban and regional policy - even though they were enthusiastically in favour of it during and immediately after the years of the Whitlam Government. Into the 1980s, economic and social changes make the Whitlam version of social democracy look less promising as a solution to the problems of Australian society.<sup>3</sup> Other early advocates of the DURD reforms have been more fluid and critical in their later commentaries.<sup>4</sup> While criticisms of the work of these authors will be advanced later, I share the 'left liberal' philosophy that informs their work.

The thesis comprises three main parts. Chapters One and Two establish the theoretical framework and review the literature on DURD in the context of two general bodies of theory : (a) debates within political sociology, focussing in particular upon the question of reform strategies in the capitalist democracies ; and (b) debates within the now not-so-new 'new' urban sociology, focussing in particular on the issue of urban reform through central government.

One of the primary aims of these chapters will be to place the Australian example in comparative perspective. Two approaches to comparative analysis will be employed. The first aims to develop some comparative understanding of the

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<sup>3</sup> This applies, in particular, to the work of Leonie Sandercock. For her early support of the Whitlam initiatives which nevertheless highlighted the limits of social democratic reform within a capitalist democracy see L. Sandercock, *Cities for Sale*, Melbourne, Melbourne University Press, 1975 ; L. Sandercock, 'A Socialist City in a Capitalist Society? Property Ownership and Urban Reform in Australia', *Journal of Australian Political Economy*, 3 (1978), pp. 66-79 ; L. Sandercock, 'Urban Policy' in A. Patience and B. Head (editors), *From Whitlam to Fraser*, Melbourne, Oxford University Press, 1979 ; L. Sandercock, *The Land Racket : The real costs of property speculation*, Melbourne, Silverfish Books, 1979. For later questioning of the Whitlam model given the economic problems of the 1980s see L. Sandercock, 'The Cities in the Eighties', in J. McLaren (editor), *A Nation Apart : Personal views of Australia in the Eighties*, Melbourne, Longman Cheshire, 1983 ; L. Sandercock and P. Melser, 'Like a Building Condemned : Planning in an Old Industrial Region', *Built Environment*, 11, 2 (1985), pp. 120-131 ; L. Sandercock, 'Economy versus community', *Australian Society*, 5, 7 (1986), pp. 12-15.

<sup>4</sup> H. Stretton, *Ideas for Australian Cities*, Adelaide, the author, March 1970 ; Melbourne, Georgian House, June 1970 (second edition, Melbourne, Georgian House, 1975) ; H. Stretton, *Urban Planning in Rich and Poor Countries*, Oxford, Oxford University Press, 1978 ; M. Neutze, *Economic Policy and the Size of Cities*, Canberra, ANU Press, 1965 ; M. Neutze, *Australian Urban Policy*, Sydney, Allen and Unwin, 1978 ; M. Neutze, 'Urban Studies in Australia : Ten Years On', unpublished seminar paper, Urban Research Unit, RISS, ANU, 1985.

idiosyncracies of particular social and political structures in their effects on particular societies. This method of comparison is basically materialist and positivist in its epistemological assumptions and orientations. The other is less usual but it will be employed extensively in this thesis. It compares the cross cultural impact of ideas about sociological explanation and political reform within the capitalist democracies. Epistemologically, this approach is idealist. As I will argue, it assumes relatively greater importance in the Australian case because of our dependence on imported ideas. This does not mean that there are not original aspects of the Australian case, both materialist and idealist, nor that Australians do not have some impact on the development of theoretical and political perspectives in the international arena. Indeed, comparison as an organising principle brings with it an openness to the lessons of less well known or explored examples (in a 'world' sense). What my emphasis on idealist comparison is meant to highlight, however, is that the Australian example is less understandable without explicit attention to the role of ideas and theories drawn from outside Australia. The other aspect of this second approach is that international trends often gain currency in Australia through the agency of migrating and visiting intellectuals. The multi-cultural society that is Australia is well reflected in the Australian academy.

The third main part of the thesis, comprising four chapters, contains the detailed analysis of the DURD reforms. In essence, the reformers tried to extend federal power to improve urban efficiency and equity in Australia. They had a number of overlapping aims - to establish an ongoing federal role in urban and regional policy, to increase the involvement of local government in the Australian federal system, to extend the role of public enterprise in urban development, and to redistribute through the service component of the 'social wage'. These four concerns provide the most convenient way to divide this third part of the thesis. Chapter Three analyses DURD's policy and strategic work, in particular, its attempts to devise a 'national urban and regional strategy'. Chapter Four examines DURD's efforts to expand the role of local government - principally through changes to the Grants Commission Act and through regional policies - and the programs which aimed to redistribute through the 'social

wage' - the area improvement program, the sewerage program, and the funding of inner urban rehabilitation projects in Sydney and Melbourne. Chapter Five focuses on the land commissions and Chapter Six on the growth centre development corporations. Both of these latter initiatives were important examples of the Whitlam Government's extension of public enterprise into new areas.

A concluding chapter will draw some broad conclusions about the DURD reforms and the practical and theoretical lessons that can be drawn from them, in the context of the broad framework articulated in the first part of the thesis and existing accounts of the general experience of the Whitlam Government.

This thesis is written with express consciousness of the political trends in Australia in the late 1980s. Is Australia entering a new phase of neo-conservative government? The first two and a half years of the Hawke Government were relatively stable and successful. However, in 1986, a balance of trade crisis was joined by a dramatic and seemingly uncontrollable decrease in the value of the Australian dollar to challenge the political stability of the Hawke Government and its corporatist approach. For different reasons and with different prescriptions, many on the left and the right now question the Hawke Government's policies.

The left argues that the corporatist consensus is too narrowly based. The consensus does not address, in any central way, the needs of the burgeoning 'underclass' of unemployed and welfare recipients. The Hawke Government's approach is unrealistic because it assumes that growth in the private economy can resolve the problem of unemployment. Some on the left argue that the decisions to deregulate foreign exchange and the financial system reduce the possibility of future social democratic reform in Australia. Those decisions have given private conservative interests too much control over key aspects of the Australian economy. They may yet prove to be the undoing of the Hawke Government despite the view of some that the

Australian traditions of egalitarianism and radicalism have an enduring coherence which makes the 'new right' position implausible in Australia.<sup>5</sup>

In many respects, the conservative monetary and fiscal policies of the Hawke Government indicate the intellectual and political strength of the right in Australian politics. The conservatives would have us go further down the deregulatory path, particularly in the industrial relations area. They would also further limit the role of government in Australian society. If the ascendancy of the arguments of the new right in Australia is any guide, it seems that Australia may follow the international trend.

In response to the ascendancy of the right, there is renewed interest in social democracy and 'left-liberalism' in Britain and the USA. This has emerged in response to the worsening economic and social problems in these societies and to the political cracks in the Thatcher and Reagan administrations. In the USA, this renewal is manifest in the debates about the 'new' poverty, alternative economic and political strategies, and the urban and regional impact of economic change. The left is engaging in new conceptual, philosophical and policy thinking in an attempt to regain ground lost to the conservatives.

While this thinking is also underway in Australia, it is underdeveloped. It is in this context that this review of the Whitlam urban and regional reforms is undertaken.

Some will view this project as strangely nostalgic and of little relevance to the problems of the mid eighties and beyond. They will argue that the economic and social changes that have been wrought in Australia over the past fifteen years have changed forever the terms and context of discourse about federal urban and regional policy. This thesis aims to answer some of these questions through an analysis of the DURD initiatives through the eyes of someone not directly involved with them and writing in the different political and economic context of the mid 1980s.

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<sup>5</sup> The latter argument was put strongly by John Dawkins in his Australia Day address of 1986. See J.S. Dawkins, 'The False Patriots of the New Right', *Labor Forum*, 8, 1 (1986), pp. 1-6.

## CHAPTER ONE

### THE THEORETICAL CONTEXT

This chapter sketches the terrain of contemporary social and political theory. The aim is to provide a backdrop for the more detailed empirical analyses to follow.

#### 1. SOME TRENDS IN THE CAPITALIST DEMOCRACIES SINCE 1945

Any comparison of the political, economic and social structure of the capitalist democracies, and the changes that have occurred to those structures, since 1945 faces the problem of reconciling the different histories of these societies with the similarities in the political changes which have taken place within them over this time. It also faces the problem of the increasing integration of the capitalist world and the emergence of the 'world crisis'. The capitalist world as a whole is implicated in the third world debt problem and the problem of government debt in the West.

Differences can be articulated in a number of ways. First, there is the distinction between old settled and new settler societies. Capitalist democracy emerged within the 'old' societies - for example, Britain and Europe - over a long period of time in reaction to a feudal past. The modern aspects of these societies are influenced, in an ongoing way, by this past.

Australia, Canada, New Zealand and the USA, as settler societies, have much shorter histories, at least from the 'Euro-centric' point of view. It has been argued that fragments of the 'old' European societies from which they derive inhere in their cultures and in their political and economic structures. Nevertheless, the 'fragmentation' thesis suggests that these societies diverged from the old culture, at least initially, through the interaction of the old fragment with its new environment.<sup>1</sup>

Political structures in the capitalist democracies take a number of forms. They range from unitary systems with class-based parties (United Kingdom, the Scandinavian countries and New Zealand), to unitary systems with regional divisions

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1 L. Hartz, *The Founding of New Societies : Studies in the History of the United States, Latin America, South Africa, Canada, and Australia*, New York, Harcourt, Brace and World, 1964.



(Italy and France), to federal systems with parliamentary executives, class-based parties and nationally organised trade unions (Germany, Canada and Australia), to fragmented federations with fragmented party structures, weak labour movements and an emphasis on 'small town', local democracy (USA).<sup>2</sup> These variations make for important differences in capacities for coordinated effort to tackle social and economic problems.

Despite these differences, the capitalist democracies have had a similar trajectory since 1945 in terms of the opportunities and problems they have faced and continue to face, and in terms of the political responses to those opportunities and problems. This is partly explained by the emergence of a world capitalist system. Economically, the capitalist world has become more integrated since World War 2. But social and political convergences over this period lend support to the other part of the Hartz 'fragmentation' thesis - that, in the twentieth century, settler societies have converged with the old cultures as both have modernised.

The similar trajectories of the capitalist democracies since 1945 may be usefully divided into two periods - between 1945 and 1970, and post 1970. The first period was one of economic growth and political stability whereas the period since 1970 has been one of economic crisis and stagnation and political instability.

Between 1945 and 1970, the capitalist democracies enjoyed strong economic growth, full employment and relative political stability. The post-war economic boom was based upon the expansion of industrial manufacturing. It took place in the context of a relatively stable and organised world economic and political order. It also saw the strengthening of organised interests internal to the capitalist democracies - trade unions, the institutions of the state and private corporations. The organised working class made a number of significant economic and political advances during the post-War period. Economically, the consumer boom and the expansion of home ownership were the outward signs of the emergence of a dominant mode of private consumption in the capitalist democracies. The working class was also

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2 H. Stretton, *Capitalism, Socialism and the Environment*, Cambridge, Cambridge University Press, 1976, pp. 109-110.

politically stronger than it ever had been. Some commentators use the term 'post-war accord' or 'social contract' to characterise the stable but changing power balance between the classes over the period from 1945 to the late 1960s.<sup>3</sup>

The other defining characteristic of change in this period was the massive growth in the activity of government both directly, through taxation and economic investment, and indirectly, through regulation of activity in the private economy. A central aspect of the expansion of government and a key aspect of the advance made by labour movements was the growth of the 'positive' citizenship rights of the welfare state.<sup>4</sup>

Politically, this period was characterised by apparently great change, particularly at the national level. The role of central government in social and economic policy and programs expanded in the wake of the Great Depression and World War 2. The 'New Deal' in USA and the initiatives of the British Labour Government of the late 1940s are the paradigmatic examples.

In Australia, the large expansion of federal activities wrought by the Curtin and Chifley Governments was in this tradition and set the scene for most of the changes in federal politics over the post-War period. Enthusiasm for Keynesian economics and regional planning flowered in the activities of the Ministry of Post-War Reconstruction and the Commonwealth Housing Commission. The 'social services' and 'uniform income tax' referendums gave the federal government power to extend its activities into the welfare and social policy fields.<sup>5</sup> Full employment became an avowed objective of federal policy.

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3 S. Bowles and H. Gintis, 'The Crisis of Liberal Democratic Capitalism : The Case of the United States', *Politics and Society*, 11, 1 (1982), pp. 51-93 ; B. Bluestone and B. Harrison, *The Deindustrialization of America : Plant Closings, Community Abandonment, and the Dismantling of Basic Industry*, New York, Basic Books, 1982, pp. 111-139.

4 For American accounts of this which see these advances in the context of ongoing conflict and tension between capitalism and democracy see F.F. Piven and R.A. Cloward, *The New Class War : Reagan's Attack on the Welfare State and Its Consequences*, New York, Pantheon, 1982 ; S. Bowles and H. Gintis, *Democracy and Capitalism : Property, Community, and the Contradictions of Modern Social Thought*, New York, Basic Books, 1986.

5 For a critical account of the emergence of the welfare state in Australia during these years see R. Watts, 'The Origins of the Australian Welfare State', *Historical Studies*, 19 (1980), pp. 175-198.

Conservative governments came to power in the early 1950s partly as a result of conservative mobilisation against the initiatives of the 1930s and 1940s but also because of the popular feeling against the stringency of the War period. The Eisenhower and Menzies governments presided over the prosperity and stability in the 1950s and 1960s. Menzies curtailed many of the post-war reconstruction initiatives particularly those in regional planning and housing. However, his government did not hand back income tax powers to the states or dramatically change the embryonic federal role in the welfare field. The Menzies Government also stepped up federal spending in education, in particular, on state aid and the universities. Reserve Bank powers, and the pervasive regulation of the private banks, continued despite the earlier opposition to the Chifley Government's attempt to nationalise the trading banks. The Snowy Mountains Hydro-Electric Project commenced by the Chifley Government was completed. Nevertheless, there were some directions in which Menzies refused to expand the federal role. Most well known was his refusal to accede to the Cumberland County Council's request for federal assistance to implement its plan to contain Sydney's urban sprawl.<sup>6</sup> 'Conservative interventionism' characterised the approach of post-war Liberal Governments to 1972.<sup>7</sup>

Social democratic reform through central government again came on to the political agenda in the 1960s, with the 'New Frontier' and 'Great Society' reforms of the Kennedy and Johnson administrations in the USA and the programs of the Wilson Labour Government in Britain. In both cases, the role of the national government was extended in manpower training, health care and education. New community and urban policies were also pursued.

In important ways, these reforms foreshadowed what was to come in Australia. The Whitlam Government gained office in 1972 with a mandate to expand the federal role in education, health and social security. It also recommenced activity in

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6 On this refusal see G. Whitlam, *The Whitlam Government 1972-1975*, Melbourne, Viking Books, 1985, pp. 377-378.

7 On this period in Australian politics see D. Horne, *The Lucky Country : Australia in the sixties*, Melbourne, Penguin Books, 1964.

other areas, most notably in regional planning to deal with the problems of Australia's cities. It implemented its mandate with vigour and commitment.

The social democratic programs of the 1960s and early 1970s floundered for a number of reasons. Economic conditions in the capitalist world worsened in the early 1970s. This undermined the political viability of these programs of reform, based as they were on redistribution in the context of continuing economic growth. Many of the reforms were vigorously opposed by conservative interests who distrusted 'social engineering' and public planning. Some of the reforms were politically naive. They were not well integrated with existing structures and were easily undermined.

In the second period since 1970, the capitalist democracies have faced new problems and conflicts. They have been plagued by the problem of stagflation. New social movements mobilising over women's rights, peace and nuclear energy, and the environment and technology have exacerbated social and political conflicts within them.

In addition to these new problems, the social structure of the capitalist democracies has changed significantly. The success of the post-war boom is now reflected in the structure of these societies. Whereas social conflict once centred on a ruling capitalist minority exploiting a deprived working class majority, it now reflects an incorporated majority exploiting and excluding a marginalised minority. The capitalist democracies have seen, over the post-war period, the expansion of public and private institutional power and individual power. There is now a very complicated relation between them which has become difficult both to control and to explain using existing models of political economy and social structure.

Two main political responses to these new economic and social conditions have emerged over the past fifteen years - the neo-conservative attempt to curtail the role of central government, and the corporatist resolution of conflict between capital and labour. Both reflect the new 'politics of exclusion'. The political casualty has been social democratic reform.

Conservative backlash against the social democratic reforms of the 1960s dominated British and American politics in the late 1960s and early 1970s. The Nixon

administration implemented a 'new federalism' policy which wound back the direct federal role in social and urban policy. It introduced a general revenue sharing scheme which gave state and local governments more freedom in how they spent federal grants. In Britain, the Heath Government cut national spending in social policy areas and instituted a draconian incomes policy which undermined union power.

The conservative backlash came to Australia in 1975 with the election of the Fraser Government. Its 'new federalism' policy drew on the Nixon model. Fraser sought to curtail the role of federal government in Australian society. Many of the Whitlam initiatives, notably Medibank and DURD, were abolished. The rhetoric of small government and power decentralised to the states was effected in important areas of social policy but fairly pragmatic federal intervention continued in the traditional conservative areas of agriculture and mining. The basic inequality and divisiveness of the policies of these 'mark one' neo-conservative governments led to their downfall. They were followed by governments, under the leaderships of Carter, Callaghan and Hawke, which variously espoused and implemented quasi-'corporatist' policies.

Corporatism is an approach to the resolution of conflict between capital and labour built around incomes policy and the pursuit of economic growth. It first emerged in some of the European democracies.<sup>8</sup>

During the Fraser Government's period of office, the processes of structural change in Australian manufacturing industry caused unemployment levels to increase dramatically. Unemployment rose from 291,000 in February 1976 to 670,000 in February 1983, or, in seasonally adjusted percentages, from 4.5% to 9.6%.

The Hawke Government has addressed this economic crisis in a number of ways. The prices and incomes accord, as the principal manifestation of the corporatist approach in Australia, has introduced some stability into relations between capital and labour. Economic policies have aimed to provide a good climate for the recovery of private investment. Government spending has been checked through the 'trilogy'.

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<sup>8</sup> For an overview of this emergence see P.C. Schmitter and G. Lehmbruch (editors), *Trends Towards Corporatist Intermediation*, London, Sage 1979.

These commitments link levels of government spending and taxation to rates of growth in GDP. The Australian economy has been opened to the world economy with the deregulation of the financial system and the interest and exchange rates. Industry policies aim to create a more competitive, export oriented industrial base with closer ties to the Asian region.

The Thatcher and Reagan governments are implementing neo-conservative policies 'mark two'. They are a further development of approaches first tried during the Nixon and Heath years - cutbacks of the welfare state, labour discipline and 'recapitalisation' as responses to the crisis.<sup>9</sup>

Some commentators have emphasised the conservative continuity between the corporatist approach of Carter and Callaghan and the policies of the Reagan and Thatcher Governments, while recognising that the participation of labour in corporatist arrangements is more progressive than the policies of the conservatives.<sup>10</sup> The 'new right' perspective is rapidly gaining strength and influence in Australia, and in some at least of the Labor leadership. Whether historians will eventually see the Hawke Government as a neo-conservative government 'mark two' of the Thatcher and Reagan kind, or as a corporatist or social democratic alternative to that neo-conservatism, is a general question for political choice, rather than diagnosis or prediction. The purpose of this thesis is to contribute (however modestly) to that choice.

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9 For critical accounts of the policies of the Reagan Administration see Piven and Cloward, *op.cit.* ; S.M. Miller and D. Tomaskovic-Devey, *Recapitalizing America : Alternatives to the corporate distortion of national policy*, Boston, Routledge and Kegan Paul, 1983. For a summary discussion of progressive alternatives to Reagan see 'The Agenda After Reagan', *New Republic*, 3507 (March 31 1982). This includes contributions from Michael Walzer on 'The Community', Lester Thurow on 'The Economy' and Robert Reich on 'Industrial Policy'. For a critique of the Thatcher Government see M. Loney, *The Politics of Greed*, Sydney, Pluto Press, 1986.

10 On the connection between the Carter and Reagan Administrations see A.R. Markusen and D. Wilmoth, 'The Political Economy of National Urban Policy in the USA : 1976-1981', *Canadian Journal of Regional Science*, 5,1 (1982), pp. 125-144. On the connection between the Callaghan and Thatcher governments see M. Harloe and C. Paris, 'The decollectivization of consumption', in I. Szelenyi (editor), *Cities in Recession*, California, Sage, 1984.

## 2. SOCIAL AND POLITICAL THEORY SINCE 1945

The relationship between the political, social and economic changes within the capitalist democracies and the trajectory of social and political theory over the post-war period is a complicated one. While there is some relationship between them, it is not direct. Nevertheless, some general connections can be drawn prior to a more detailed exposition of the debates within political and urban sociology.

The confidence and stability of the 1950s and 1960s was reflected in the dominant trends within the social and political theory of the time. Daniel Bell's 'end of ideology' thesis and Talcott Parsons' and David Easton's 'social systems' theory reflected this confidence. The dominance of uncritical liberalism and pluralism in political theory was the price paid for the political stability and social consensus of the period.

Towards the end of the 1960s, theory based on relatively stable systems and political consensus was increasingly at odds with social and political trends. The social conflict reflected in the student and civil rights movements and the instability reflected in events like the Vietnam War were not easily explained by the detached, grand social and political theory of the 1950s and early 1960s.

Social and political theory took a turn to the left in response to the new era of conflict. The critical analyses of capitalist hegemony, 'mass' culture and liberal democracy developed by Althusser and the Frankfurt School captured the imaginations of many young intellectuals. In this, the work of Marx and Weber was appropriated for the changed conditions of the middle twentieth century. The Althusserian approach to marxist theory claimed to have discovered the one scientific marxism in its structuralist analysis of capitalism. The Frankfurt School rebuilt marxism into a critical social theory with strong roots in German idealist philosophy. The early work of this school focussed on the negative consequences of the enlightenment and was a response to the rise of fascism, and to the failures of the western working class and actually existing

socialist societies as forces for progress.<sup>11</sup> Later work of this school was more positive towards the legacy of the enlightenment in giving radical politics a new basis in democracy and human communication.<sup>12</sup>

Others attacked the irrelevance and conservatism of the grand social theory of the 1950s. For them, these shortcomings resulted from the pernicious influence of positivism on the social sciences. They argued that the detached, quasi-scientific, positivist orientation of the social and political sciences of the 1950s and 1960s should be replaced with more open and 'value-conscious' perspectives on empirical and theoretical work.<sup>13</sup>

While these two developments in the social sciences were expressly critical in orientation, there were very important differences between them. Whereas the former sought to substitute its own grand structuralist perspective for the grand social systems theory of the 1950s, the latter saw the very attempt to develop grand, all-encompassing explanations in the social and political sciences as ill-conceived and one of the main reasons for the 'crisis' in the social sciences.

Meek orientations are never as attractive as heroic ones, so it was perhaps inevitable that the structuralist perspective won the battle for the hearts and minds of the new generation of sociologists and political scientists. The rediscovery of social structure and the renewed emphasis on 'relevant' empirical enquiry was an important corrective to the socially irrelevant perspectives of the 1950s and 1960s. Nevertheless, the new structuralist theories ran aground for similar reasons to the earlier social systems theories. The unstable facts of real life resisted the quest for total and closed

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11 See, in particular, H. Marcuse, *One Dimensional Man*, Boston, Beacon Press, 1964 ; M. Horkheimer and T.W. Adorno, *Dialectic of Enlightenment*, London, Allen Lane, 1973. For one commentary on the work of the Frankfurt School see P. Connerton, *The tragedy of enlightenment : An essay on the Frankfurt School*, Cambridge, Cambridge University Press, 1980.

12 J. Habermas, *Communication and the Evolution of Society*, London, Heinemann, 1979 ; J. Habermas, *A Theory of Communicative Action*, London, Heinemann, 1981.

13 In the late 1950s, this position was best expressed by C. Wright Mills. See C. Wright Mills, *The Sociological Imagination*, London, Oxford University Press, 1959. In the late 1960s, the position was powerfully defended by Hugh Stretton. See H. Stretton, *The Political Sciences : General principles of selection in social science and history*, London, Routledge and Kegan Paul, 1969.



theoretical explanation. That quest manifested itself in ever more sophisticated theoretical argument within particular schools.

As a consequence of social and political change and the failure of structuralist perspectives, social theory in the 1980s is more eclectic and open. The current post-structuralist phase in social and political theory has taken a number of directions.

First, there is the ongoing concern to build general theories of social action and social order in the modern period. Some have built upon the work of Talcott Parsons.<sup>14</sup> Others build on the work of Nietzsche and Weber to produce very fatalistic and pessimistic accounts of social life in the modern period.<sup>15</sup> Some attempted to go beyond structuralism by developing a theory which consciously took heed of both structure and agency. They highlighted the context of social action, in particular, its relativity in space and time. They use the term 'locale' to express this.<sup>16</sup> There is an underlying relativism in these 'post-structuralist' theories of social action. Nevertheless, they are essentially positivist because they continue to emphasise the possibility of an external, objective understanding of the social world. They are also characterised by a high level of abstraction.

Secondly, social theorists continue to debate with the ghosts of Marx and Weber in exploring the changes taking place within the capitalist democracies. As indicated above, these changes include the growing importance of state activity, the rise (and fall) of social democratic, corporatist and neo-conservative politics, the growth of unemployment, and the significance of new social movements. The basis of social division in the capitalist democracies is also the subject of much debate. Class explanations are increasingly questioned. In many respects, Marx and Weber have an

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14 See, in particular, the work of Nicolas Luhmann.

15 This applies, in particular, to the work of the French post-structuralists Michel Foucault and Jacques Derrida.

16 A. Giddens, *Central Problems in Social Theory : Action, structure and contradiction in social analysis*, London, Macmillan, 1979 ; A. Giddens, *The Constitution of Society*, Oxford, Polity Press, 1984.

enduring but increasingly hobbling affect on our understanding of the dynamics of the capitalist democracies.<sup>17</sup>

Thirdly, some contemporary social and political theory builds upon the earlier critique of positivism in the social sciences. Morality, agency, legitimacy, civic virtue, and intersubjectivity are the principal concepts of this resurgent interpretative social theory. While much of the debate about the interpretative position takes place within philosophy<sup>18</sup> and 'communitarian' political theory<sup>19</sup>, some are exploring its implications in more 'applied' policy and empirical areas.<sup>20</sup> All of this work injects some political agency back into debates about social structure. It seeks to marry materialist and idealist perspectives without falling victim to the seductions of either in their pure form. In this, it extends and renews the pragmatic philosophical tradition.

While debate continues, it is reasonably safe to say that the structuralist and positivist theoretical ascendancy of the 1950s, 1960s and 1970s is over. Much recent social and political theory is a potentially fertile mixture of value-conscious, interpretative theory and empirical observation. Many theorists, on both the left and the right, question the status of conventional theoretical models and categories in their empirical analyses. This is not to say that existing paradigms do not continue to have their adherents.

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- 17 See, for example, Piven and Cloward, *op.cit.* ; Bowles and Gintis, 1986, *op.cit.* ; W. Korpi, *The Democratic Class Struggle*, London, Routledge and Kegan Paul, 1983 ; C. Offe, *Contradictions of the Welfare State*, London, Hutchinson, 1984 ; C. Offe, *Disorganised Capitalism*, New York, Polity Press, 1985a ; C. Offe, 'New Social Movements : Challenging the Boundaries of Institutional Politics', *Social Research*, 52, 4 (1985b) ; A. Przeworski, *Capitalism and social democracy*, Cambridge, Cambridge University Press, 1985.
- 18 R. Bernstein, *Beyond Objectivism and Relativism : Science, Hermeneutics and Praxis*, Philadelphia, University of Pennsylvania Press, 1983 ; C. Taylor, *Philosophy and the Human Sciences : Philosophical Papers Part 2*, Cambridge, Cambridge University Press, 1985 ; N. Haan, R.N. Bellah, P. Rabinow and W.M. Sullivan (editors), *Social Science as Moral Inquiry*, New York, Columbia University Press, 1983.
- 19 J. Friedmann, *The Good Society : a personal account of its struggle with the world of social planning and a dialectical inquiry into the roots of radical practice*, Cambridge, Mass., MIT Press, 1979 ; W.E. Connolly, *Appearance and Reality in Politics*, Cambridge, Cambridge University Press, 1981 ; M.J., Sandel, *Liberalism and the Limits of Justice*, Cambridge, Cambridge University Press, 1982 ; W.M. Sullivan, *Reconstructing Public Philosophy*, Berkeley, University of California Press, 1982 ; M. Walzer, *Spheres of Justice : A Defence of Pluralism and Equality*, New York, Basic Books, 1983.
- 20 P. Marris, *Community Planning and Conceptions of Change*, London, Routledge and Kegan Paul, 1982 ; M. Rein, *Social Science and Public Policy*, Middlesex, England, Penguin Books, 1976 ; M. Rein, *From Policy to Practice*, London, Macmillan, 1983.

The current sea change in social and political theory is unlikely to issue in one dominant theoretical model. While many acknowledge the ongoing need for grand synthesis in social theory, others temper this with the view that the quest for universal and total explanations in the social theory of the last thirty years is responsible for our current intellectual and political impasse. Openness and diversity as the basis for social and political theory makes for a more timid perspective on the world but by no means a weak one.

### 3. THE NEW POLITICAL AND URBAN SOCIOLOGIES : BEYOND STRUCTURE AND AGENCY ?

However like or different from Australia the societies which generated most of the theoretical debates, the theories have been influential in Australia, so we should notice them. They are all stated in such universal terms that Australian experience offers a fair test of them, and that 'fair test' is a main purpose of this thesis. Therefore, the following sections distil, from the international debates, themes which had an influence on Australian intellectuals and governments, and themes or beliefs which it is fair to confront with the Whitlam experience.

The general review of theoretical developments in political and urban sociology will be broad and brief : it cannot do justice to them, and is meant chiefly to set the context for two themes, about 'space' and 'urban', which are the particular concern of this thesis.

#### 3.1 The new political sociology

In the late 1960s, Weber's emphasis on 'legitimation' and the new marxist structuralist perspective formed the basis of renewed theoretical interest in the capitalist state. This new work was built upon the classical marxist perspective that the capitalist state acted as the 'executive committee of the bourgeoisie' and the classical weberian view that the 'state' is that entity with 'a monopoly of the legitimate use of violence'.

The debate over the past twenty years has progressed beyond those classical arguments in two major ways. Analytically, empirical investigations of the activities of

the post-war capitalist state have seen the development of new theoretical explanations which draw upon but ultimately challenge the classical models. Politically, many argue that the classical theories do much to paralyse the 'imagination of viable political and social alternatives' within the capitalist democracies. In reaction to these inadequacies, many search for new theoretical and philosophical bases for the analysis of politics in the contemporary capitalist democracies. While most recent political sociology is a mixture of empirical and philosophical concerns, the emphasis varies.

Instrumentalist views opposed structuralist views within the new marxist theory of the capitalist state in the famous Miliband/Poulantzas debate of the late 1960s and early 1970s.<sup>21</sup> Miliband argued for a direct 'class-agency' analysis of the capitalist state. Poulantzas argued that the activities of the capitalist state cannot be explained by reference to real human agents. Rather, the capitalist state is the 'condensation' of the structure of capitalist society and has 'relative autonomy'. The latter concept enables structuralist marxist theory to overcome the problem that the capitalist state sometimes does things which are not in the interests of the capitalist ruling class. Much energy was expended on articulating and debating the differences between these theories. Nevertheless, the debate forgot the similarities. The most important one was the tautological, closed character of these arguments. The relative autonomy argument was only the most obvious expression of this. This concept was designed to get around the problem that even though the capitalist state had autonomy from the interests of the capitalist ruling class in some of its its actions (for example, in the activity of the welfare state), this autonomy was only 'relative' because the state was located within in a capitalist society. While some lipservice was paid to political agency, particularly in Miliband's theory, this debate was unable to countenance any other theoretical view than the marxist. And, even then, the version of marxism employed was very

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21 R. Miliband, *The State in Capitalist Society*, London, Quartet Books, 1969 ; N. Poulantzas, *Political Power and Social Classes*, London, Verso, 1973. The debate between them was conducted in the pages of the *New Left Review*. See N. Poulantzas, 'The Problem of the Capitalist State', *New Left Review*, 58 (1969) ; R. Miliband, 'Poulantzas and the Capitalist State', *New Left Review*, 82 (1973) ; N. Poulantzas, 'The Capitalist State : A Reply to Miliband and Laclau', *New Left Review*, 95 (1976).

reductionist, structuralist, and quasi-scientific. These 'early' contemporary marxist analyses could not see the state with any genuine autonomy, whatever that might consist of. The possibility that the growing role of the state over the post-war period might call into question the 'capitalist' label of the capitalist democracies was too heretical altogether. The early debates were limited by an unwillingness to explore serious differences between one 'capitalist government' and another. These marxist concerns were also reflected in the German 'state derivation' debate.<sup>22</sup> This perspective was also criticised as reductionist and functionalist.<sup>23</sup>

Fiscal crisis and legitimation crisis theories of the capitalist state were built around the relationship between commodification and decommodification within capitalist society.<sup>24</sup> The theorist's conceptual tensions and emphases varied, with some more sociological than others (Habermas, Offe and Wolfe more so than O'Connor or Gough) but all attempted a new reconciliation of marxist and weberian arguments about political structure and action within contemporary capitalist societies. The category 'capitalist state' still has force and coherence for these theorists, but all argue for a 'dual state' theory, the express purpose of which is to acknowledge the competing progressive and reactionary pressures on the contemporary capitalist state. 'Fiscal crisis' and 'legitimation crisis' result from these competing pressures. There is mounting tension between the 'accumulation' and 'legitimation' functions of the contemporary capitalist state, that is, between helping the exploiters and rescuing the exploited. This tension is expressed in various ways. In Habermas, it is between 'market constituting and complementing' activity and 'market replacing' activity. In

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22 W. Muller and C. Neussus, 'The Illusion of State Socialism and the Contradictions between Wage-Labour and Capital', *Telos*, 25 (1975), pp. 13-90.

23 J. Habermas, 'A reply to Muller and Neussus', *Telos*, 25 (1975), pp. 91-98 ; C. Offe, 'Further Comments on Muller and Neussus', *Telos*, 25 (1975), pp. 99-111.

24 J. O'Connor, *The Fiscal Crisis of the State*, New York, St. Martin's Press, 1973 ; J. Habermas, *Legitimation Crisis*, Boston, Beacon Press, 1973 ; C. Offe, 'The Theory of the Capitalist State and the Problem of Policy Formation', in L.N. Lindberg, et.al. (editors), *Stress and Contradiction in Modern Capitalism*, Lexington Mass., D.C. Heath (1975) ; A. Wolfe, *The Limits of Legitimacy : Political Contradictions of Contemporary Capitalism*, New York, Free Press, 1977 ; I. Gough, *The Political Economy of the Welfare State*, London, Macmillan, 1979.

Offe, it is between 'productive' and 'allocative' interventions. In O'Connor, it is between 'social investment' and 'social consumption' expenditures.

New books on theories of the state burgeoned in the 1980s.<sup>25</sup> Most of this is work of synthesis. Much of it attempts to reconcile empirical analyses of the state and politics within the capitalist democracies with political theory which recognises the integrity and utility of notions of democracy, political morality and individual autonomy. There are two main manifestations of this reconciliation - one predominately sociological, the other predominately political. They overlap in important ways.

The sociological work highlights the importance of the welfare state in the contemporary capitalist democracies and defends the citizenship 'rights' reflected in its activities. It highlights the tension between the 'positive' citizenship rights of the post-war welfare state and the 'negative' citizenship rights defended by 'new right' arguments for the minimalist state. Much of this work draws on T.H. Marshall's work on the sociology of citizenship.<sup>26</sup>

Second, some advocate a state-centred model of social change. Building on Barrington Moore's historical sociology, they allow the state autonomy and agency as a category in explaining post-war social change in the capitalist democracies.<sup>27</sup> Szelenyi's 'state mode of production' argument has much of this state-centred approach, as does Dunleavy's work on the political and economic impact of consumption sector cleavages

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25 R.A. Alford and R. Friedland, *Powers of Theory : Capitalism, the State and Democracy*, New York, Cambridge University Press, 1985 ; M. Carnoy, *The State and Political Theory*, Princeton, New Jersey, Princeton University Press, 1984 ; G. Clark and M. Dear, *State Apparatus : Structures and Language of Legitimacy*, Boston, Allen and Unwin, 1984 ; B. Frankel, *Beyond the state : dominant theories and socialist strategies*, London, Macmillan, 1984 ; B. Jessop, *The Capitalist State : Marxist Theories and Methods*, Oxford, Martin Robertson, 1982 ; B. Jordan, *The State : Authority and Autonomy*, Oxford, Basil Blackwell, 1985 ; R. Mishra, *The Welfare State in Crisis : Social Thought and Social Change*, Brighton, Sussex, Wheatsheaf Books, 1984 ; C. Offe, *Contradictions of the Welfare State*, London, Hutchinson, 1984.

26 Bowles and Gintis, 1986, *op.cit.* ; Piven and Cloward, *op.cit.* ; B.S. Turner, *Citizenship and Capitalism : The Debate over Reformism*, London, Allen and Unwin, 1986 ; G. Marshall, D. Rose, C. Volger and H. Newby, 'Class, citizenship, and distributional conflict in modern Britain', *British Journal of Sociology*, 36, 2 (1985), pp. 259-284.

27 T. Skocpol, 'Political Response to Capitalist Crisis : Neo-marxist Theories of the State and the Case of the New Deal', *Politics and Society*, 10, 2 (1980), pp. 155-201 ; S.D. Krasner, 'Approaches to the State : Alternative Conceptions and Historical Dynamics', *Comparative Politics*, 16, 2 (1984), pp. 223-246 ; P. Evans, D. Rueschemeyer and T. Skocpol (editors), *Bringing the State Back In*, New York, Cambridge University Press, 1985.

and their relationship to the growth in state employment in the post-war period.<sup>28</sup> At the level of political theory, the state-centred approach is reflected in managerialist explanations of the capitalist state, and in the search for autonomy 'beyond relative autonomy'.<sup>29</sup>

The political aspects have been taken further in the 'communitarian' theories of the state. These theories draw on Hegelian political philosophy to combat theories of the state based on beliefs about individual rights. There are important differences within the latter, from Rawls' liberalism to Nozick's conservatism : not all rights-based theories argue for a minimum state. But communitarian theorists criticise them all. They also criticise mainstream neo-marxist and neo-weberian theory of the capitalist state for underplaying legitimation as a *political* category. The idea of individual autonomy and obligation as the basis for democratic citizenship was developed in reaction to the earlier structuralist theories.<sup>30</sup> Some have sought to reconcile these philosophical arguments with specific policy proposals. For example, some develop the idea of a 'social dividend', a similar idea to the guaranteed income, as the vehicle to reconcile social and individual needs through the agency of the capitalist state.<sup>31</sup> Others take a different philosophical direction in arguing the need for a 'socialist theory of democracy'. In this, they develop the theories of Habermas and Offe (among others).<sup>32</sup>

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28 I. Szelenyi, 'The relative autonomy of the State or state mode of production?', in M. Dear and A.J. Scott (editors), *Urbanization and urban planning in capitalist society*, London, Methuen, 1981 ; P. Dunleavy, 'The political implications of sectoral cleavages and the growth of state employment : Part 1, The Analysis of Production Cleavages', *Political Studies*, 28 (1980), pp. 364-383 ; P. Dunleavy, 'The political implications of sectoral cleavages and the growth of state employment : Part 2, Cleavage Structures and Political Alignment', *Political Studies*, 28 (1980), pp. 527-549 ; P. Dunleavy, 'The growth of sectoral cleavages and the stabilization of state expenditures', *Society and Space*, 4 (1986), pp. 129-144.

29 F. Block, 'Beyond Relative Autonomy : State Managers as Historical Subjects', in R. Miliband and J. Saville (editors), *Socialist Register*, London, Merlin Press, 1980 ; E.A. Nordlinger, *On the Autonomy of the Democratic State*, Cambridge Mass., Harvard University Press, 1981.

30 Walzer, *op.cit.* ; Connolly, *op.cit.* ; Friedmann, *op.cit.* ; C. Taylor, 'Legitimation Crisis?', in Taylor, *op.cit.* See also A. Vincent and R. Plant, *Philosophy, Politics and Citizenship : The Life and Thought of the British Idealists*, Oxford, Basil Blackwell, 1984 ; C. Pateman, *The Problem of Political Obligation : A Critical Analysis of Liberal Theory*, Chichester, John Wiley and Sons, 1979.

31 Jordan, *op.cit.*

32 J. Keane, *Public life and late capitalism : Towards a socialist theory of democracy*, Cambridge, Cambridge University Press, 1984.

The principal overlap between the sociological and the political perspectives is in the comparative study of the welfare states and the accompanying debates about social democracy, corporatism, and the parliamentary road to socialism. This work reconciles a sociological analysis with arguments about the autonomous role of politics in shaping the post-war capitalist democracies.

This literature has emerged since the late 1970s. It consists of largely empirical analyses<sup>33</sup> and the theoretical debates about social democracy and corporatism. While there are important differences between 'social democracy' and 'corporatist' programs - the former emphasises redistribution through the welfare state, while the later emphasises incomes policy with a strong public role in economic planning - both can be conceptualised as 'social democratic' in the sense that they entail reform through the parliamentary process and the agency of the state.

The debates about social democracy and corporatism are between rival views of their progressive or reactionary basis and consequences. Both views emerged in response to the failure of the structuralists to take politics seriously. Both began by assuming that political action and state power had some genuine autonomy within capitalist society. Nevertheless, the political limits and tensions within social democratic and corporatist programs and the relative importance of capitalist structure and labour action in explaining these programs, are still hotly debated. For example, what marxists see as corporatist cooptation, social democrats see as progressive incomes policies which encourage growth, restrain inflation, and serve the interests of labour within the capitalist democracies.<sup>34</sup>

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33 H.L. Wilensky, *The Welfare State and Equality : Structural and Ideological Roots of Public Expenditures*, Berkeley, University of California, 1975 ; Korpi, *op.cit.* ; F. Castles, *The Social Democratic Image of Society*, London, Routledge and Kegan Paul, 1978 ; M. Shalev, 'The Social Democratic Model and Beyond : Two 'Generations' of Comparative Research on the Welfare State', *Comparative Social Research*, 6 (1983), pp. 315-351 ; G. Esping-Andersen, 'Power and Distributional Regimes', *Politics and Society*, 14, 2 (1985), pp. 223-256.

34 On social democracy see B. Hindess, *Parliamentary Democracy and Socialist Politics*, London, Routledge and Kegan Paul, 1982 ; Przeworski, *op.cit.* On corporatism see L. Panitch, 'Recent Theories of Corporatism : Reflections on a growth industry', *British Journal of Sociology*, 31, 2 (1980), pp. 159-187 ; W. Higgins, 'Political Unionism and the Corporatist Thesis', *Economic and Industrial Democracy*, 6 (1985), pp. 349-381 ; W. Higgins and N. Apple, 'How Limited is Reformism? A Critique of Przeworski and Panitch', *Theory and Society*, 12 (1983), pp. 603-630.



In summary, accounts of the capitalist state have moved from the uncritical and consensual theories of the 1950s to the structuralist theories of the late 1960s and 1970s to the 'legitimation' and state-centred accounts of the 1970s and 1980s. Current debates seek to reconcile an idealist view of the state with an empirical understanding of what the state does. This is progress over the earlier generations of pluralist and marxist theories.

The new work is important to discussions about progressive politics within the capitalist democracies and the role of public endeavour within them. First, the debate about legitimacy and the communitarian debate generally, have important consequences for political practice and the organisation of the state, and help in the ongoing assessment of the viability of social democratic politics in the capitalist democracies. Secondly, the comparative study of the welfare states and the debate about the state-centred models of social change within the capitalist democracies provide an important context for these discussions because they highlight the role of state in the 'post-war accord'. They also give some perspective on the current legitimation and fiscal crises of the state.

### 3.2 The new urban sociology

Debates within urban sociology have gone through a similar trajectory to political sociology over the post-war period - from the pluralist, ecological theory of the 1950s and 1960s, to the marxist structuralist ascendancy of the 1970s, to the neo-marxist and neo-weberian theoretical eclecticism of the late 1970s and early 1980s.

Urban sociology also shares many empirical concerns with the more general sociological debates - for example, the significance of new social movements in cities, the role of the state and of state managers in the process of urban development and change, and the relation of changes in social structure, particularly consumption sector cleavages, to processes of urban change.

There is a strong theoretical connection between the new urban sociology and political sociology. Indeed, in a sense, the new urban sociology is incorrectly

labelled. It is better defined as the new *political urban* sociology. The theoretical concepts employed by urban sociologists are drawn, in the main, from political sociology. In turn, many new urban sociologists have contributed to debates within political sociology.

The major difference between political and urban sociology is that the theoretical status of 'urban' and 'space' are hotly debated within the latter. Some argue that urban sociology is a discrete discipline with its own theoretical and epistemological status. Others see urban issues as a reflection of more general social structure and action.

The new urban sociology of the late 1960s grew out of recognition of the inadequacies of the ecological models of urban structure devised by the 'Chicago School' of urban sociology. There were two basic responses to those theories, the weberian and the marxist.

Some used weberian categories in a liberal critique of city life and Chicago theory in response to the urban crisis in the USA.<sup>35</sup> In the process, they criticised the notion of a distinct 'urban' concern for urban sociology. More general sociological factors needed to be employed in the explanation of urban life.<sup>36</sup> Others built on weberian 'status group' theory in their identification of housing classes.<sup>37</sup>

Castells and Harvey 'urbanised' marxism. Castells argued that the theories of the Chicago School were ideological in the strong marxist sense - that is, they did not acknowledge in any way that the urban structure they theorised about was a capitalist urban structure first and foremost. Castells' alternative was a 'collective consumption' theory of capitalist urbanisation. It was an urban adaptation of marxist structuralism, as reductionist and closed as its parent theory.<sup>38</sup>

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35 H. Gans, *People and Plans*, Harmondsworth, Penguin, 1972.

36 H. Gans, 'Urbanism and suburbanism as ways of life', in R.E. Pahl, *Readings in Urban Sociology*, London, Pergamon, 1968. See also R.E. Pahl, 'The rural-urban continuum', in Pahl, *op.cit.*

37 J. Rex and R. Moore, *Race, community and conflict*, Oxford, Oxford University Press, 1967.

38 M. Castells, 'Advanced capitalism, collective consumption and urban contradictions : new sources of inequality and new models for change', in L.N. Lindberg, et.al. (editors), *Stress and Contradiction in Advanced Capitalism*, Lexington Mass, Lexington Books, 1975 ; M. Castells, 'Theory and ideology in urban sociology' in C. Pickvance (editor), *Urban Sociology : Critical*

Harvey's *Social Justice and the City* argued that liberal theory was limited in its explanation of urban structure and advocated a marxist alternative built upon the concepts of use, exchange and surplus value and modes of production and economic integration.<sup>39</sup> These marxist arguments were further developed in Harvey's 'two circuits of capital' explanation of capitalist urbanisation and in his historical work on the urbanisation in the USA.<sup>40</sup> Other volumes of essays of the mid 1970s expressed, with a few exceptions, the dominance of the structuralist position.<sup>41</sup>

Ray Pahl and Ivan Szelenyi were the only notable urban sociologists of the left to hold out against the structuralist ascendancy. They offered somewhat weberian, multi-causal explanation of urban inequalities, highlighting in particular, the urban problems of 'actually existing socialist' societies and the questions this posed for the marxists.<sup>42</sup> Pahl also developed a managerialist account of urban structure.<sup>43</sup>

By the turn of the decade, a sea<sup>of</sup> change was taking place within urban sociology. The neo-weberian challenge continued with Pahl's work on the 'informal sector' and its political and social implications<sup>44</sup> and Szelenyi's important agenda setting

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*Perspectives*, London, Tavistock, 1976 ; M. Castells, *The Urban Question : A Marxist Interpretation*, London, Edward Arnold, 1977. Most of this work was published a few years earlier in French.

- 39 D. Harvey, *Social Justice and the City*, London, Edward Arnold, 1973. In this book, Harvey employs Henri Lefebvre's urban sociology and Karl Polanyi's economic sociology in defining his marxist position.
- 40 D. Harvey, 'The urban process under capitalism : a framework for analysis', *International Journal of Urban and Regional Research*, 2, 1 (1978a), pp. 101-131 ; D. Harvey, 'Labor, Capital and Class Struggle Around the Built Environment in Advanced Capitalist Societies', K. Cox (editor), *Urbanization and Conflict in Market Societies*, London, Methuen, 1978b.
- 41 C. Pickvance (editor), *Urban Sociology : Critical Perspectives*, London, Tavistock, 1976 ; M. Harloe (editor), *Captive Cities*, London, Wiley, 1977.
- 42 G. Konrad and I. Szelenyi, 'Social Conflicts of Underurbanization', in Harloe, *op.cit.* ; I. Szelenyi, 'Urban Sociology and Community Studies in Eastern Europe : Reflections and Comparisons with American Approaches', *Comparative Urban Research*, 4, 2/3 (1977), pp. 11-20 ; I. Szelenyi, 'Class Analysis and Beyond : further dilemmas for the new urban sociology', *Comparative Urban Research*, 6, 2/3 (1978), pp. 86-96 ; R. Pahl, 'Collective Consumption' and the State in Capitalist and State Socialist Societies', in R. Scase (editor), *Industrial Society : Class, Cleavage and Control*, New York, St. Martin's Press, 1977 ; R. Pahl, 'Stratification, the Relation between States and Urban and Regional Development', *International Journal of Urban and Regional Research*, 1 (1977), pp. 6-18 ; R. Pahl, 'Castells and Collective Consumption', *Sociology*, 12 (1978), pp. 309-315. For a summary of the differences between Pahl and Szelenyi, some of which were major differences, see Szelenyi, *op.cit.*, 1978.
- 43 R. Pahl, 'Managers, Technical Experts and the State : Forms of Mediation, Manipulation and Dominance in Urban and Regional Development', in Harloe, *op.cit.*
- 44 R.E. Pahl, 'Employment, work and the domestic division of labour', *International Journal of Urban and Regional Research*, 4, 1 (1980), pp. 1-20.

article for the urban sessions of the 1982 World Congress of Sociology.<sup>45</sup> They were joined by Peter Saunders who began to articulate his 'non-spatial weberian urban sociology' to counter the structuralists.<sup>46</sup>

Also, many original adherents to the marxist structuralist position began to question it. Castells, in particular, argued that it was counterproductive to continue to allow irrelevant and detached theory to guide and dominate empirical work, particularly at a time of major social change and economic crisis within cities.<sup>47</sup>

Division between the neo-marxists and neo-weberians continues in the 1980s. The most important characteristic of the new phase is the collapse of any coherent systematic, structuralist theory. The substantive concerns of the discipline have also changed to reflect the economic, social and political changes taking place within the capitalist world, in particular, the impact of international economic changes on cities and regions and the general rightward shift of the political agenda. The concept 'theorised histories' has emerged as an organising principle for much new work.

The neo-marxist urban sociology includes Castells' comparative work on urban social movements<sup>48</sup> and his prophecies about the new historical relationship between society and space.<sup>49</sup> It also includes work on the relationship between private and collective consumption, class and urban change<sup>50</sup>, the political economy of 'urban managerialism'<sup>51</sup>, the work of theoretical geographers who draw on Giddens' theory of

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45 I. Szelenyi, 'Structural changes of and alternatives to capitalist development in the contemporary urban and regional system', *International Journal of Urban and Regional Research*, 5 (1981), pp. 1-14.

46 P. Saunders, *Urban Politics : A Sociological Interpretation*, London, Hutchinson, 1979 ; P. Saunders, *Social Theory and the Urban Question*, London, Hutchinson, 1981.

47 M. Castells, 'Cities and Regions beyond the crisis : invitation to a debate', *International Journal of Urban and Regional Research*, 4, 1 (1980), pp. 127-129. For a major review of the debates of the 1970s from the viewpoint of human geography see J. Duncan and D. Ley, 'Structural Marxism and Human Geography : A Critical Assessment', *Annals of the Association of American Geographers*, 72, 1 (1982), pp. 30-59.

48 M. Castells, *The City and the Grassroots : A Cross-Cultural Theory of Urban Social Movements*, Berkeley, University of California Press, 1983a.

49 M. Castells, 'Crisis, planning, and the quality of life : managing the new historical relationships between space and society', *Society and Space*, 1 (1983b), pp. 3-21. Castells' work in this area has much in common with John Friedmann's 'world city' hypothesis. See J. Friedmann and G. Wolff, 'World city formation : an agenda for research and action', *International Journal of Urban and Regional Research*, 6, 3 (1982), pp. 309-344.

50 This will be discussed in more detail shortly.

51 P. Williams, 'Restructuring urban managerialism : towards a political economy of urban allocation', *Environment and Planning A*, 14 (1982), pp. 95-105.

'structuration' to defend a 'post-structuralist' structuralist geography<sup>52</sup>, and theoretical speculations about the 'post-structuralist' phase in urban sociology.<sup>53</sup>

There are three main groups within the general neo-weberian camp. First, there are those who continue to emphasise the progressive intent of the 'new' urban sociology and take a left-liberal political position in opposition to both the marxists and the neo-conservatives.<sup>54</sup> Second, there are those who think the conventional theoretical and political agenda is increasingly irrelevant to an understanding of the social changes taking place in late capitalist society and who are more prepared to embrace the political agenda of the 'new right'.<sup>55</sup> Third, there are those who emphasise the interpretative or 'verstehen' methodology of the Weberian position, and explore its implications for urban studies.<sup>56</sup>

Two of the ongoing theoretical debates within urban sociology provide important theoretical background for later discussions about the significance and role of urban and regional policy within the capitalist democracies. They are the debate about the status of 'space' and 'urban' as theoretical and causal categories within social theory, and the debate about the theoretical and political significance of consumption sector cleavages within the capitalist democracies.

There have been a number of recent approaches to the significance of the concepts 'urban' and 'space' in explaining social change. The first has been to underplay the significance of space within urban sociology and to argue that the

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52 N. Thrift, 'On the determination of social action in space and time', *Society and Space*, 1 (1983a), pp. 23-57.

53 See, in particular, the essays contained in M.P. Smith (editor), *Cities in Transformation : Class, Capital and the State*, Beverly Hills, Sage, 1984.

54 H.J. Gans, 'American Urban Theories and Urban Areas : Some Observations on Contemporary Ecological and Marxist Paradigms', in I. Szelenyi (editor), *Cities in Recession*, Beverly Hills, Sage, 1984 ; I. Szelenyi, 'Introduction : Urban Policies of the New Right - Critical Responses', in Szelenyi, 1984, *op.cit.*

55 P. Saunders, 'Beyond Housing Classes : the sociological significance of private property rights in means of consumption', *International Journal of Urban and Regional Research*, 8, 2 (1984), pp. 202-227 ; P. Saunders, 'Review of Offe's 'Contradictions of the Welfare State'', *Sociology*, 18, 3 (1984), pp. 431-433 ; P. Saunders, 'The New Right is Half Right', in A. Seldon (editor), *The 'New Right' Enlightenment*, Kent, Economic and Literary Books, 1985 ; P. Saunders and P. Williams, 'Guest Editorial : The new conservatism : some thoughts on recent and future developments in urban studies', *Society and Space*, 4 (1986), pp. 393-399.

56 B. Elliott and D. McCrone, *The City : Patterns of domination and conflict*, London, Macmillan, 1982.

concerns of urban sociology should be reintegrated into mainstream social theory. This view has it that there is nothing special or significant about the 'urban' which necessitates a separate subdiscipline. These writers do not deny that some sociologists will be concerned with cities and regions. But this must not bring with it a whole corpus of theory which purports to establish the epistemological status of the 'urban'. Urban social movements are simply specific examples of social movements. Urban managers are like other state managers in capitalist society. And, while the urban built environment is an important 'means of collective consumption', an important source of social conflict within the sphere of consumption, and the historical result of the dynamics of the secondary circuit of capitalist accumulation, in all cases the urban example and explanation flow from the more general sociological one. The principal advocate of this view is Peter Saunders.<sup>57</sup>

The second approach has been to defend the integrity and explanatory utility of the 'urban'. Recently, advocates of this view have drawn on Giddens' 'context' theory of structuration to defend the viability of space as an explanatory, causal category. The status that Giddens has accorded spatial 'locales' within his theory has given urbanists renewed hope that the 'urban' can be defended as an autonomous concept with its own sociology.<sup>58</sup> Neo-marxists argue that spatial aspects are of central importance to any understanding of the dynamics of the world capitalist system, both within nation states and between them.<sup>59</sup> For Harvey, urban and regional systems are the historically 'fixed' components of the 'fixity'/motion' dialectic within capitalist societies.<sup>60</sup> Despite this emphasis, neo-marxists, from Castells on, criticise theoretical

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57 Saunders, 1981, *op.cit.* ; P. Saunders, 'Social Theory and the Urban Question' : a response to Paris and Kirby', *Society and Space*, 1 (1983), pp. 234-239 ; P. Saunders, 'Anthony Giddens : Urban Space Man', in D. Held and J. Thompson (editors), *Critical Theory of Industrial Societies*, Cambridge, Cambridge University Press, 1985.

58 Thrift, 1983a, *op.cit.* ; A.W. Kirby, 'On society 'without' space : a critique of Saunders' nonspatial urban sociology', *Society and Space*, 1 (1983), pp. 226-233 ; C. Paris, 'Whatever happened to urban sociology? Critical reflections on 'Social Theory and the Urban Question' ', *Society and Space*, 1 (1983), pp. 217-225 ; N. Thrift, 'Editorial : The Politics of Context' , *Society and Space*, 1 (1983b), pp. 371-376.

59 Castells, 1983b, *op.cit.* ; K. Cox, 'Review essay : Space and the urban question', *Political Geography Quarterly*, 3, 1 (1984), pp. 77-84 ; M. Gottdiener, 'Debate on the Theory of Space : Towards an Urban Praxis', in Smith, *op.cit.*

60 Harvey, 1978a, *op.cit.*

reification of space. They prefer to treat space as a social category embedded within capitalist social relations. In this sense, they argue for a 'non spatial' sociology in a similar way to Saunders but for fundamentally different theoretical and normative purposes as we shall see shortly.

In other work, the importance of space takes a more explicitly political form. Friedmann identifies a major tension within the capitalist democracies between 'life space' and 'economic space', and stresses the importance of the former to social life, an importance which is undermined by processes of economic change. 'Place' is an important aspect of 'life space' - literally, the environments where one lives and works.<sup>61</sup> In this work, Friedmann develops the general tension which Habermas identified in his latest work between 'life world' and 'systems world'.<sup>62</sup> Others emphasise spatial coalitions and their role in articulating spatial interests and the need for spatial policies.<sup>63</sup>

All of these arguments advocate a general theory of social action and social structure. Some within the neo-marxist school argue that Saunders' arguments are grounded in out dated social theory, no longer relevant to an understanding of modern, late capitalist societies.<sup>64</sup> But Saunders responds that the neo-marxist appropriation of Giddens ignores one of the latter's key arguments - that the city is no longer the container of social relations that it once was. Increasingly, the containers or 'locales' of social action in modern societies are the nation state and international social and economic structures. Saunders also argues that the neo-marxists are themselves nostalgic in holding to an increasingly outdated collectivist view of the 'good' society.

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61 J. Friedmann, 'Life Space and Economic Space : Contradictions in Regional Development', in D. Seers and K. Ostrom (editors), *The Crisis of European Regions*, London, Macmillan, 1983.

62 J. Habermas, *A Theory of Communicative Action*, London, Heinemann, 1981. For a good discussion of the limits and problems of this work, in particular, the over-emphasis on structure and systems see T. McCarthy, 'Complexity and Democracy, or the Seductions of Systems Theory', *New German Critique*, 35 (1985), pp. 27-53. The tension McCarthy identifies also characterises Friedmann's work - from his concern for the urban impact of the 'world system', with the emergence of a hierarchy of 'world cities', to his reflections about the 'good society' and its communitarian basis. See Friedmann, 1979, *op.cit.* ; Friedmann and Wolff, *op.cit.*

63 C. Pickvance, 'Spatial policy as territorial politics : the role of spatial coalitions in the articulation of 'spatial' interests and in the demand for spatial policy', in G. Rees (editor), *Political action and social identity : class, locality and culture*, London, Macmillan, 1985.

64 Thrift, 1983b, *op.cit.*

So, both sides of the debate want to replace existing paradigms. But what to keep and what to discard, on the basis of what assumptions, is yet to be resolved. I favour Saunders' way, but think that he pushes his arguments too far - if space does play some role in social life then how do we deal with it theoretically? Friedmann's concept of 'life space' and Pickvance's identification of 'spatial coalitions' emphasise what is important in this debate - the social and political interests which are expressed in urban and regional systems. But these arguments, at least as they are expressed in John Friedmann's work, are grounded in a theory of communitarian pragmatism which the new urban sociology has not embraced in any major way.

Deep-seated theoretical differences, which ought to be acknowledged and faced, underlie the differences between the two 'space' schools - the 'post-structuralist' neo-marxist and the 'post-structuralist' neo-weberian. Some of these theoretical differences are faced more directly in the consumption sector debate.

The 'new' urban sociology has always been concerned with consumption sectors. Weber's concepts of class, status and power were implicit in Rex and Moore's early work on housing classes, and in Pahl's early work on the role of the state in urban development. Castells' neo-marxist urban sociology identified distinctive processes of collective consumption within capitalist cities. Pahl responded by trying to show that similar processes were also present in socialist cities.

In the 1980s, the debate is about the political and social consequences of collective and private consumption. The work centres on empirical investigations of consumption sector cleavages as new bases of social division within capitalist society. In the sphere of collective consumption, empirical work focuses on the growth in the role of the state in the provision of health, education and transport services. In the sphere of private consumption, empirical work focuses on home ownership and the informal economy. The main theoretical positions are the neo-weberian<sup>65</sup>, the neo-

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65 Saunders, 1984, *op.cit.*; R.E. Pahl, *Divisions of Labour*, Oxford, Basil Blackwell, 1985.



marxist<sup>66</sup> and those who fall somewhere in between but tending towards the neo-marxist position.<sup>67</sup>

Most of this work recognises the inadequacies of classical marxist and weberian perspectives and seeks to go beyond the work of Rex and Moore, Pahl and Castells ; but, the neo-marxists are less willing to question their theoretical assumptions than the neo-weberians are. The former basically want to integrate the insights from this work into a new class model of capitalist society. The latter challenge what they call the 'collectivist orthodoxy' of the new urban sociology. They argue for a 'mode of consumption' theory alongside the marxist 'mode of production' theory. In his work in this area, Peter Saunders repeats his view that the neo-marxist position is grounded in an increasingly outdated collectivist view of the 'good' society ; this leads marxists to ignore the political and social impact of the twentieth-century revolution in privatised consumption in the capitalist democracies. In reaction to this blindness, Saunders is prepared to embrace the agenda of the new right.

In my view, this ignores an important paradox : the revolution in private consumption has been accompanied by a massive increase in the use of collective power through the agency of the state. A new collectivist view of the good society is needed. It must take heed of both these trends, rather than writing collective endeavour out of the history of contemporary society.

The other major and general weakness in this debate is the acceptance of a conventional division between production and consumption. None question the view which defines much state and domestic activity as 'consuming' resources 'produced'

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66 E. Mingione, *Social Conflict and the City*, Oxford, Basil Blackwell, 1981 ; M. Edel, E. Sclar and D. Luria, *Shaky Palaces : Home Ownership and Social Mobility in Boston's Suburbanization*, New York, Columbia University Press, 1984 ; M. Harloe, 'Sector and Class', *International Journal of Urban and Regional Research*, 8, 2 (1984), pp. 228-237 ; E. Preteceille, 'Collective Consumption, urban segregation, and social classes', *Society and Space*, 4 (1986), pp. 145-154.

67 P. Dunleavy, 'The urban basis of political alignment : Social class, domestic property ownership, and state intervention in consumption processes', *British Journal of Political Science*, 9 (1979), pp. 409-443 ; P. Dunleavy, *Urban Political Analysis : The politics of collective consumption*, London, Macmillan, 1980 ; D. Rose, 'Homeownership and industrial change : the struggle for a separate sphere', Urban and Regional Studies Working Paper no. 25, University of Sussex, 1981.

elsewhere. The institutionalist position is an important theoretical perspective which challenges this view.<sup>68</sup> But at least Saunders and Dunleavy challenge the production focus of much urban sociology by focussing on the consumption sector and defending its significance.

The basic limitation of current debates within urban sociology is that they are dominated by positivist methodology. Urban concerns need to be integrated with interpretative social theory, the 'strong' theory of legitimation, and the 'communitarian' theories of the state. This may be one way of strengthening the left-liberal position against the marxist and new right positions. In this, the latest work of Friedmann, Gans and Szelenyi is on the right track.

One of the principal strengths of recent work in the new urban sociology is the focus on middle-order 'theorised histories'. This work is important to the analysis of particular societies and the process of urban change within them.

The communitarian position and the recent work on 'theorised histories' are closely related to recent debates about urban policy and planning. The next section focuses on the debates about social democratic and urban reform.

#### 4. SOCIAL DEMOCRATIC REFORM, URBAN POLICY AND NATIONAL GOVERNMENT : RECENT EXPERIENCE AND THE CHANGING AGENDA IN COMPARATIVE PERSPECTIVE

In many capitalist democracies of both unitary and federal kinds, the 1960s and early 1970s was a period of innovation and reform in urban and social policy by central government. Many of these initiatives were later curtailed by conservative governments elected in a climate of general disillusion and scepticism about reform

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68 Hugh Stretton's work is the most powerful expression of the institutionalist position with regard to the issues and questions covered by the literature being reviewed here. See H. Stretton, *Capitalism, Socialism and the Environment*, Cambridge, Cambridge University Press, 1976. Also important in this context is Martin Rein's and Lisa Peattie's institutionalist theory of claiming. See M. Rein, 'Claims, Claiming, and Claims Structures', in M. Rein, *From Policy to Practice*, London, Macmillan, 1983 ; L. Peattie and M. Rein, *Women's Claims : A Study in Political Economy*, Oxford, Oxford University Press, 1983. On these themes see also R. Rose, 'Getting By in Three Economies : The Resources of the Official, Unofficial and Domestic Economies', in J-E. Lane (editor), *State and Market : The Politics of the Public and the Private*, London, Sage, 1985.

through central government. The Australian experience - from the Whitlam to Fraser Governments - reflects the general international pattern.

As discussed earlier, there have been two main streams of social democratic reform within the capitalist democracies - the 'economic' and the 'social welfare', for the want of more adequate terms. The 'economic', as experienced in the Scandinavian democracies, involves strong income policies, and well developed economic planning machinery and welfare systems. The 'social welfare' model has been more residual in its motives and achievements. A continuum would be, from the 'economic' to the 'social welfare', Sweden, United Kingdom, Australia and the USA. In the latter three countries, the 'welfare' road of social democratic reform was embraced in the 1960s and early 1970s. Urban and regional policy was an important part of the programs of social democratic reforms undertaken by central governments in these three countries.

The debate about social democratic reform through central government in Australia has drawn heavily on the English and American models, ideas and debates. Of course, there has been strong local content in the Australian reforms but, in many respects, Australia is a follower of the intellectual and political trends evident in these two countries.<sup>69</sup> As Donald Horne notes about the Whitlam Government's urban policies and programs or what he calls the 'metropolitan strategy':

"The metropolitan strategy was part of a strategy of expediency : it was also part of the wider strategy of hope for greater 'equality' that had come back to Australia - or at least to some of the concerned middle-class public - in the United States form that equality might be contrived not simply by income distribution but by direct administrative methods, in providing programmes for education, health, housing and community facilities."<sup>70</sup>

That justifies the following review of some of the American debates, in particular, the debates on the Johnson Administration's 'Great Society' reforms. The review is undertaken with the express purpose of countering those who have used the neo-conservative aspects of those debates in their critiques of the DURD reforms.

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69 Evidence for this is not hard to find. Gough Whitlam's review of his government's policies and programs refers to numerous overseas precedents for them. For examples, see G. Whitlam, *The Whitlam Government 1972-1975*, Melbourne, Viking, 1985, pp. 294, 353, 374, 375 547, 555, 557, 599, 699.

70 D. Horne, *Time of Hope : Australia 1966-72*, Melbourne, Angus & Robertson, 1980, p. 115.

#### 4.1 What was the 'Great Society'?

In succession to Kennedy's 'New Frontier', the 'Great Society' was the aim ascribed by Lyndon Johnson to the reforms instituted by his administration in the second half of the 1960s to address urban and social problems, particularly urban poverty.

'Great Society' legislation and programs covered anti-poverty, health, education, housing, employment and training, and civil rights. Poverty was tackled through the Economic Opportunity Act of 1964. The community action program was the best known anti-poverty initiative. It 'established community based agencies to mobilize the poor and to give them a voice in decision making.' The Economic Opportunity Act also established many other poverty programs.

"The Job Corps sought to alter the lives of disadvantaged youths through intensive training and education in a residential setting away from their poverty environments. The Neighbourhood Youth Corps was to provide work experience and needed income to teenagers in and out of school. VISTA sought to mobilize volunteer workers to go out among the poor and help them. Head Start aimed to equalize opportunity at the starting gate through improved early education, while Upward Bound was to provide talented but disadvantaged students a chance for higher education."<sup>71</sup>

The passage of Medicare and Medicaid in 1965 was regarded by many as the foremost legislative achievement of the Johnson administration. The Elementary and Secondary Education Act and Higher Education Act both of 1965 expanded the education and training programs of the Economic Opportunity Act. The Housing and Urban Development Acts of 1965 and 1968 subsidised interest rates on loans in various ways. The Manpower Development and Training Act, passed in 1962 to train the technologically displaced, was expanded and redirected to the hard core unemployed. The Civil Rights Act of 1964 guaranteed voting rights, access to public accommodations, equal employment, and educational opportunity. Other 'Great

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71 S.A. Levitan and R. Taggart, *The Promise of Greatness*, Cambridge Mass., Harvard University Press, 1976, pp. 13-14.

Society" initiatives included the 1966 model cities program and the programs tackling the underdevelopment of the Appalachian region.<sup>72</sup>

For some, the 'Great Society' reforms were the response of the Democratic Party to the social and political problems posed by the poverty and civil unrest in the inner cities of the North.<sup>73</sup> For others, they were as much the result of the reform idealism of the professionals who emerged as a powerful group in the 1960s.<sup>74</sup> Certainly, both of these factors help explain a reform effort which 'evolved slowly, and was modified, repeated and enlarged throughout the 1960s.' For some, key elements in the progression were the 1961 Juvenile Delinquency efforts, the 1963 community mental health initiatives, the 1964 community action program, the 1966 model cities program, and the 1967 neighborhood service program.<sup>75</sup>

The vision and essence of the 'Great Society' reforms has been variously described as ". . . increased federal intervention to assist the disadvantaged and disenfranchised by providing needed goods, services, and income and by changing the socio-economic system. . ." <sup>76</sup> and as ". . . redistribution of resources and of local political power (with an emphasis on) equity as the performance test for judging government interventions and for orienting national policy."<sup>77</sup>

The community action program is the best remembered 'Great Society' initiative probably because it attracted much critical attention. The most famous critique is contained in Moynihan's *Maximum Feasible Misunderstanding*.<sup>78</sup> The 'misunderstanding' to which Moynihan refers was on the part of federal politicians and bureaucrats who did not recognise, at least for a time, that federal funds were being

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72 *ibid*, pp. 15-18.

73 F.F. Piven and R.A. Cloward, *Regulating the Poor : The Functions of Public Welfare*, London, Tavistock, 1972.

74 P. Marris and M. Rein, *Dilemmas of Social Reform : Poverty and Community Action in the United States*, London, Routledge and Kegan Paul, 1972 ; H.J. Aaron, *Politics and the Professors : The Great Society in Perspective*, Washington DC, Brookings Institution, 1978.

75 Piven and Cloward, *op.cit.*, pp. 256-257.

76 Levitan and Taggart, *op.cit.*, p. 13.

77 C.M. Haar, *Between the Idea and the Reality : A Study of the Origin, Fate and Legacy of the Model Cities Program*, Boston, Little Brown, 1975, p. ix (my additions).

78 D.P. Moynihan, *Maximum Feasible Misunderstanding : Community Action in the War on Poverty*, New York, Free Press, 1969.

used to facilitate what was, for some people, counterproductive political conflict in local communities.

The last of the main 'Great Society' initiatives, the model cities program, responded to the perceived problem with community action. The model cities effort eschewed 'the tactics of confrontation that had brought the community action program into disrepute with local elected officials', rechannelling federal aid through local governments hoping to bring about major improvements in their performance. It also sought to avoid the 'blind spending' of the community action program. It was part of a more general attempt to coordinate and manage the growing number of federal aid programs for the cities. The model cities program also grew out of a critique of urban renewal, another major federal program of the time, aiming to counter its bureaucratic excess, its insensitivity to social needs and the frequent charge that it was a program of 'socialism for the rich.'<sup>79</sup>

In one key respect, the model cities program was a fore-runner to Nixon's 'new federalism' - it placed a strong emphasis on local government. However, the similarity ends there. Model cities was still very much a program of progressive redistribution emphasizing social services and jobs for poor and minority groups. The Nixon administration's general and special revenue sharing enabled local governments to fund public works and hardware without the emphasis on redistribution to poor groups.<sup>80</sup>

#### 4.2 The course of the 'Great Society' debates, 1965-1985

The 'Great Society' debate has raged for twenty years, changing with the changing political agenda. It may be useful to sketch its course, briefly, before exploring its substance and its influence on Australian ideas and policies.

There was debate in the late 1960s and early 1970s between neo-conservatives, democratic socialists and neo-marxists. Neo-conservatives focussed

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79 B.J. Frieden and M. Kaplan, *The Politics of Neglect : Urban Aid from Model Cities to Revenue Sharing*, Cambridge Mass., MIT Press, 1975, pp. 14-34, 69-87 ; Haar, *op.cit.*, pp. 258-259.

80 Frieden and Kaplan, *op.cit.*, pp. 239-247, 258-259 ; Haar, *op.cit.*, pp. 265-272.

primarily on the unintended consequences of state action, in particular, the social conflict engendered by community action programs. They also suggested, at least in some of their early arguments, that federal money would have been better spent on employment generation.<sup>81</sup> Analysis of the reforms was used to support more general neo-conservative arguments about the self interest of the 'new class' and the inherent failure of government intervention.<sup>82</sup>

Democratic socialists responded that conflict is endemic in any strong program of reform. But rather than dismantling the reforms, the problems and conflicts should be learnt from and built upon.<sup>83</sup> Some left economists argued that the 'Great Society' reforms were politically flawed because they were based on high taxation of the 'American middle.' This argument was linked to the escalation of spending on the Vietnam War.<sup>84</sup>

Neo-marxists argued that the 'Great Society' reforms were essentially a device of co-optation and oppression - a way of 'regulating the poor.'<sup>85</sup> Accounts of the rise of the welfare state in the USA depicted it as a cooptive device rather than an agent of progressive change in American society. The detailed empirical analysis gave the argument much force, a force which is still hotly debated. Piven and Cloward's argument has been criticised by the orthodox left, the democratic left and scholars of the American welfare system.

Those on the orthodox left argue that 'mobilizing the poor', as advocated by Piven and Cloward ignores the capital - labour relation and the need for the working class to challenge capital in the usual socialist way.<sup>86</sup> Piven and Cloward, drawing on the philosophical and political lessons of Barrington Moore's historical sociology, respond that such criticism ignores the changes that have taken place in American

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81 Moynihan, *op.cit.*

82 On this theme see P. Steinfels, *The Neo-conservatives : The men who are changing America's politics*, New York, Simon and Schuster, 1979.

83 Marris and Rein, *op.cit.* ; M. Harrington, *The Twilight of Capitalism*, New York, Simon and Schuster, 1976.

84 R. Lekachman, *The Age of Keynes*, London, Allen Lane, 1967.

85 Piven and Cloward, *op.cit.*

86 J.L. Roach and J.K. Roach, 'Mobilising the Poor : Road to a Dead End', *Social Problems*, 26, 2 (1978), pp. 160-171.

society over the twentieth century. In their view, these changes make the orthodox socialist position irrelevant.<sup>87</sup>

Some on the democratic left highlight the inconsistencies in the theoretical argument. If political will designed and implemented the 'Great Society' debates, political action by other groups should be allowed some capacity to shape events.<sup>88</sup> In a similar way but with a more conservative intent, the welfare scholars criticise the 'regulating the poor' thesis for ignoring the role played by reformist agency in the growth of the American welfare system and the social progress achieved by this growth.<sup>89</sup> Piven and Cloward respond that such argument underplays the materialist perspective and subscribes to a view of historical progress which is not sustained by analysis.<sup>90</sup>

In the mid 1970s, a number of detailed empirical analyses of the economic, social and political impact of the 'Great Society' reforms appeared to claim that the impact of these reforms was significant and progressive.<sup>91</sup>

The debate flared again in the early 1980s, responding in particular to the 'new' American poverty, the breakdown of the black family, and the feminisation of poverty.<sup>92</sup> There was some hardening of the neo-conservative critique of the American welfare state.<sup>93</sup> But, ironically, all of the contributors to the earlier debate have moved toward the political centre. There is some new affinity between Harrington's democratic

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87 F.F. Piven and R.A. Cloward, 'Social Movements and Societal Conditions : A response to Roach and Roach', *Social Problems*, 26, 2 (1978), pp. 172-178.

88 Harrington, *op.cit.*

89 W.I. Trattner, 'Introduction', in W.I. Trattner (editor), *Social Welfare or Social Control? Some Historical Reflections on 'Regulating the Poor'*, Knoxville, University of Tennessee Press, 1983.

90 F.F. Piven and R.A. Cloward, 'Humanitarianism in History : A Response to the Critics', in Trattner, *op.cit.*

91 Aaron, *op.cit.* ; Levitan and Taggart, *op.cit.* ; E. Ginzberg and R.M. Solow, 'Some lessons of the 1960s', *Public Interest*, 34 (1974), pp. 211-220.

92 M. Harrington, *The New American Poverty*, New York, Holt, Rinehart & Winston, 1984 ; D.P. Moynihan, *Family and Nation*, New York, Harcourt Brace Jovanovich, 1985 ; B. Ehrenreich and F.F. Piven, 'The Feminization of Poverty : When the 'Family-Wage System' Breaks Down', *Dissent*, 31, 2 (1984), pp. 162-170 ; W.P. O'Hare, 'Poverty in America : Trends and New Patterns', *Population Bulletin*, 40, 3 (1985).

93 C. Murray, *Losing Ground : American Social Policy, 1950-1980*, New York, Basic Books, 1984.



socialist argument<sup>94</sup>, Piven and Cloward's new strategic defence of the welfare state<sup>95</sup> and Moynihan's despair about the breakdown of the family in the USA and the need for new public policy to address the problem.<sup>96</sup>

Murray argues, with much empirical evidence, that poverty has worsened over the last thirty years, though this was the time of the greatest expansion of the welfare state in US history. His arguments, and especially his reading of the statistics, have been much disputed.<sup>97</sup> Others counter the overall thrust of such arguments by highlighting the success of the public sector in addressing poverty and by quantifying the impact of the public sector on the American economy over the 1960s and 1970s.<sup>98</sup> Some have reviewed the achievements as well as the limits of the 'Great Society' reforms. The main limits are the lack of impact of these reforms on the structure of the American economy, in which they have tended to reinforce the dual labour market structure.<sup>99</sup> Here are echoes of the early Moynihan critique of the war on poverty.

The other aspect of the debate in the 1980s is the emphasis on political and social obligation as a central part of future welfare policy. The recent emphasis on 'workfare' is the political expression of this. While traditionally seen as a conservative ploy to undermine the welfare state, this argument can be creatively allied to arguments for greatly expanded public employment and to the emerging communitarian wisdom about the good society.<sup>100</sup>

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94 Harrington, 1984, *op.cit.*

95 Piven and Cloward, 1982, *op.cit.*

96 Moynihan, 1985, *op.cit.*

97 C. Jencks, 'How Poor are the Poor?', *New York Review of Books*, 32, 8 (May 9, 1985), pp. 41-49 ; R. Greenstein, 'Losing Faith in 'Losing Ground' ', *New Republic*, 3662 (March 25, 1985), pp. 12-17 ; C. Murray and R. Greenstein, 'The Great Society : An Exchange', *New Republic*, 3664 (April 8, 1985), pp. 21-23 ; C. Murray and C. Jencks, ' 'Losing Ground' : An Exchange', *New York Review of Books*, (October 24, 1985), pp. 55-56.

98 J.E. Schwarz, *America's Hidden Success : A Reassessment of Twenty Years of Public Policy*, New York, W.W. Norton, 1983.

99 M.K. Brown and S.P. Erie, 'Blacks and the legacy of the Great Society : the economic and political impact of federal social policy', *Public Policy*, 29 (1981), pp. 299-330.

100 On these themes see L. Mead, *Beyond Entitlement : Obligation in Federal Social Policy*, New York, Free Press, 1985.

### 4.3 The substance of the 'Great Society' debates

The 'Great Society' debates range from general accounts of the whole experience to detailed analyses of particular initiatives. The general accounts themselves range from empirical, statistical analyses to broad sociological treatments. A number of specific themes emerge in the literature - the place of coordination within government, the problem of the intransigent fragmentation in American federalism, the question of political participation in American society, and the economic and social impact of the reforms themselves. But the more interesting aspect of the debates is the way in which different interpretations of these themes are reflected in changing political and theoretical currents from the 1960s through to the 1980s. For example, the neo-conservative analysis of American society which criticises liberalism and the 'new class' of intellectuals is reflected in the more specific criticisms that the 'Great Society' reforms failed because of an excess of democracy, equality and professional expertise. The neo-conservative position was articulated by intellectuals who initially supported, but became disillusioned with, the 'Great Society' liberalism of the 1960s.<sup>101</sup> The response of the left to the 'Great Society' reforms is similarly located within a broader perspective - in this case, a critique of the American welfare state. As we seen, left factions debate the question whether the welfare state, while a primary source of social regulation in the interests of dominant capitalist interests, does not also represent an important source of hard won citizenship rights which the left should defend.<sup>102</sup> More broadly again, this question informs debates on the crisis of American capitalism and socialist responses to it.<sup>103</sup> So, the 'Great Society' debates form part of a broad discourse.

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101 For an account of the rise of the neo-conservative position see Steinfels, *op.cit.*, pp. 189-272.

102 Piven and Cloward, 1972, *op.cit.* ; Piven and Cloward, 1982, *op.cit.*

103 J. Cohen and J. Rogers, *On Democracy : Towards a Transformation of American Society*, Harmondsworth, Penguin Books, 1983 ; Miller and Tomaskovic-Devey, *op.cit.*

### 4.3.1 The Neo-Conservative Critique

Moynihan draws broad conclusions about 'Great Society' liberalism through a critique of 'community action' and the service approach to welfare. In the process he articulates what were to become the central political principles of the 'neo-conservative' backlash against the welfare state which began with Nixon in the late 1960s.<sup>104</sup> As some have noted, ". . . if the antipoverty effort was the favourite child of the Great Society, it was the whipping boy of the Nixon administration."<sup>105</sup>

As assistant secretary of labor for policy research, Moynihan was involved in the debates on the content of the poverty program which was to be a central feature of the 1964 legislative program. Two anti-poverty strategies were on the agenda:

". . . the position of the Department of Labor at the time was that the most important measure that could be taken to combat poverty was a more or less massive employment program . . . The position of the Council of Economic Advisors and of the Bureau of the Budget, however, was that the entire antipoverty program should be subsumed under a set of 'community action programs'."<sup>106</sup>

The community action program was nevertheless a central component of the resulting Economic Opportunity Act. It was on its provision for the 'maximum feasible participation of the residents of the areas and the members of the groups involved in the local programs' that Moynihan focussed his famous critique.<sup>107</sup> His central argument was that the community action program ". . . was not understood, and not explained, and this brought about social losses that need not have occurred." The basis of this 'misunderstanding' was that there were 'entirely different, almost antithetical' views on the style and function of 'community action' between 'official' Washington and its proponents in the field.<sup>108</sup>

Moynihan characterises these differences in a number of ways : between intellectual support for local conflict or central coordination, between different

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104 D.P. Moynihan, 'The Politics of Stability' (1967), in D.P. Moynihan, *Coping : Essays on the Practice of Government*, New York, Random House, 1973 ; Moynihan, 1969, *op.cit.* ; D.P. Moynihan, *The Politics of a Guaranteed Income : The Nixon Administration and the Family Assistance Plan*, New York, Random House, 1973.

105 Levitan and Taggart, *op.cit.*, p. 14.

106 Moynihan, 1969, *op.cit.*, p. lvii.

107 *ibid.*, pp. lviii, 87-91.

108 *ibid.*, pp. xiii-xiv ; lix.

professional values and between the New York and Washington 'minds'. While ". . . *conflict* may be thought of as the dynamic of community organisation, as what leaders induce or followers demand once the program is mounted, . . . *coordination* remained the expectation of the Washington administrators."<sup>109</sup> On different professional values, "The political sociologist tends to view a political system as a place of *struggle* for power or influence, while the economist tends to see it as an essentially *cooperative* division of labour."<sup>110</sup> On the different political cultures of New York and Washington it is noted that :

". . . community action, in both its conservative and radical formulations, was a product of New York. The war on poverty was a product of Washington. The one deeply concerned with society, the other preoccupied with government ; the one emotionally no less than ideologically committed to social change, the other profoundly attached to the artifacts of stability and continuity . . ."<sup>111</sup>

Moynihan is clearly for the coordination, cooperation and stability of Washington 'mind'. He is extremely critical of the professional 'new class' for their role in facilitating what in his view was unnecessary political conflict through local community action.<sup>112</sup>

"Professional persons were too willing by half to see public funds, and tax-free private funds, employed on a vast scale to further what was in effect a political agenda of a fairly small group of intellectuals."<sup>113</sup>

Further, he sees the rise of a populist, illiberal conservatism in the late 1960s as partly related to middle-class advocacy of 'expressive violence and creative turmoil.'<sup>114</sup> He suggests :

". . . that the community action agencies, posing as they did a direct threat to the Democratic Coalition, had more potential attractions for Republicans than for Democrats."<sup>115</sup>

Moynihan concludes that :

". . . the great failing of the Johnson administration was that an immense opportunity to institute more or less permanent social changes - a fixed

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109 *ibid*, p. 144 (emphasis in the original)

110 *ibid*, p. 169 (emphasis in the original) This passage is taken from William Mitchell.

111 *ibid*, p. 147.

112 *ibid*, pp. 167-203.

113 *ibid*, p. 190.

114 *ibid*, p. 190.

115 *ibid*, p. x.

full employment program, a measure of income maintenance - was lost while energies were expended in ways (like community action) that very probably hastened the end of the brief period when such options were open . . ."116

Moynihan later extrapolated his critique of community action into a general critique of the 'service' strategy and advocated an 'income' strategy as an alternative. Gone was the concern for full employment policy.<sup>117</sup>

In this later work, it was argued that :

" . . . the antipoverty program enacted in 1964 came to embody many of the ambiguities and uncertainties of an ambitious services strategy directed to the problems of poverty. A good deal of money was being expended. It could *not* be shown that it was going to the poor. It *was* going, in large degree, to purchase services, which could *not* be shown to benefit the poor. . . . the actual *effect* of service programs such as education is probably to reallocate resources *up* the social scale, taxing, as it were, factory workers to pay school teachers."<sup>118</sup>

But it is also recognised that :

" . . . the social reforms of the mid-decade had been oversold, and, with the coming of the war, underfinanced to the degree that seeming failure could be ascribed almost by intent."<sup>119</sup>

This view has been put strongly by the left.

Some argue that the change in Moynihan's arguments reflects the general shift in political attitudes towards the welfare state over the 1960s - from liberal to neo-conservative. Welfare reform faced an unsympathetic political environment in the late 1960s. This was expressed in Nixon's emphasis on 'workfare.' Moynihan moved with the times :

"Moynihan, the assistant secretary of labor for policy research under Kennedy and Johnson, knew that the 'service strategy' was pathetically funded, while Moynihan, the counselor to President Nixon, felt that he could win the President over to the Family Assistance Plan by attacking the 'service strategy' as an example of liberal social engineering, a theme long dear to Nixon's heart."<sup>120</sup>

Nevertheless, some have highlighted Moynihan's central role in facilitating, and not just reacting to, the rise of the neo-conservative backlash against the liberalism

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116 *ibid*, p. 193.

117 Moynihan, 1973, *op.cit.*

118 *ibid*, p. 55 (emphasis in the original)

119 *ibid*, p. 66.

120 Harrington, 1976, *op.cit.*, p. 269.

of the 1960s.<sup>121</sup> As early as 1967, Moynihan articulated the key intellectual underpinnings of Nixon's political strategy.

"Liberals must see more clearly that their essential interest is in the stability of the social order (and) must seek out and make much more effective alliances with political conservatives who share their interest."<sup>122</sup>

For Moynihan, the basis of that alliance was a critique of federally sponsored urban and social programs which emphasised participation, and advocacy of a centrally administered guaranteed income scheme with decentralisation of urban and service programs to the cities and states.

"Liberals must divest themselves of the notion that the nation - and especially the cities of the nation - can be run from agencies in Washington."<sup>123</sup>

The cities and states are ". . . the source of the preponderance of social programs in the twentieth century." This is where social ". . . problems first appeared, and where the wealth and intellect - and political will - existed to experiment with solutions."<sup>124</sup>

Further,

"a system has to be developed under which domestic programs go forward regardless of what international crisis is preoccupying Washington at a given moment. This, in effect, means decentralizing the initiative and the resources for such programs."<sup>125</sup>

Lastly, while federal agencies are good at collecting revenue, they are bad at providing services. Federal power should therefore be used ". . . as an instrument for redistributing income between different levels of government, different regions and different classes."<sup>126</sup> These arguments provided the basis for Nixon's 'revenue sharing' federalism and Moynihan's later advocacy of the 'income' strategy.

In my view, Moynihan's arguments for decentralisation here are quite at odds with his criticisms, described earlier, of the political decentralisation underlying

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121 G. Tyler, 'The Politics of Pat Moynihan', in L.A. Coser and I. Howe (editors), *The New Conservatives : A Critique from the Left*, New York, New York Times Book Co, 1974.

122 Moynihan, 1967, *op.cit.*, p. 188.

123 *ibid*, p. 188.

124 *ibid*, p. 189.

125 *ibid*, p. 191.

126 *ibid*, p. 193.

the social change fostered by community action programs. There he implicitly supported the stability and cooperation of the Washington 'mind'. The centralisation/decentralisation debate disguises the more fundamental conflict between conservative and progressive conceptions of reform. Moynihan supports the 'conservative' nature of local or federal government only in relation to the supposedly excessively 'liberal' nature of the other level. It is a very opportunistic oscillation.

The conservative critique of the 'Great Society' is also expressed in an account of the intransigence of fragmentation in American city politics and in a critique of the comprehensive planning goals built into the 'New Frontier - Great Society' reforms.

Some argue, in the context of a general thesis of the ungovernability of American cities, that 'community action-model cities' federalism made the situation worse by adding another level of local agencies to an already confused system of local service delivery :

"From the city hall perspective it seemed that federal dollars were being spent deliberately to increase administrative overload, to organise protests against local governments, and to develop 'paragovernments' which further fragmented urban governments."<sup>127</sup>

The nature and structure of city government is seen as the cause of the failure of urban problem solving, not lack of resources or the broader political economy :

". . . even if the state or the federal government were to commit large-scale fiscal resources - as they did in the 1960s - it is unlikely that the funds would solve urban problems. It is likely, by contrast, that the policies and programs devised by higher-level government would either never reach their targets . . . or that they would be completely twisted out of shape or splintered by the time they reached the citizens for whom they were designed."<sup>128</sup>

A 'hybrid federalism' is put forward as the solution to the problems of American city government. A viable intergovernmental solution to urban problems must involve elements of both centralisation and decentralisation. Services with strong

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127 D. Yates, *The Ungovernable City : The Politics of Urban Problems and Policy Making*, Cambridge Mass., MIT Press, 1977, p. 183.

128 *ibid*, p. 5.

neighbourhood impact should be decentralised whereas policy on resource and equity problems should be the responsibility of higher levels of government.<sup>129</sup>

These commentators are expressly critical of the 'over-determination' of marxist arguments :

"If (as the marxists argue) urban policy making is decisively determined by . . . larger national forces, the urban poor will stay poor and powerless-unless, of course, the system is dramatically transformed. If this view is correct, the city is an irrelevancy, which makes it pointless to talk about urban policy making."<sup>130</sup>

While this argument has some validity, it tends to ignore the fundamental insight of the political economy perspective - that urban policy making is not devoid of dynamic political, economic and sociological content. The concern of American theory of urban politics to define the functional responsibilities of the various levels of government within the federal system leads it to ignore the various social interests expressed through the overall federal structure. It also tends to deny the ability of the political process to animate reform across levels of government, even if it recognises that change can take place within them. These critics may have a point that community action worsened the fragmentation of American federalism. Nevertheless, they deny the impact of the 1960s reforms both as catalysts of change at the local and state levels and as important vehicles for redistribution.

Other critics focus on the familiar opposition between the pretension of the 1960s reforms towards comprehensiveness and coordination, and the 'reality' of complexity, conflict and pluralism in the social environment and 'disjointed incrementalism' in policy. The ". . . ideal process of planning envisioned in the New Frontier - Great Society Legislation was rarely practised." Rather, the coordination objectives of the 'Great Society' reforms paradoxically ". . . led to increased organizational fragmentation and complexity."<sup>131</sup>

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129 *ibid*, pp. 191-192.

130 *ibid*, p. 4 (my additions).

131 D.A. Rondinelli, *Urban and Regional Development Planning : Policy and Administration*, New York, Cornell University Press, 1975, pp. 16, 40.



An alternative planning theory is put forward in response to the inadequacies of the 'comprehensive-rational-hierarchical' approach to planning. Rather than see 'pluralism, decentralisation, shared influence, and disjointed performance' as the result of 'pernicious administration, social irrationality, and political disorder', they are the inevitable result of the way in which a complex society makes its social, economic, and political decisions.<sup>132</sup>

"Decisions do not evolve from comprehensive plans, centrally controlled and coordinated through hierarchically integrated structures, but from a dynamic process of political interaction in which groups and organisations attempt to influence each other's behaviour through perceptual and cognitive manipulation, adaptive adjustment, reciprocal exchange, coalition formation, bargaining and negotiation, and elaborate processes of consensus building."<sup>133</sup>

The ability to plan is constrained by the indeterminacy of the process. Problems are complex, amorphous and difficult to define concisely. Perceptions of social problems, demand for policies and formation of goals are influenced by the availability of means to achieve them. Alternatives are indeterminate and to choose between them ultimately requires value judgements. Choice is influenced by subjective interpretation and interests.<sup>134</sup>

As urban systems become more complex, central coordination and control become less relevant while 'innovative capacity, conflict resolution, mutual adjustment skills, and dispersed managerial capability' become more important. The reality of decentralised structures underlies these arguments.<sup>135</sup>

In spite of the overall emphasis on planning theory, these critics hint, in several contexts, at issues of social structure and politics that lay beneath the planning objectives of the federal urban and social reforms of the 1960s. Planning theory has little effect in solving urban problems because it ignores or systematically discounts the unequal distribution of power.<sup>136</sup> At a more specific level, some argue that federal

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132 *ibid*, p. 60.

133 *ibid*, p. 211.

134 *ibid*, pp. 212-213.

135 *ibid*, p. 242.

136 *ibid*, p. 51.

attempts to facilitate new planning processes at the local level through the Model Cities program failed because they were not understood by local officials.

"What was meant as a challenge, a prod (by the federal government), was interpreted as a regulation, a cage (at the local level)."

Nevertheless, city governments were willing to play the planning game up to a point because it was accompanied by federal funds for local projects.<sup>137</sup> This expresses the essential dilemma with federal sponsorship of intergovernmental cooperation.

Lastly, these critics note the changing perception of the cause of and solution to social problems from local to national over the 1950s and to the mid 1960s. While the problems were the same, debate on their causes and proposals for their solution seemed to depend less on empirical work and more upon underlying political currents.<sup>138</sup>

In my view, these are insightful comments. They suggest that planning ideas are responsive to and dependent upon broader social and political trends. Nevertheless, these critics confine their analysis to questions of planning administration and processes of public policy making. The benefits of decentralisation are emphasised. Their theoretical views prevent them from recognising as legitimate, the sociological and political purpose of a centralist rationality to address the substantive social inequalities exacerbated by decentralised structures - an underlying motive of the 'Great Society' reforms.

The neo-conservative critique of the 'Great Society' is more developed than I have been able to portray here.<sup>139</sup> Nevertheless, Moynihan's arguments express well the 'excess of democracy and professional expertise' themes of the neo-conservative critique, while Yates and Rondinelli reinforce that critique more through the limits of their theoretical perspectives than through any direct political arguments. I will now summarise the left's response to the neo-conservative position.

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137 *ibid*, p. 58-59.

138 *ibid*, p. 216. Rondinelli gives, as his example, the problem of depressed areas.

139 On the 'excess of equality' theme see for example D.A. Stockman, 'The Social Pork Barrel', *Public Interest*, 39 (1975), pp. 3-30. Edward Banfield, James Q. Wilson, Aaron Wildavsky and Nathan Glazer have all contributed to the neo-conservative critique in the pages of the *Public Interest* and *Commentary* journals.

#### 4.3.2. The Left's Response to the Neo-Conservatives

Moynihan's critique of the 'community action' program and the 'new class' interest which, in his view, underlay those reforms has been criticised as essentially idealist.

"Moynihan . . . ascribes the genesis of the (Great Society) programs to the ideas of professionals, mainly social scientists, who counseled federal officials. . . . He attributes the travails of the programs to the fact that these ideas were foolish, as were the politicians who were 'taken in' by them."<sup>140</sup>

Such explanations attribute :

". . . large-scale change and sustained activities by government to the good or mischief that could be wrought by a handful of not very powerful people. To accept such an explanation was to believe that major political developments occur virtually by chance, . . . without reference to broader political forces in a society."<sup>141</sup>

These commentators argue that the 'Great Society' reforms were a political response to the protest and civil disorder that resulted from the movement of blacks from the rural South to the ghettos of the big cities of the North. The mechanisation of Southern agriculture was the underlying cause of this migration.

". . . the Great Society programs were promulgated by federal leaders in order to deal with the political problems created by a new and unstable electoral constituency, namely blacks - and to deal with this new constituency not simply by responding to its expressed interests, but by shaping and directing its political future. The Great Society programs, in short, reflected a distinctively managerial kind of politics."<sup>142</sup>

This underlying political motive to 'shape and direct' the political future of blacks explains, at least for Piven and Cloward, the much criticised idiosyncracies of these programs.

Firstly, the maximum feasible participation of blacks in the agencies established by these programs enabled them to contribute to the development and operation of the programs and to be drawn into the political process.

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140 Piven and Cloward, 1972, *op.cit.*, pp. 248-249, footnote 1.

141 F.F. Piven, 'The Great Society : Moderating Disorder in the Ghettos', in R.A. Cloward and F.F. Piven, *The Politics of Turmoil : Essays in Poverty, Race and the Urban Crisis*, New York, Vintage Books, p. 268.

142 Piven and Cloward, 1972, *op.cit.*, p. 249.

"Instead of token representation, the federal programs channeled funds directly to groups forming in the ghettos . . ."143

The second idiosyncrasy is related to the first. The 'hallmark' of the 'Great Society' programs was to channel federal funds to the ghettos in ways which tended to bypass state and local agencies who traditionally operated federal programs.

"Much of the controversy over the Great Society programs grew out of this feature, for local officials were hardly happy to have the substantial patronage and publicity of new programs escape their control. Still, the risk of antagonizing local politicians had to be run; if funds were channeled through local white ethnic political leaders, they would probably never reach the ghettos."144

This strategy had another political motive.

"By promising to solve . . . problems (of juvenile delinquency, family deterioration and welfare dependency among the black poor, the essence of the 'urban crisis' for many whites), and to do so through black 'self-help' projects within the confines of the ghettos themselves, the programs not only conciliated blacks but appealed to whites as well, thus easing the way for federal intervention."145

But the 'Great Society' programs were not just confined to giving blacks control over new service agencies. They also became an instrument whereby existing agencies were forced to respond to the needs of the black poor. This was achieved by emphasis on coordination, comprehensive plans and institutional change, the third idiosyncrasy of the 'Great Society' reforms much criticised.

". . . for blacks to get more significant and permanent concessions, the existing service structures of local government, which controlled the bulk of federal, state and local appropriations, had to be reoriented."

This was achieved by making allocation of federal funds to existing local agencies conditional on 'coordination' between local officials to do something about the ghetto and 'comprehensive planning' where all agreed to a federally supervised plan for delivering services to blacks. In other words, notions of coordination and comprehensive planning were not devoid of political content.<sup>146</sup>

Another aspect of this third idiosyncrasy was the political significance of the emphasis on 'scientific' rationales for the Great Society reforms. "Each measure was

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143 *ibid*, p. 266.

144 Piven, *op.cit.*, p. 277. See also Piven and Cloward, 1972, *op.cit.*, pp. 261-263.

145 Piven and Cloward, 1972, *op.cit.*, p. 277.

146 *ibid*, pp. 263-264.

presented at the outset as a politically neutral 'scientific cure' for a disturbing social malady." This was a method to obscure the fact the federal government was about to give something to the blacks, so deflecting white opposition.<sup>147</sup> Piven and Cloward conclude that the 'Great Society' was a 'startling success' in integrating blacks into the political system.

For other commentators on the left, the essence of the neo-conservative critique of the 'Great Society' is that these reforms attempted to do too much, were too egalitarian and yet they still promoted discontent. The neo-conservatives therefore conclude that government intervention has unintended and usually negative consequences.<sup>148</sup> For the conservatives, the hope of the future lies in the past, in traditional institutions - church, family, ethnic groups - and in 'organic' social organisation.<sup>149</sup>

The liberal/socialist response to the neo-conservatives emphasises the point that government did too little in many areas. They agree with Moynihan that the reforms were 'oversold and underfinanced.'<sup>150</sup> Further, the government was not egalitarian enough. ". . . there has been no change in basic income distribution at least since 1947."<sup>151</sup> While they agree with Moynihan that in the sixties the burden of paying for social services - and for the war in Vietnam - fell discriminately upon working people, this was a function of the antiegalitarianism of federal wealth and income policy not something inherent in the reforms themselves.<sup>152</sup> Reform did have unintended consequences like the creation of poverty traps, but this resulted from timid government action and is not a cause for undue caution in reform.<sup>153</sup>

". . . the failures of the welfare state in recent years are the result of its conservatism, not its excessive liberalism or, more posterously, of its radicalism."<sup>154</sup>

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147 *ibid*, pp. 277-278.

148 Harrington, 1976, *op.cit.*, pp. 267-284.

149 *ibid*, pp. 289-292.

150 *ibid*, pp. 269-270.

151 *ibid*, p. 277.

152 *ibid*, p. 288.

153 *ibid*, pp. 280-281.

154 *ibid*, p. 292.

These critics also question the emphasis Moynihan places on the 'new class' and the service strategy in his general critique. For Harrington, the 1960s reforms combined service and employment initiatives.

"The Kennedy-Johnson manpower policies did reduce joblessness from the Eisenhower levels down to less than 4 percent, and that was probably the most effective accomplishment in the 'war' on poverty."

Moynihan lost sight of the employment impact of the 'Great Society' reforms because of his preoccupation with their more political aims. The paradox is that while the central assumption of his early critique of community action was that reform effort would have been more effectively expended on a 'more or less massive employment program' or 'a fixed full employment program', his later critique of the 1960s reforms and advocacy of the income strategy ignored the employment consequences of welfare state policy. Indeed, the income strategy became a means by which the workforce was disciplined and welfare policy became punitive at the same time as worsening unemployment was consciously ignored.<sup>155</sup> Even the role of the 'Great Society' service programs as defacto income maintenance programs was obscured in the 'rhetorical smokescreen' of Moynihan's Family Assistance Plan (FAP).<sup>156</sup>

Finally, Moynihan's critique of the 1960s reforms led him to see welfare service and income programs as substitutes rather than as reinforcements. Before Moynihan's FAP, the income strategy :

". . . was never viewed as something contrary to a services strategy. There were just too many services that low- and middle-income families could not purchase, despite steady and higher incomes: items such as education . . . , decent housing, medical care, job training, legal counsel, job placement, or adequate protection against discrimination. To meet these crying needs, the government had to provide schools, housing, medicare and medicaid, legal services . . . while the debate over the FAP revolved around its merits per se, the real question should have been whether FAP was a part of or a substitute for the welfare state. As a part of it, it has great merit; as a substitute for it, it is a bitter hoax."<sup>157</sup>

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155 *ibid*, pp. 287-288.

156 Brown and Erie, *op.cit.*, pp. 315-316.

157 Tyler, *op.cit.*, pp. 188-190.

### 4.3.3 The Debate within the Left

This debate revolves around two main issues - the general question of the role of the state in capitalist society and the more specific question of emphasis in welfare state policy between social security and macroeconomic, full employment policy.

Some see the expansion of welfare relief through the 'Great Society' programs and Nixon's neo-conservative reaction as expressions of the theory :

". . . that (welfare) relief arrangements are initiated and expanded during the occasional outbreaks of civil disorder, produced by mass unemployment, and are then abolished or contracted when political stability is restored."<sup>158</sup>

The stability of American capitalism is the ongoing political context in which this expansion and contraction of the welfare state occurs.

For others, this argument does not accord the capitalist state enough political autonomy. The 'Great Society' was as much a product of the 'conscience and consciousness' of radicals as it was the 'reluctant concession' of the ruling class. Piven and Cloward's own argument that the 'Great Society' reflected a managerial politics supports this view, or, at least, 'drastically revises' their theory. Managerial politics suggests some reformist agency - the political conscience of reformers - which is difficult to integrate into a theory that ". . . monochromatically interprets the history of reform in terms of conflict from below and concession from above."<sup>159</sup>

Further, rather than a response to mass unemployment, the 'Great Society' was implemented in ". . . a time of decreasing unemployment and the longest prosperity in American history." The civil unrest of the 1960s reflected ". . . a sense of relative deprivation that arises when the economy is on the ascendancy."<sup>160</sup>

Finally, the antipoverty program of the 1960s was an example of reform from the top which stimulates conflict at the bottom rather than the other way around. This centrepiece of the 'Great Society' ". . . was the cause, not the effect, of militant

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<sup>158</sup> Piven and Cloward, 1972, *op.cit.*, p. xiii.

<sup>159</sup> Harrington, *op.cit.*, p. 305.

<sup>160</sup> *ibid*, p. 304.

politics on the part of the poor . . ." Governments often place issues on the political agenda that then become a source of bitter struggle and which cause major legitimisation problems.<sup>161</sup>

Despite these differences, these left critics share ground in their general treatment of the contemporary capitalist state. They give the state considerable political autonomy from the interests of capital, at the same time as they recognise that the state is constrained by those interests. They recognise the theoretical concept of the 'dual state', a notion which exposes well the political and economic limits and dilemmas of the 'Great Society' reforms.

The capitalist state is :

"... composed of two elements that had developed independently of each other : a system of social services which in Europe had been developing since the end of the nineteenth century (and) macro-economic planning and intervention . . . in order to maintain full employment, a policy that dates only from the thirties."<sup>162</sup>

For some, the structural bias toward 'social investment' within the capitalist state is the 'political genius of capitalism' :

"...the basic bias of the system (of bourgeois democracy) is toward concealed (capitalist) power, for that is a key factor making for the legitimisation of that power"<sup>163</sup>

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161 *ibid*, pp. 303-306.

162 *ibid*, pp. 302-303.

163 *ibid*, pp. 309-310. The 'dual state' theory has recently been developed by Saunders in his attempt to define a 'weberian non-spatial urban sociology'. Drawing on the work of Offe and O'Connor in particular, Saunders suggests that there are fundamental structural differences in terms of substantive content, institutional location and interest mediation between state activity and expenditure on 'social consumption' (the substance of the 'Great Society' expenditure) and 'social investment'. He argues that

"... while local policy-making is typically the product of a process of imperfect pluralism . . . national and regional policy-making is increasingly determined within a relatively exclusive sector of the polity in which the major class interests of . . . big capital and organised labour are directly represented . . . different state functions tend to be located at these different levels of government such that the corporate sector at national and regional levels tends to determine policies affecting the management of the economy (for example, profit rates, interest rates, wage levels, grants and subsidies, taxation), while the pluralist competition at local level tends to revolve around issues of social consumption (for example, housing, education, welfare)." P. Saunders, 'On the shoulders of which giant? The case for Weberian political analysis', in P. Williams (editor), *Social Process and the City*, Sydney, Allen and Unwin, 1983, p. 60.

While Saunders tends to ignore the complications of inter-governmental relations in the assignment of the 'social investment' function to central government and the 'social consumption' function to local government, this basic division within the state is reflected in Harrington and Piven and Cloward's arguments.



For others, there is an important strategic relation between welfare reform and full employment policy. While these two components of state activity could, in theory, reinforce one another in positive and progressive ways, the reality of interest politics means that, in practice, they reinforce one another in negative ways. Welfare reform is fundamentally reactionary and oscillates between maintaining civil order and enforcing work.<sup>164</sup>

This 'dual state' perspective throws the dilemma of the 'Great Society' reforms into sharp relief. For some, the main impact of the 'Great Society' reforms was to establish an alternative source of political and economic power for poor blacks. The 'service' strategy of the 'Great Society', particularly those programs designed to help blacks compete in the primary labour market failed because of dual labour market barriers. These programs nevertheless fulfilled a defacto income maintenance role by providing transfer payments and in-kind services to poor blacks.

"As the Great Society expanded after 1965, it was the absence of a minimal standard of living that was increasingly emphasized in programs rather than the need for more economic opportunity."<sup>165</sup>

The lasting impact of the 'Great Society' has been the establishment of ". . . a social welfare economy of publicly funded middle-income service providers and low-income service and cash transfer recipients."<sup>166</sup>

This emerging 'social welfare economy' is not without its problems however. It represents both the increasing political power of blacks and a new form of servitude, ". . . a form of 'welfare colonialism' where blacks were called upon to administer their own state of dependence."<sup>167</sup> Blacks have gained power through the 'Great Society' reforms but not secure power. Echoing the 'regulating the poor' argument, these commentators suggest that federal social welfare policy may be performing a control as well as a reward function. It may also tend to reinforce a dual

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164 Piven and Cloward, 1972, *op.cit.*, pp. 345-348.

165 Brown and Erie, *op.cit.*, p. 315.

166 *ibid*, p. 311.

167 *ibid*, p. 321.

labor market.<sup>168</sup> Politically, blacks are confined to a 'system of pluralist bargaining at the local level.'<sup>169</sup>

The vulnerability of the social welfare economy is linked to two strategic inadequacies of the 'Great Society' reforms. One concerns the question of political participation in capitalist democracy and, the other, the relation of state expenditure in the realm of consumption to the broader question of economic policy in capitalist society.

For some, the participation engendered through the social welfare economy is inadequate in two ways. First, cash and in-kind transfers that make up the social welfare economy are distributed individually. This tends to atomize the black poor "... thereby preventing the development of either the political awareness or organisational basis necessary to acquire and wield political power". Secondly, this participation is fragmented at the community level because of inter-community competition for limited federal funds.<sup>170</sup>

Further, the social welfare economy is dependent upon the continued allocation of federal funds. Social policy has been increasingly centralised over the 1960s and 1970s.

"The principal effect of (this) centralization . . . is to create a dichotomy between black political leverage at the local level and its relative paucity at the national level."<sup>171</sup>

The problem of fiscal crisis and the changing economic context of social policy is sharpening the conflict surrounding the allocation of the federal budget. There has been an explicit shift in federal urban and social spending, under Ford and Carter, to "... those areas where (funds) would be most effective in stimulating private investment."<sup>172</sup> This trend has gained momentum under Reagan.<sup>173</sup> Given that continued influence over national policy depends upon collective mobilisation,

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168 *ibid*, p. 329.

169 *ibid*, p. 330. This view neatly fits with Saunders' specification of the 'dual state' model.

170 *ibid*, pp. 324-327.

171 *ibid*, p. 324.

172 *ibid*, pp. 327-328. For the same view with regard to Carter's urban policy see Markusen and Wilmoth, *op.cit.*

173 Piven and Cloward, 1982, *op.cit.*

something not encouraged by the organisation of the social welfare economy, and that federal policy is increasingly focussed on the social investment function, it is easy to see that the social welfare economy is a vulnerable liaison of local and federal political power.

Some have pointed to the dilemmas and limits of participation 'outside capitalism' like that sponsored by the 'Great Society' and defend the political advantages of corporatist participation 'inside capitalism'. They take urban social movements as good examples of 'outside' marginal groups.

"The trouble with (such) groups is that they rarely achieve sufficient internal stability to last more than a transitory period; they establish virtually no popular base; they develop few vested interests which will give a range of people a commitment to defending them."<sup>174</sup>

While it can be argued that black organisations have gained more stability than suggested here, the dilemmas of the black social welfare economy have much in common with this view. Its very structure mitigates against long term political commitment to it, both at the local and national levels.

In response to these dilemmas, some advocate corporatist political participation :

". . . groups which do secure a real footing within a capitalist society are thereby able to acquire characteristics of permanency and strength which, while making them vulnerable to the familiar pattern of incorporation, also put them in a better position to undertake conflict if they have to."<sup>175</sup>

In a similar way, the dependent relationship between service providers and recipients built into the social welfare economy contrasts with 'viable and productive' economic and social roles 'inside' the capitalist system.<sup>176</sup>

The important question remains whether the two aspects of state activity in capitalist society - social consumption and social investment - can be reconciled. Is a corporatist strategy expressing the interests of employed labour, capital and the social investment state compatible with the exercise of state political and material power,

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174 C. Crouch, 'The State, Capital and Liberal Democracy', in C. Crouch (editor), *State and Economy in Contemporary Capitalism*, London, Croom Helm, 1979, p. 52.

175 *ibid*, p. 52.

176 Brown and Erie, *op.cit.*, p. 326.

through the social wage, on behalf of traditionally excluded groups - the poor unemployed, women, ethnic groups? After all, corporatism is a strategy largely about questions of economic management, an emphasis which can easily ignore these other social needs.

This raises the second strategic inadequacy of the 'Great Society' reforms defined above - the relation of state expenditure on the social wage to broader questions of economic policy in capitalist society. In this context, there are two problems. The first concerns the economic and political consequences of different service strategies of the welfare state. Second, there are important questions about the relationship between state expenditure and economic management, particularly the problem of inflation.

For Moynihan, two groups within the lower classes were disadvantaged, or at least not significantly advantaged, by the 'Great Society' reforms - the unemployed recipients of the services provided, and low income workers. The former did not get any long term benefit because resources were allocated through agencies advantaging professionals. The latter were heavily taxed to support this expansion of the welfare state. His early conclusion was that the reform effort of the 1960s would have been better expended on 'fixed full employment policy'.

The left also suggest that full employment policy is a necessary and fundamental aspect of welfare state policy. For some, the job training programs of the 'Great Society' failed. They could not deal with the problems posed by the dual labour market in the private economy even if these programs did create many jobs in the public sector and did act as defacto income maintenance programs. The working poor who were most likely to benefit from the training programs were usually confined to a low wage, unskilled and vulnerable labour market. This contrasts sharply with the unionised labour market in the oligopolistic core of the economy. One strategic inadequacy of the 'Great Society' was that its human capital policies had no effect on the demand side of the labour market.<sup>177</sup>

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177 *ibid*, pp. 313-314.

Others conclude that :

"... programs to deal with the special needs of blacks and other minorities must also be designed so as to raise the living standards of others, the white working class in particular. Real full employment, for example, betters the bargaining position of all workers, but it aids the relative position of the most vulnerable more than of any other group. It compensates minorities even as it aids the majority."<sup>178</sup>

Reforms leading to full employment at decent wages would make possible more humane welfare relief arrangements because the latter are always determined by conditions of work among lower classes. Welfare relief payments are not likely to rise above the lowest wages and will almost invariably be much lower. "... if the economy operates at full employment and if the real wages paid to workers rise, the real value of payments to welfare recipients might then be raised as well." This might also reduce numbers on welfare relief rolls.<sup>179</sup>

Nevertheless, while fundamental reform of economic policy and welfare like guaranteed income schemes may be of theoretical interest, they have stirred no political interest. In capitalist society, work and welfare are seen as replacements for one another rather than as positive reinforcements. Why? Because of the problem of interest politics:

"... large-scale work relief - unlike direct relief which merely mutes the worst outbursts of discontent - tends to stabilize lower-class occupational, familial, and communal life, and by doing so diminishes the proclivities toward disruptive behaviour which gives rise to the expansion of relief in the first place."<sup>180</sup>

These analysts argue that the explosion of the welfare rolls is 'the true relief reform'. It should be defended and expanded.<sup>181</sup>

While this is an understandable reaction to Nixon's neo-conservative backlash against the 1960s reforms and is consistent with the theoretical argument that welfare policy in capitalist society oscillates between maintenance of civil order and enforcing work, it is one-sided in its emphasis on the social wage. While this theoretical argument structurally locates and explains Moynihan's political shift over the 1960s, it does not address his early argument in any direct way - that the reforms of the 1960s

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178 Harrington, *op.cit.*, pp. 275-276.

179 Piven and Cloward, 1972, *op.cit.*, pp. 345-348.

180 *ibid*, p. 347.

181 *ibid*, p. 348.

may have been more successful had they better reconciled employment policy with the social wage.

As some have noted, the 'Great Society' (and Michael Harrington's *The Other America*):

"... was schizoid - marking a midway passage between an inadequate past and a wrong future, between yesterday's Rooseveltian reformism which didn't go far enough and the 'now' reformism of the new radicalism which went in the wrong direction . . . It took a wrong turn when it translated the 'culture of poverty' theory into community action programs . . ."182

The 'culture of poverty' theory may have been successful in attracting political support by defining the poverty problem in spatially and socially confined ways. Piven and Cloward's argument to this effect is outlined above. Nevertheless, it also laid:

"... the basis for a grab-bag of fragmented, helter-skelter, and mutually contradictory programs instead of a strategic plan . . . built around key national programs of full employment, economic growth, and income redistribution."183

For others, the 'Great Society' was not radical enough.

"The Great Society and the war on poverty were conservative responses to the employment and distribution failures of capitalism. They were based on compassion rather than an understanding of the determinants of income distribution and employment."184

Welfare policy of the 1960s had little regard to the two essential problems of economic policy, the maintenance of full employment and the restraint of inflation. While both the private economy and government deficits generate profits,

"... profits . . . sustained by transfer payment and defence spending (as they were in the 1960s) are not associated with increases in productive capacity whereas profits . . . generated (by) government financed productive investments do leave a permanent residual of productive capacity and therefore potential output."185

The mechanisms by which profits are stabilized by deficits not directly related to control of output, lead to inflation in times of low output in the private economy. Further,

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182 T. Kahn in E.C. Banfield, N. Glazer, M. Harrington, T. Kahn, C. Lasch, R. Lekachman, B. Rustin, G. Tyler and G.F. Will, 'Nixon, the Great Society, and the Future of Social Policy: a symposium', *Commentary*, 55, 5 (1973), p. 43.

183 *ibid*, p. 43.

184 H.P. Minsky, 'The Breakdown of the 1960s Policy Synthesis', *Telos*, 50 (1982), p. 52.

185 *ibid*, p. 58.

"a large investment - large transfer payment . . . economy will tend to have a real wage that is depressed relative to that of an economy in which income is maintained by employment."<sup>186</sup>

The 'critical policy problem of capitalism and mixed economies' is how to achieve full employment without fueling inflation. Welfare transfer payments tend to be inflationary because they 'pump up' demand without increasing output in the private economy. On the basis of the experience of the 1960s and 1970s, some suggest that the socialisation of investment accompanied by a 'by-right' program of public employment in useful projects should become the pillar of state policy - essentially a radical Keynesian policy.<sup>187</sup>

#### 4.3.4. Why the continued political success of neo-conservatism?

The paradox of the left understanding of the 'Great Society' is that while it argues that these reforms were not radical enough and suggests more radical alternatives, it explains well the reasons for the current political success of neo-conservatism.

For Nixon, ". . . the name of the game (was) fragmentation of old alliances among blacks, liberal intellectuals, unionists, and the Democratic party . . ."<sup>188</sup> He achieved this by attracting the support of the white working class. The 'great American middle':

". . . supported the Johnson programs until it became clear that they themselves, and not the rich, would have to pay the price in one form or another."<sup>189</sup>

This occurred, some suggest, because the Johnson economic regime worsened the economic position of the poor working class :

"The program emphasized both an improvement of the lot of the 'poor' through transfer payments and the subsidization of investment through tax benefits. If the economy is going to simultaneously improve the lot of the 'welfare poor' and increase the portion of output that goes to investment then the consumption standards of the working-wage earning population must decrease. But part of the working-wage earning population is

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186 *ibid*, pp. 56-57.

187 *ibid*, p. 58.

188 Lekachman in Banfield, et.al., *op.cit.*, p. 49.

189 Lasch in *ibid*, p. 45.

protected by strong trade unions and another part by their scarce skills in the high technology part of the economy. The end result of these social and political forces is that the lot of the poor could be improved only by a deterioration in the lot of the near poor. The behaviour of the real take-home pay of the American 'blue collar workers' in the past 15 years shows the divisive character of an exploding welfare-transfer payment system in the context of a commitment to growth through investment."<sup>190</sup>

Others agree. The political success of the conservatives is partly due to the fact that the 'Great Society' reforms set poor against the nonblack and nonpoor working class rather than both ". . . against the united front of corporate and governmental power which was, and is, their real enemy."<sup>191</sup> The working class felt they were being volunteered to pay for the 'Great Society' reforms for the poor. While they were right, this was the result of a regressive tax structure.

"But rather . . . than demand that the programs be financed in a progressive way, (the lower and middle classes) became hostile to the programs themselves."<sup>192</sup>

While some improvement in the lot of the poor through the 'Great Society', has been achieved - some see the emergence of a 'social welfare economy' - these improvements were politically unstable because of this splintering of the poor and the working class. This instability was made worse by the conflict engendered by community action and the gap between the rhetoric and the reality of the 'Great Society' reforms.

The economic and political legacies of the 'Great Society' reforms are still being worked through by the left. Some believe that federal sponsorship of liberal reform extended to the control of private investment is still politically viable. The difficulties of building a coalition which would support this are acknowledged but are not seen as insurmountable.<sup>193</sup> Others believe that the liberal paradigm with its scientific approach to social problems, its utilitarian assumptions and its faith in the ability of government to regulate the economy and implement programs of redistribution, is

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190 Minsky, *op.cit.*, pp. 52-53.

191 M. Harrington, *Decade of Decision : The Crisis of the American System*, New York, Simon and Schuster, 1980, p. 297.

192 *ibid*, p. 244.

193 Haar, *op.cit.* ; Harrington, 1980, *op.cit.* Also, in his book *The Contested City*, John Mollenkopf deals with the issue of rebuilding a progressive coalition for a federal role in urban policy in the US. See J. Mollenkopf, *The Contested City*, Princeton, New Jersey, Princeton University Press, 1983.



fundamentally inadequate. They see an ecological alternative, in which many social movements would converge, as the way of the future. This would emphasize decentralised community cooperation with some planning to achieve the equitable distribution of the 'burden of uncertainty' in contemporary capitalist societies.<sup>194</sup>

## 5. AN ALTERNATIVE COMPARATIVE PERSPECTIVE

There are important similarities in the Australian and American urban and social reforms of the 1960s and early 1970s. Both Kennedy and Johnson, and Whitlam articulated the need for a greater direct federal role in urban and social reform. The urban and social programs of their governments emphasised local community participation, a 'service' approach to the resolution of social problems and coordinated and comprehensive approaches to decision-making. Both programs sought to make existing structures of government, at the local and state levels, more responsive to deprived and excluded groups.<sup>195</sup>

Further, Fraser's 'new federalism' and reaction against Whitlam was similar to Nixon's attack on the 'Great Society'. Nixon's 'new federalism' and revenue sharing proposals :

". . . were advocated as a means of decentralizing power and control, but in reality . . . were used to reduce federal expenditures for urban and regional development and to impose conventional administrative prescriptions on planning and program implementation."<sup>196</sup>

Fraser adopted the same strategy. Federal spending on urban and social reform was cutback under the guise of 'progressive' decentralisation of power to the states.

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194 P. Marris, *Community Planning and Conceptions of Change*, London, Routledge and Kegan Paul, 1982, pp. 94-109, 123-128.

195 For Whitlam's reference to the US federal Department of Housing and Urban Development as a precedent for the establishment of a federal Department of Urban Affairs in Australia see E. G. Whitlam, 'Responsibilities for urban and regional development : 1968 Walter Burley Griffin Memorial Lecture', *Architecture in Australia*, 58, 1 (1969), pp. 118-119. For Whitlam's reference to US, German and Canadian examples of the central government emphasis on local government as a vehicle for reform see E.G. Whitlam, 'The Commonwealth and Local Authorities : The Way Ahead', in E.G. Whitlam, *On Australia's Constitution*, Melbourne, Widescope, 1977.

196 Rondenelli, *op.cit.*, pp. 42-43.

Treasury, as the embodiment of 'conventional administrative prescriptions', regained unchallenged power after DURD was abolished.

The comparative perspective I wish to advance is one that recognises the important social and political differences between the two countries but one which also recognises the interpenetration of ideas and the influence of international economic and political trends.

On the differences, the fragmentation of American federalism and the rudimentary welfare system in the U.S. has led to the concentration of poverty and deprivation in the old central cities whereas the Australian urban problem concerns the social consequences of urban sprawl. Szelenyi advances a general explanation for these differences using the concept 'urban management system'.

"In the United States an urban management system developed that was based on self-financing politically-autonomous local governments, and this guaranteed that part of the locally produced surplus was directly channelled into infrastructural development . . . (whereas) the Australian urban management system from the very beginning was very much a state grant economy, with very limited financial or political autonomy of the local governments."<sup>197</sup>

Szelenyi draws a direct connection between these two urban management systems and the nature of the 'urban crises' which plague each. In Australia, because ". . . a direct link between production of surplus and infrastructural development never existed . . .", the collectively used urban non-productive infrastructure are relatively underdeveloped particularly in the newer outer suburbs of the big cities.<sup>198</sup> On the other hand, in the U.S., local communities are more able to insulate themselves from the costs of urban and social services in other local communities. This partly explains the concentration of decline and deprivation in the inner cities, and the middle-class exodus to the suburbs.<sup>199</sup> Both urban management systems add to the privilege of the already privileged but ". . . the Australian urban system is significantly more egalitarian than the American one, and the (Australian) urban 'crisis' . . . is consequently less dramatic . .

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197 I. Szelenyi, 'The relative autonomy of the State or state mode of production', in M. Dear and A.J. Scott (editors), *Urbanization and urban planning in capitalist society*, London, Methuen, 1981, p. 587.

198 *ibid*, p. 587.

199 *ibid*, pp. 588-589.

"<sup>200</sup> Szelenyi's perspective helps explain the longer history of federal social reform in the U.S. compared with Australia. U.S. social problems are more serious and visible, and demand more political attention.

There is another important difference between the politics of the Johnson administration and the Whitlam Government highlighted by the 'Great Society' debates. The Vietnam War had opposite political effects on the programs of federal urban and social reform in both countries. In the U.S., the 'Great Society' and the Vietnam War effort were seen as contradictory especially when coming from the same administration.<sup>201</sup> In Australia, the Whitlam Government came to power partly as the result of opposition to the Vietnam War. It may be that this opposition gave added impetus to the Whitlam program of urban and social reform.<sup>202</sup> Nevertheless, in economic terms, the spending on the war distorted the international economy and has been blamed for some of the inflation which caused many political problems in the Western world over the 1970s.

In an address in August 1975 reviewing his government's domestic programs and policies, Gough Whitlam noted with interest and irony ". . . that just when the Australian Government and the Australian system began to catch up in terms of what had been done abroad in Federal systems . . . the results achieved in other systems should come under a new and searching and critical scrutiny, indeed a fundamental reappraisal." He referred, in particular, to the 'Great Society' and its neo-conservative critics, and headed off similar criticisms of his government's reforms.<sup>203</sup>

Whitlam was right to fear the neo-conservative backlash. I have attempted to broaden the basis for the comparison of the American and Australian experience with federal social reform, by highlighting a number of themes that emerge in the 'Great

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200 *ibid*, p. 589.

201 Ginsberg and Solow, *op.cit.*, pp. 10, 213-216.

202 On this theme see R.W. Connell, *Ruling Class, Ruling Culture*, Cambridge, Cambridge University Press, 1977, p. 220 ; Home, *op.cit.* ; A. Theophanous, *Australian Democracy in Crisis*, Melbourne, Oxford University Press, 1980, pp. 279-288.

203 E.G. Whitlam, 'The new federalism : a review of labor's programs and policies', in R.L. Mathews (editor), *Making Federalism Work : Towards a More Efficient, Equitable and Responsive Federal System*, Canberra, CRFFR, ANU, 1976, pp. 12-13.

Society' debates. The following themes may be useful in an assessment of the Whitlam urban reforms :

1. What should be the relation between political participation for deprived and excluded groups 'outside' existing capitalist and state institutions, and 'inside' corporatist participation?
2. What is the relationship between expenditure on the social wage and measures against unemployment and inflation?
3. Can more realistic relations be established between the political rhetoric and the material substance of reform?
4. Are urban problems caused chiefly by broad social forces not amenable to 'area' based state intervention, or by inequalities of resource allocation, or by unresponsive political institutions? What are the relationships between these factors?

The analysis to follow hopes to give at least some answers to these questions.

## CHAPTER TWO

**THE DEPARTMENT OF URBAN AND REGIONAL DEVELOPMENT :  
EMBRYONIC SOCIALIST ALTERNATIVE ; DOOMED SOCIALIST  
CHALLENGE ; OR IMPOSSIBILITY ?**

DURD was the administrative result of Whitlam's focus on 'locational inequality'. It was the embodiment of the technocratic solution of Australia's economic and social problems and hence expressed a lot of the hopes of the Whitlam government. Its efforts can be divided into two main areas. Firstly, it attempted to institute a radically new 'urban and regional' basis for general public decision-making as part aid, part counter to the traditional dominance of economic policy at the Federal level. Secondly, it implemented several new programs - land commissions, growth centres, sewerage backlog, area improvement, inner city housing rehabilitation, and regionalism - to address specific urban and regional problems. The latter led it to claim status as a 'welfare' department.

This chapter reviews existing interpretations of the DURD experience. It is divided into three broad sections - the 'supportive left', the 'left critique' and the 'right critique'. I will attempt, in each section, to summarise the various arguments and to express some of my concerns about them. I should say here that some arguments do not sit comfortably under one heading. For example, Sandercock's views have changed over time from the 'supportive left' to the 'left critique'. I think the latter is stronger so I have included her arguments under that general heading. The other inconsistency is the placing of Painter's and Sheehan's arguments in the 'right critique' section. The issue concerns the 'income' and 'service' alternatives for welfare state allocations. It is only on this particular issue that Painter's and Sheehan's arguments belong in 'right' company.

## 1. THE SUPPORTIVE LEFT

### 1.1. DURD from the inside

The experience with DURD's policies and programs has been the subject of much comment from those directly involved in devising and implementing them. Pat Troy's contribution has been dominant. His arguments are expressed in an article and book<sup>1</sup> and in an article and book jointly written with Clem Lloyd.<sup>2</sup> My focus here is on *Innovation and Reaction* because it is the most recent and best developed argument which builds on the previous work.

*Innovation and Reaction* is primarily concerned with the administrative history of DURD. Well over half the book is devoted to the bureaucratic evolution of DURD, the relationships it developed and an account of its change into the Department of Environment, Housing and Community Development under Fraser. Less than a fifth of the book is devoted to DURD's policies and programs, but that part is my concern here. Lloyd and Troy's treatment of DURD's policies and programs is shaped by their overall preconceptions about the whole DURD experiment. I will also argue that it is also confused by some unresolved conflicts and tensions in Whitlam's, Uren's, and DURD's basic purposes.

The essential tension has been identified by Martin Painter.<sup>3</sup> He suggests that there is an irresolvable conflict between the universal intent of urban policy and the localism of urban politics. The irony of urban politics, that is local pressure to do something about particular access, location or service issues, is that it pushes government to develop an overall, all-embracing urban policy. Painter argues that these are opposites, and that this irony was classically manifest in Whitlam and Uren's

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- 1 P.N. Troy, 'Federalism and urban affairs 1972-75', *Royal Australian Planning Institute Journal*, 14, 1/2 (1976), pp. 15-20 ; P.N. Troy, *A fair price : The Land Commission Program 1972-1977*, Sydney, Hale and Iremonger, 1978.
  - 2 C.J. Lloyd and P.N. Troy, 'A history of federal intervention', in P.N. Troy (editor), *Federal power in Australia's cities : Essays in honour of Peter Till*, Sydney, Hale and Iremonger, 1978 ; C.J. Lloyd and P.N. Troy, *Innovation and Reaction : The life and death of the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981.
  - 3 M. Painter, 'Urban Government, Urban Politics and the Fabrication of Urban Issues : The Impossibility of Urban Policy', *Australian Journal of Public Administration*, 38, 4 (1979), pp. 335-346.

rhetoric and in DURD. It resulted in DURD ideologues and bureaucrats advocating apolitical, rational, universal, comprehensive, co-ordinated solutions to Australia's urban and regional problems, although that teleological detachment was exactly what they were reacting against in their critique of traditional land use planning.

In my view, that tension is manifest in four ways in Lloyd and Troy's book. First, there is tension between the political rhetoric of Whitlam and Uren about the inherent sense of a federal urban policy - the universal intent - and the lack of supporting substance for such a policy because that substance would have to reflect the reality of local, conflicting social interests. Second, Whitlam and DURD wanted a cooperative relationship between the commonwealth and the states - the universal intent - but operated in an activist, interventionist way thereby recognising the reality of the need for particular political action to institute reform in the interests of deprived groups. Lloyd and Troy note that 'this paradox was never resolved.'<sup>4</sup> The third and fourth strains concern the essential rationale for DURD's existence and operation. The third is between the inherent rationality of coordination in public decision-making - the universal intent - and the necessity for control over resources - recognition of the reality of politics - as competing principles in DURD's efforts at political persuasion. The fourth is this : DURD argued that proper planning and coordination could cut the costs of urban development. The consequence of this universal intent would be the gradual reduction in state expenditure in urban development. But DURD also acted as a welfare department concerned to implement ad-hoc programs to redistribute income and wealth and to redress structural inequality. This implied a continuing, politically directed expansion of state expenditure in urban development.

I will identify the first, third and fourth expressions of this tension in the text of the book. The second has already been identified as a paradox and does not need further elaboration. I will then discuss how these tensions influence Lloyd and Troy's assessment of DURD's policies and programs.

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4 Lloyd and Troy, 1981, *op.cit.*, p. 24.

The first tension is apparent early on in the book. In the description of the 'objectives and issues' that stood behind DURD's policies and programs, Whitlam and Uren's views of the 1960s and early 1970s are characterised in the following way :

"Neither man developed his arguments to the point where 'coordination' had an agreed political meaning or commitment. Neither progressed beyond explaining how things could have been better if only there had been better coordination of investment and development. So long as the public appeal to rationality was popular, neither was challenged to spell out how this coordination would be achieved or what, precisely, it meant. Without this challenge Whitlam and Uren developed their urban policies as though they would be implemented outside the prevailing political constraints."<sup>5</sup>

Further it suggested that even though :

". . . there appeared to be general support for the notion that better resource allocation decisions would be made if a commonwealth department of urban affairs was created, there was only a vague understanding of how decision-making would be improved in detail or of what the consequences would be for established bureaucratic processes."<sup>6</sup>

In summary,

". . . although (Whitlam and Uren) had given considerable thought to their objectives in formulating their policies and programs, they had not had the opportunity to develop the details of their proposals."<sup>7</sup>

So Whitlam and Uren's rhetoric about national strategy, allocation of resources, equitable distribution of urban services, open planning and cooperative federalism lacked much policy substance and support. Why was this rather obvious shortcoming not faced up to? Because the policies had to remain at the level of rhetoric to attract broad political support? Because detail would have undermined them? Or is it related to the fact that 'out of power' oppositions are not compelled to develop detailed support for their policies?

Lloyd and Troy's analysis suggests that all three explanations have some weight but the first is crucial. A 'universalist' rhetoric made good political sense in broadening the electoral support for the ALP. Lloyd and Troy suggest that Whitlam's 'non-ideological' analysis of urban issues was important to his enterprise.<sup>8</sup> But their

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5 *ibid*, p. 24.

6 *ibid*, p. 28.

7 *ibid*, p. 30.

8 *ibid*, p. 23.



account of Whitlam's and Uren's rhetoric is still a broadly approving account. It does not often draw attention to divisive questions of principle and practice which such general aspirations would pose for DURD.

The third and fourth sources of tension defined above suggest that there were internal uncertainties about DURD's role. On the one hand, Lloyd and Troy's account of DURD's concern for rational decision-making agrees with the argument that proper planning and coordination could eventually lead to reduced development costs. On the other hand, recognition that control over resources was the only realistic means by which to impose coordination agrees with the idea of DURD as a 'welfare' department concerned with redistribution.

This dualism surfaces early in Lloyd and Troy's analysis. They suggest that Whitlam's much quoted argument about 'a citizen's real standard of living' in his 1972 policy speech was based on the view that :

"... inequality was more public than private (and that) only through government action could inequality be reduced. Subsequently, DURD used these arguments to justify describing itself as a 'welfare' department."<sup>9</sup>

But they also note that Uren conceived the urban problem as a problem of public finance arrangements between the three levels of government. He argued that :

"... few urban development projects required an outright subsidy : properly managed and coordinated investment programs could be made to pay their way. . . . prudent management of resources would expose hidden cross subsidies and allow the community to decide on the levels of welfare expenditure it wanted."<sup>10</sup>

This led to the conflict within DURD between 'welfare' programs and the idea of coordinated decision-making. Lloyd and Troy suggest that this conflict was resolved by focussing on programs through which DURD could influence the way in which decisions were made.<sup>11</sup> But was it really resolved? They go on to argue that :

"... while the product was important, particularly for politicians wanting to point to concrete evidence in election campaigns, DURD officers felt

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9 *ibid*, p. 25 (my additions)

10 *ibid*, p. 29.

11 *ibid*, p. 157.

that the more important longer-term objective was to change the decision-making process."<sup>12</sup>

The emphasis on coordinated decision-making rather than on programs :

"... grew out of belief that any other approach would treat the symptoms of urban problems and not their cause. Analysis suggested that many problems could be solved if the process of development was approached in a different way. While continuing subsidies were rarely needed to solve urban problems, some initial cash inducement might be needed to support the arguments for the states and local government to change their decision-making processes. This change could reduce demands by the states for funds and in turn this could reduce pressure on the Commonwealth to raise taxes."<sup>13</sup>

So we are back to the view ascribed to Uren. Coordination will produce more urban goods at less cost - but nobody has actually shown how. The authors recognise the view as naive<sup>14</sup> and raise doubts about Whitlam and Uren's rhetoric.<sup>15</sup>

The tension between coordination and programs is also reflected in Lloyd and Troy's conclusion. They recognise that coordination depends upon power and that DURD did not have the power to impose its will nor did it 'quite know what it wanted or why and how it should coordinate.' Nevertheless, it is again asserted that :

"... lack of coordination was a source of many of the problems of urban and regional affairs but neither the old departments nor the new accepted

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12 *ibid*, p. 157. This tension between an ad-hoc, program response and the quest for holistic policy is highlighted several times in Lloyd and Troy's assessment of DURD's programs. With regard to the sewerage backlog program, they note that Adelaide did not have a sewerage backlog due to the higher priority given to its development. The South Australian government sought funds to develop a water treatment scheme for Adelaide given the 'notoriously low' quality of Adelaide water, the need for equity between states. It was argued that water supply and sewerage should be seen as one system. Lloyd and Troy argue that "the decision to support the program....worthy as the scheme might have been, immediately exposed the commonwealth to pressure to fund ad hoc programs elsewhere...." (pp. 170-171). With regard to the national estate program, they note that "DURD had great difficulty in determining whether the financial assistance program was achieving overall policy objectives, although each individual project could be defended on its own terms." (p. 184) And regarding the inner city program, they note that "the argument about (its) pros and cons.....developed too slowly for Uren. He pushed for a series of demonstration redevelopment projects.....DURD received many requests to support or sponsor a wide range of redevelopment projects in several cities but no policy existed which it could use to rationalise its responses. DURD attempted to ensure that all its programs were related to carefully formulated policy, reacting strongly to claims that its actions were no better than ad hoc responses to individual proposals, so that it was imperative that an inner city program be developed, if only to provide post hoc rationalisation for the individual projects in which the commonwealth was already involved." (p. 186).

This dilemma is inherent in the nature of public policy-making but DURD's pre-occupation with it is based on the assumption that it is capable of being resolved in some complete sense. It also suggests the political naivety of DURD in devoting much energy to policy.

13 *ibid*, p. 157-158.

14 *ibid*, p. 157.

15 *ibid*, pp. 24, 28.

the limitations on their freedom which planning and coordination implied. Coordination was always for everyone else."<sup>16</sup>

It followed that :

"DURD appeared naive as it argued a case for the 'rational' allocation of resources, often seemingly unaware of the realities of bureaucratic politics, but it had no other option."<sup>17</sup>

I believe that it did have another option, in the development of its programs. It is a continuing paradox in Lloyd and Troy's analysis that DURD, supposedly established to serve the interests of the working class by redressing urban deprivation, continually attempts to stand above class-conflict with universal notions of rational coordination.

Lloyd and Troy outline, in the most coherent summary of DURD's role in their book, exactly this 'welfare' role :

"DURD saw itself as a welfare department because of its involvement with the indirect income transfers produced by the maldistribution of employment opportunities and by the location aspects of social and economic activities. It wanted to identify inequalities which derived from lack of community facilities. . . . DURD's welfare role was predicated on the assumption *that a redistribution of incomes would not of itself produce, through the market mechanism, a socially desirable increase in welfare.* Accordingly it argued for a high degree of government intervention to ameliorate the worst features of the market system. . . . Although (DURD) favoured an *active approach* to the pursuit of social goals (it) argued that many of them could be achieved *by carefully and openly setting the parameters within which markets operated rather than by the creation of large government bureaucracies producing the goods and services.*"<sup>18</sup>

Thus Lloyd and Troy depict DURD as finding a third way between the Henderson 'guaranteed minimum income' concept and the 'nationalisation' objective, two other bases for social democratic reform. They are critical of both because each has certain drawbacks - the Henderson proposals because they rely too much on private markets and the nationalisation objective because it raises the spectre of undemocratic bureaucracy. But, in effect, Lloyd and Troy's social democratic program relies for its achievement on both private markets and public bureaucracy. It is not clear which problems are most amenable to which treatment. And, by trying to steer a middle course, Lloyd and Troy have tended to ignore the connections between public policy

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16 *ibid*, p. 259.

17 *ibid*, p. 259.

18 *ibid*, pp. 260-261 (my additions and emphasis)

and private markets that underlie the two other more 'pure' approaches to social democratic reform. Whereas both the Henderson proposals and the 'nationalisation' objective recognise a fundamental, if different connection between reform's need for control over state resources and the reality of private markets, Lloyd and Troy leave us wondering about this connection.

They put no clear argument about the source of state power to achieve their objectives. Their notion of 'power' wanders between an 'idealist' rational, public coordination and materialist, 'service' programs. Which is more important? Does coordination and setting of market parameters depend upon control of state resources for its success or does it not? Lloyd and Troy give no real answers to these questions. In fact the DURD experience suggests that coordination was a legitimating ideology which depended for its success on 'material' power - that is, control over the allocation of state resources. It seems that the closer Lloyd and Troy get to this point, the less willing they are to jettison the concern for an independent rationality. In other words, the teleology of some universal rationality displaces the view that any teleology must be based in some material or sociological reality.

This unwillingness to follow the logic of their argument through is illustrated in the final pages of the book :

"For all of DURD's preoccupation with abstract issues such as 'better resource allocation', 'coordination', and so on, the range of programs probably did more to establish its position in the bureaucracy and its influence on the states than any other factor. . . . DURD underestimated the potential of its programs to help develop the power necessary to achieve its wider ambitions. . . . What seems clear is that there is no single more rational basis for (resource allocation) decisions. There is no utopia but nor is there any reason to argue that we cannot develop more rational bases for resource allocation decisions."<sup>19</sup>

So, it is belatedly recognised that objectives depend, for their success, on a 'material vehicle'. A sociological understanding is starting to emerge. But the argument has still not resolved the tension between controlled programs and impartial resource allocation. While Lloyd and Troy see 'no single more rational basis' for resource allocation they still want to argue for it independently, it seems, of any social context. If

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19 *ibid*, pp. 264-265 (my additions)

they mean by 'more rational bases' in the last sentence of the above quotation, 'in the interests of deprived social groups' they should say so. This is why I think their analysis does not transcend Whitlam and Uren's rhetoric or DURD's problems and shortcomings, even if it does begin to hint at the connection between material power and ideology. Their analysis consists of a discussion of the problems faced - largely bureaucratic problems for Lloyd and Troy - and a rather bland account of the money spent on each program. It is assumed that Whitlam and Uren's objectives were politically and technically sensible. However, as we have seen, they themselves recognise that the detailed support for and ultimate realism of those aims in practice was underdeveloped. Further, there is no detailed analysis to support their 'impression that the programs were beneficial and were seen in the States as worthwhile.'<sup>20</sup> Weakly, they suggest that there was a lack of adequate means to measure the impact of the programs.<sup>21</sup> There is nothing in *Innovation and Reaction* which enables us to assess the policies and programs, and their effects, in material and class terms. The issue is side-stepped.

The book's emphasis throughout is on public as against private causation of the quality, quantity and distribution of 'urban' services. The hope that coordination could ultimately reduce the need for public subsidy distracts attention from DURD's social impact. It undermines the continuing need for a redistributive role of the state in a mixed economy. And it deflects our attention from the essential reason for Fraser's reaction to DURD - that the department was a main front for the redistributive purpose of the Whitlam government.

Lloyd and Troy conclude by arguing that the 'strongest impression' to emerge from their account is :

". . . that reforming governments must be clearer about the constraints they face in implementing their policies and they must be more determined to overcome them. . . . with a clearer understanding and greater resolve, reforming governments are more likely to be able to identify the limits of general social reform and to respond accordingly."<sup>22</sup>

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20 *ibid*, p. 264.

21 *ibid*, pp. 170, 184.

22 *ibid*, pp. 266-267.

However, clarity and consistency is also required about what is being attempted. Lloyd and Troy's account of DURD suggests that it lacked that clarity. Bureaucratic 'reaction' is a problem but it is overemphasised, while the technical and political limits to general social reform are under-emphasised. The inherent good sense of DURD's mission is assumed rather than coherently justified and analysed.

So, while *Innovation and Reaction* may set the record straight<sup>23</sup>, the impression one gains about DURD is confused and superficial. McConville's review of the book sums up the problem thus :

"DURD, as presented in (*Innovation and Reaction*) existed . . . through programmes with no material consequences. The department may have done little to redress spatial inequality. But at least its aims, its actions and its impact required more serious attention. . . . a study of innovative urban policy has taken second place in this book to an account of bureaucratic reaction to a new department."<sup>24</sup>

The social significance and consequences of DURD's policies and programs require comprehensive and theoretically sensitive investigation in order to redress this balance.

## 1.2. DURD as an embryonic socialist alternative

Lloyd and Troy argue that "it would be a mistake to draw sweeping conclusions from the three year administrative history of DURD."<sup>25</sup> They refer specifically here to those critics who argue that DURD's emphasis on coordinated decision making, as distinct from its programs, was misguided and set impossible goals. But several writers have suggested that the DURD experiment can be placed in a broader political, sociological and economic context than Lloyd and Troy have attempted.

Some have asked the question :

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23 M.I. Logan, Review of Lloyd and Troy's 'Innovation and Reaction', *Australian Geographer*, 15 (1982), p. 250 ; M.I. Logan, 'Equity in the city', *Australian Book Review*, 42 (1982), pp. 31-32.

24 C. McConville, 'Problems in Managing Urban Society', *Arena*, 62 (1983), pp. 118.

25 Lloyd and Troy, 1981, *op.cit.*, p. 265.

"Are these one-shot experiments (like DURD) born of political chance or whim, or do they presage more permanent institutional developments?"<sup>26</sup>

Some have answered that yes DURD does presage more permanent social change but it is an open question as to whose interests these changes serve. They argue, sometimes only tentatively, that DURD represents one embryonic example of the means by which, in the interests of the labour movement and lower income groups, permanent, structural changes may be made to Australian capitalist society.<sup>27</sup>

Szelenyi argues that DURD represented a rather underdeveloped 'state mode of production.' What does he mean by this idea? Perhaps this is best answered in the context of his typology of state interventionism in capitalist society. He justifies the need for this typology in the following terms :

" 'State interventionism' is a rather vague and analytically not very useful concept. Since the emergence of 'civil society' (the existence of civil society is the analytical precondition for conceptualizing the 'State' as a separate identity from 'society' or 'economy') the State always 'intervened' in one way or another. Therefore the theoretically relevant question is to attempt to develop a typology of the qualitatively different involvement of the state in the economy".<sup>28</sup>

Szelenyi distinguishes three periods of state interventionism in capitalist society, the liberal period, the labourite period and the eurocommunist period. Very summarily, the era preceding the Great Depression was the 'liberal period' in which the state umpired the free game of laissez-faire capitalism but basically left ". . . both production and distribution on their own, in self-regulating mechanisms."<sup>29</sup> Szelenyi reminds us that this is an extremely simplified description.

The labourite or social democratic period of state interventionism, in which the New Deal was the first historical act, involved the creation of the welfare state we know today. This involved :

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26 P. Self, 'Preface', in C.J. Lloyd and P.N. Troy, 1981, *op.cit.*, p. xii (my additions).

27 R.W. Connell, *Socialism and Labor : An Australian Strategy*, Sydney, Labor Praxis Publications, 1978 ; I. Szelenyi, 'Prospects and limits of power of intellectuals under market capitalism', unpublished manuscript, Flinders University of South Australia, 1980.

28 I. Szelenyi, 'The relative autonomy of the State or state mode of production?', in M. Dear and A.J. Scott (editor), *Urbanization and urban planning in capitalist society*, London, Methuen, 1981, pp. 575-576.

29 *ibid*, p. 576.

"... the nation state redistributed an ever-increasing proportion of real incomes through the federal budget... legitimated... with the values of 'social justice' and 'equality'."<sup>30</sup>

Both social-democratic and conservative parties introduced these new institutions of state intervention. This type of intervention "... in *its logic* is limited to the sphere of distribution." Even though the welfare state does perform certain 'productive functions' it "... does not overrule in any sense the logic of the capitalist reproduction process." And, the continuing existence of poverty documented by social researchers in the 1960's suggests that "... the share of labour and capital from the national income was not altered in the interest of labour in any way." Social democratic parties in power could no longer be regarded as workers' parties. Their political base was drawn more and more from "... those who had an immediate vested interest in social-democratic state interventionism" - the 'new petty bourgeoisie' and the state bureaucracy.<sup>31</sup>

The eurocommunist period of state interventionism is conceptualised as :

"... a socio-economic formation that is still dominated by the capitalist mode of production (already in decline) at the same time as a new, state mode of production is emerging."<sup>32</sup>

The eurocommunists :

"... are not prepared any more to limit the power of the state to the redistribution of real income, which is generated and defined in a price-regulating market, but they want to intervene directly into the production process."

They aim to do this without large-scale nationalisation, but by extending :

"... state power beyond the distribution of real income towards the redistribution of surplus which can be used for extended reproduction."<sup>33</sup>

Szelenyi sees the eurocommunist strategy, his own state mode of production argument and the strategies of left-wing social democrats in Britain, West Germany and Australia as broadly similar. The state mode of production can coexist with capitalism so as to maintain the political and cultural institutions of civil society - it is not state socialism.<sup>34</sup> The state mode of production :

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30 *ibid*, p. 576.

31 *ibid*, pp. 577-578 (emphasis in the original).

32 *ibid*, p. 576.

33 *ibid*, p. 580.

34 *ibid*, pp. 581-582.



"... does not promise ... the radical emancipation of the working class and it is pregnant from the time of its conception with antagonisms."<sup>35</sup>

Szelenyi offers no opinion whether the state mode of production should come, only that it is an 'objective possibility.' If it does emerge, it will present new challenges to both capital and labour.<sup>36</sup>

How does this relate to DURD? If my reading of Szelenyi is correct, the advocates of the 'guaranteed minimum income' idea, the advocates of technocratic labourism and the advocates of nationalisation respectively correspond to what Szelenyi means by the 'labourite' strategy confined to distribution, the 'state mode of production' involving intervention in both distribution and certain spheres of production<sup>37</sup>, and state socialism where productive enterprise is in state ownership. In an important sense then, technocratic labourism is not strictly a corporatist strategy confined to increasing state control over distribution and production. It involves state ownership in certain areas. In this context, Hawke's corporatism is 'centre-right' whereas technocratic laborism is 'centre-left'. In terms of levels of public expenditure these labels would also apply.

Connell's arguments about DURD sit within the general debate on the transition from capitalism to socialism, and the search for ways to facilitate this transition. The essential question is defined by Connell thus :

"It is a matter of which reforms, in a given time and place, allow capitalism to reproduce itself, and which block it and start a new chain of events."

Connell draws on Gorz's notion of 'revolutionary reforms' to make this distinction :

"It means reforms that do not stabilize the system, that cannot be contained within its logic, and which therefore continue to set up pressure for change in society."

And Connell suggests that even though none of the Whitlam reforms completely had this character,

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35 *ibid*, pp. 566, 582.

36 *ibid*, p. 582.

37 In DURD's case, state ownership of land for urban expansion and growth centres.

"... some, such as (DURD's) attempt to bring urban development under public control, had the potential to develop this way if there were sufficient public pressure behind them."<sup>38</sup>

Connell's reference to 'sufficient public pressure' raises the issue of the relationship between democracy and reform. In my view, this is the thorny problem in the transition debate. It seems that while socialists want to achieve reform by democratic means, there may be a fundamental connection between democracy and support for capitalist institutions. Neither Connell nor Szelenyi really face this issue.

Szelenyi's and Connell's analyses encourage us to study the effects of DURD's policies and programs in order to judge how appropriate they were as a strategy of transition from labourite intervention, confined to the sphere of distribution, to the 'state mode of production'. This is necessary because, even though Szelenyi argues that the consequences of this transition are open, he does suggest that antagonisms exist within it : the electoral failure of DURD's program may have been the result of its undermining the interests of both capital and labour.<sup>39</sup> This suggests that technocratic labourism made too many economic mistakes.

One of the less conspiratorial explanations of the failure of the Whitlam government is that, even though its reforms were progressive and necessary, they were based on understanding which ignored the broader operations of the capitalist economy. In particular, the inflationary consequences of its increase in public expenditure undermined wages and profits in the private economy, which in turn, undermined the whole rationale of the technocratic program.

Some argue that this was a consequence of unforeseen and unforeseeable changes in economic conditions of the mid 1970s. This was true. But with quicker and better economic understanding, reformers might have adapted their reform programs to the new conditions. In my view, the Whitlam Government's 'technocratic' vision foreclosed this flexibility.

Therefore, the question to arise from Connell's argument is - what if 'revolutionary reforms' have detrimental effects which begin to undermine the initial

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38 Connell, *op.cit.*, p. 12.

39 Szelenyi, 1981, *op.cit.*, p. 579.

intent of the reform? Even 'revolutionary' reform must succeed within a continuing capitalist system. It must both reproduce capitalism and attempt to change existing social structures in the interests of deprived groups. These two things need not be incompatible. They need only seem contradictory to those who see capitalism as a 'pure', unimprovable system which is inherently crisis-ridden, a view which underrates the complexity of social reality. Nevertheless, reform has to simplify in order to act - it's just that its simplifications must be the 'right' ones and always have an eye to social change and process. It could be argued that Whitlam's 'technocratic' vision and DURD made the wrong simplifications. They did too little to accommodate their public initiatives to the private capitalist processes they wanted to change. And they pinned their hopes to the panacea of some universalist coordination in the public realm, rather than direct action for particular social interests. And they did not notice or adapt to complex processes of social and economic change. This, of course, has implications for Szelenyi's and Connell's views just as much as it does for an assessment of DURD. The following chapters on DURD's actual successes and failures will aim to flesh out some of these implications.

### 1.3. DURD and the geographers

The recent work of Australian geographers includes many references to the DURD experiment. The reason for this is that DURD's policies and programs had a specific spatial or geographic focus and therefore offered interesting opportunities, both political and analytical, to geographers.<sup>40</sup>

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40 M.I. Logan, J.S. Whitelaw and J. McKay, *Urbanization : The Australian Experience*, Melbourne, Shillington House, 1981 ; C. Maher, *Australian Cities in Transition*, Melbourne, Shillington House, 1982 ; R.J. Stimson, *The Australian City : A Welfare Geography*, Melbourne, Longman Cheshire, 1982.

Logan was a consultant to DURD on questions of regional policy and national urban strategy. Alone and with collaborators he has also published several other accounts of DURD's policies and programs. See M.I. Logan and D. Wilmoth, 'Australian Initiatives in Urban and Regional Development', *International Institute for Applied Systems Analysis Research Report*, Austria, July 1975 ; M.I. Logan, C.A. Maher, J. McKay and J.S. Humphries, *Urban and Regional Australia : analysis and policy issues*, Melbourne, Sorrett Publishing, 1975 ; M.I. Logan, 'A geographical perspective on urban and regional policies in Australia', *Australian Geographical Studies*, 14 (1976), pp. 3-14.

Some argue that DURD's programs were, on balance, very successful.<sup>41</sup> They defend the idea that 'national economic policy and urban and regional policy go hand-in-hand'. There are compelling reasons :

". . . for tackling unemployment and welfare problems on a local community basis, and for spelling out the regional impact of such macro-economic policies as immigration, tariff protection and foreign investment."<sup>42</sup>

While economic issues are likely to dominate the urban policy debate in the 1980's,

". . . the long term goal must remain one of changing the nature of the decision-making process, an exercise which involves some redistribution of power. There is a need to establish a new democratic approach to public decision-making, involving a rekindling of community political initiative and greater regional control of economic resources."<sup>43</sup>

Others emphasize the regressive redistributive consequences of current changes to the spatial patterns of Australia's cities, the need for a positive federal role in urban policy to minimise the unintended spatial impacts of national decisions, and the need to relate social and urban policies. The social and redistributive consequences of urban planning and the actions of functionally independent authorities need to be monitored in some overall integrated way.<sup>44</sup>

They conclude that :

"Australian cities of the future will be more a product of the private sector with its attendant dislocations and inequities for those unable to compete. . . to talk of urban problems, processes or policies is to miss their essential link with the structure of social, political and economic organization. At the same time, there is clearly a spatial component to the effect of these structural factors - a component which has a differential impact between and within metropolitan areas in Australia."<sup>45</sup>

Some place DURD's programs in the general context of the Whitlam program, the Fraser backlash and both of these in the context of public expenditures at the federal level. They argue that DURD's policies and programs have received just criticism. In particular, the growth centre policy was 'basically ill-founded' and

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41 Logan, Whitelaw and McKay, *op.cit.*, p. 111.

42 *ibid*, pp. 112-113.

43 *ibid*, p. 113.

44 Maher, *op.cit.*, pp. 115-120.

45 *ibid*, pp. 121, 124.

'disastrously implemented'.<sup>46</sup> The Australian Assistance Plan comes in for similar criticism.

But Stimson does not agree with the neo-conservative view that the basic thrust of Whitlam's increase in public expenditure on social programs was wrong. Rather, he suggests that Fraser's inability to cut back levels of expenditure, and the regressive distributive consequences of Fraser's policy changes, indicate that there is room for progressive change in the future.<sup>47</sup> Even though there are limits to redistribution, there is a strong case for a spatial basis to redistribution and welfare policy.<sup>48</sup>

The common assumption of all of this work is, naturally enough, that federal government should be concerned with spatial consequences of policy. But exactly how, in the light of the DURD experience, a future federal government might translate its concern into workable and effective programs, and how the spatial purposes of such programs might relate to their other social and economic purposes, is not specified.

This is not to deny the need for some spatial 'awareness' in policy making. But the awareness needs to be more than geographical. Spatial concerns need to be clearly related, in practical, workable ways, to social concerns for equity, redistribution, democracy and community. Space is also a sociological notion but it needs to be consciously seen as such. I do not think this argument is a mere terminological one. If there is a gap in the geographers' connection of space to social justice, it represents in an important way a similar gap, or confusion, in DURD's reasoning. It may even help explain DURD's failure. Space was the basis for DURD's theory of alternative. But the theory was defective in its non-spatial - its economic and political - understanding. And DURD's strategy was further undermined by the unworked out and speculative nature of its spatial framework.<sup>49</sup>

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46 Stimson, *op.cit.*, p. 283.

47 *ibid.*, pp. 283-284.

48 *ibid.*, p. 288.

49 For an argument that urban policy should be more effectively integrated with broader social and economic concerns see E. Jones and F. Stilwell, 'When is an urban problem not an urban

How this relates to 'technocratic laborism' is a complex question. But Whitlam's focus on public causation, urban infrastructural deprivation, spatial inequality, regional solutions and cooperative federalism are all inextricably connected. These may seem obvious connections but, in my view, a careful and conscious investigation of their relationship is lacking in the DURD literature. It needs to be undertaken.

## 2. THE LEFT CRITIQUE

### 2.1. DURD as the doomed socialist challenge

Leonie Sandercock's work contains one of the few attempts to address the theoretical issues involved in DURD's reforms. There are two interesting progressions in her work. They are not unrelated. The first is from an enthusiastic advocacy of DURD's policies and programs without much concern for theory to a more reflective, theoretically informed and critical account of the dilemmas facing federal urban reform in Australia. Secondly, to the extent that Sandercock is concerned with theory, her analyses shift from a broadly Weberian position stressing the importance of reform in the realm of 'distribution' (against the marxist insistence on the determinant nature of 'production' and the palliative nature of reforms in the sphere of 'distribution') to a broadly Marxist position that takes as its point of departure a lot of the marxist polemic earlier criticised. These are by no means straight forward transitions and I will attempt to show that Sandercock is somewhat inconsistent, particularly in her treatment of the marxists. These changes are important because they raise many questions about the efficacy of radical reform in a capitalist society, an issue central to an analysis of DURD.

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problem?', in P. Williams (editor), *Social process and the city*, Sydney, Allen and Unwin, 1983, pp. 26-27. Nevertheless, Jones and Stilwell are positive about the DURD reforms. They see them as complementary to the Whitlam program. In this, I think they ride over the point that urban policies and programs formed one of the central cornerstones of the Whitlam reforms and that the urban emphasis tended to dominate other, broader economic, social and political considerations.

These progressions are partly accounted for by the fact that Sandercock's early work<sup>50</sup> was written during the euphoric Whitlam era in a situation where the writer was very close to the DURD initiatives whereas the later work<sup>51</sup> were written in the more sober post-Whitlam period after critical reflection on the causes of that government's downfall.

Sandercock's support for federally sponsored urban reform is inseparable from the central argument of *Cities for Sale* - that urban planning has failed in twentieth century Australia because the state planning agencies had inadequate ideas and inadequate political support. The lack of political support is due to the power of property interests in Australian democracy.<sup>52</sup>

It is also inseparable from her explicit support for redistributive social justice and the existence of DURD as a reformist federal department concerned with urban issues. In Sandercock's view, 'a conscious overall strategy of redistributive social justice' would depend on control over land - 'the fundamental resource' - and would replace the :

". . . private initiation of development . . . by positive planning which allocate(s) land to uses according to social need and economic efficiency rather than to maximize individual profits."<sup>53</sup>

DURD's reforms directly tackled the land issue by sponsoring the establishment of land commissions whereby land on the urban fringe of the major cities was brought into public ownership for a period prior to urban development.<sup>54</sup> DURD advocated but was never able to implement Sandercock's broad, all-encompassing notion of planning. Nevertheless it did distribute federal resources in radically new ways and attempted to influence, with regard to their social and economic consequences, some private and public locational decisions.

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50 L. Sandercock, *Cities for Sale*, Melbourne, Melbourne University Press, 1975.

51 L. Sandercock, 'A Socialist City in a Capitalist Society? Property Ownership and Urban Reform in Australia', *Journal of Australian Political Economy*, 3 (1978), pp. 66-79 ; L. Sandercock, 'Urban policy', in A. Patience and B. Head (editors), *From Whitlam to Fraser*, Melbourne, Oxford University Press, 1979a ; L. Sandercock, *The Land Racket : The real costs of property speculation*, Canberra, Silverfish Books, 1979b.

52 Sandercock, 1975, *op.cit.*, pp. 215-216.

53 *ibid*, p. 218.

54 *ibid*, p. 217.

Is there anything intrinsically 'federal' about these reforms? Yes, I think there is. The failure of urban planning at the state level prompted reformers, naturally enough, to look to federal power, both political and financial.<sup>55</sup> Many factors coincided to produce this federal push. The influence of Neutze's *Economic Policy and the Size of Cities*, Stretton's *Ideas for Australian Cities*, the work of Neutze's associates in the Urban Research Unit at Australian National University, the research sponsored by the Australian Institute of Urban Studies, and the interest of Whitlam and Uren in urban issues during the late 1960s and early 1970s were the most important of these factors. Sandercock's support of federal involvement in urban affairs through DURD should be seen in this light.

The reasons for Sandercock's strong reaction to the marxist critique of the Whitlam Government's reforms is therefore obvious. The marxists were attacking reform that had the potential to achieve real progress. The reforms were sincerely intended whereas the marxists offered nothing but negative criticism. The marxist argument was that Whitlam and DURD had redefined the problem of inequality from a basis in the ownership of the means of production to a basis in location. Sandercock's reaction was that while :

"This criticism may be true . . . it is not particularly useful since it merely states the obvious, that the Labor Party is not a socialist party but a social democratic one and as such chooses to tackle the consequences of the capitalist economy (like locational inequality) rather than to dismantle that economy."<sup>56</sup>

The theoretical basis of Sandercock's conclusion to *Cities for Sale* is Weberian. The focus is on reform in the realm of distribution. This, in turn, is

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55 Many of DURD's critics tend to deny a dynamic, interactive notion of Australian federalism in which social forces can express themselves to achieve reform in many ways. For example, Andrew Parkin, in his *Governing the Cities*, argues against direct federal involvement in urban reform on the grounds that the State level is the most appropriate and even 'natural' place for urban policy making. It is strange that Parkin, whose whole analysis is based upon a critique of the 'localism' of American federalism as somehow 'natural' or universally applicable, should come so close to elevating the State level in Australian federalism to the same 'natural' status, at least for the purposes of urban administration. In this sense, the hindsight which Parkin and others (e.g. Michael Jones in his 'Australian Urban Policy' essay) apply to DURD is one that is blind to historical process. This is not to say that DURD could not have done it better but these critics think the whole exercise was flawed on the basis of a fairly simplistic and static idea of the structure of Australian federalism.

56 Sandercock, 1975, *op.cit.*, pp. 219-220.



underpinned by a definition of 'real income' as command over resources which includes things like locational accessibility.<sup>57</sup> The problems of 'actually existing socialist'<sup>58</sup> societies are highlighted to suggest that elimination of private ownership does not necessarily reduce social problems and inequalities.<sup>59</sup> Sandercock is unsympathetic to criticism based on grand schemes that assume capitalism is about to collapse. She argues for incremental reform based on detailed fact-finding and rigorous argument on particular issues. She is optimistic about the likely success of a policy of redistributive social justice.<sup>60</sup>

Yet, in spite of all this, there is a nagging contradiction in Sandercock's analysis in *Cities for Sale*. She argues against the marxists on the basis that the Whitlam program was :

". . . in response to the preferences of the majority of Australian workers who want more say in and more of the benefits of the present system rather than its replacement by any socialist state."<sup>61</sup>

At the same time she complains that the same popular toleration of capitalism extends, at state level, to permitting capitalist corruption and manipulation<sup>62</sup>, and has frustrated all state attempts to introduce effective urban planning.

This contradiction can be taken in two directions. A conservative direction would agree with Sandercock's assessment of general support for the capitalist system and argue that the Whitlam reforms challenged that support too fundamentally (and also

57 Sandercock expresses this emphasis in this way : "If we define 'real income' as command over resources, it is clear that real income is a function of locational accessibility - how close you live to employment opportunities, schools, beaches, welfare services. Access to these can only be obtained at a cost - the cost of overcoming distance, using time, or of buying housing in accessible locations. As the spatial form of the city is changed . . . so also is the cost of access to different things for a household at a given location and hence both the distribution of real income and property values in different locations. Some services are located by public action . . . , others by private enterprise. . . . No matter who the decision-maker, the very act of locational choice has distributional significance, and since the location of public services could be an important means of income distribution in our economy, more attention ought to be paid to the policies that govern decisions about the location of jobs, services and amenities." *ibid*, pp. 2-3.

58 Ivan Szelenyi's phrase.

59 Sandercock, 1975, *op.cit.*, p. 225.

60 *ibid*, pp. 230-231.

61 *ibid*, p. 220.

62 "There is no doubt that much of what has occurred in the last thirty years has been the result of capitalist manipulation and corruption. But it would have been impossible if the general political climate had been adverse to such happenings, if the majority of Australians had not wanted precisely the sorts of the things they thought a capitalist economy could deliver for them." *ibid*, p. 226.

incoherently) and therefore failed. The other, more radical view would be that these reforms were theoretically and politically naive and that a rigorous understanding of their inadequacies would lead either to an analysis stressing the futility of reform in capitalist society or to reforms directed at the fundamental causes of urban problems.

Sandercock chooses the more radical direction. Optimism about urban reform in *Cities for Sale* gives way in her later work to a more pessimistic, marxist structuralist account of DURD's problems. But she continues to hope, in the long-term, for radical intervention in the sphere of production.<sup>63</sup>

The later work offers a radically different assessment of urban reform and urban ideology from that contained in *Cities for Sale*. In this work, Sandercock is concerned with the general backlash against DURD after 1975. She focuses in particular on the land commission program. The analysis explicitly recognises that DURD was not only concerned with redistributive policies but also with intervention in the sphere of production, if only within the finance capital sector.

Sandercock now questions, as possibly contradictory,

". . . the assumption that there is a solution to urban problems . . . separate from any solution of the broader problems of the capitalist society that contains them."<sup>64</sup>

The earlier theoretical focus on urban policy as essentially redistributive is now seen as superficial, unrelated to structural causes. The

". . . philosophy of locational inequality . . . was very much a *description* of symptoms rather than an analysis of the causes of urban problems."<sup>65</sup>

As to those causes,

"the city is, in the first place, a pool of labour - a relatively self-contained area where a whole community enters into common *production* and consumption processes on a daily basis. This *production* is the first key process in the development of urban areas. The second, the competition for space and location, the competition in the land market, is a reflection of the competition between firms and other agencies in the economy with limited resources. Channelling these forces of competition and coping with their effects is the essence of the urban planning problem."<sup>66</sup>

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63 Sandercock, 1978, *op.cit.* ; Sandercock, 1979b, *op.cit.*

64 Sandercock, 1978, *op.cit.*, p. 66.

65 *ibid*, p. 66 (emphasis in the original).

66 *ibid*, pp. 66-67 (emphasis in the original).

Urban policy is, in the main, confined to processes of consumption and distribution of wealth produced in the capitalist production process. Sandercock is here theoretically close to the marxists she earlier criticised. She had supported Whitlam's palliative urban program because it needed to be democratically responsive and accountable ; the same program is now questioned because of a mainly-marxist expectation that capitalist forces will defeat it.<sup>67</sup>

Sandercock's analysis of DURD's problems goes beyond an assessment of the political opposition by conservative state governments and property interests or 'beyond the level of opportunism' to an analysis of the three structural requirements upon which the success of DURD's programs rested :

". . . coordination of all public sector activities affecting urban development ; a hugh expansion of government spending ; and some overall control of private sector investment and location decision."

She argues that the problem of public sector coordination, both within the federal bureaucracy and between Federal and State governments is difficult but not insoluble whereas the latter two requirements are more intractable. Indeed, they are seen as long-term contradictions.<sup>68</sup>

The issue of the expansion of government spending is related to the 'fiscal crisis of the state'. This places the conservative reaction against the Whitlam Government in the context of a theory which suggests that the capitalist state is increasingly unable to cope with the structural demands placed upon it - specifically to subsidize and protect the accumulation process - by way of infrastructure - and to absorb the social costs of the same process - by way of the policies of the welfare state.

"It seems that in the advanced capitalist economies there is a limit or barrier to the growth of the state if the market economy is to be preserved in its present form."<sup>69</sup>

Politically, the 'size' of the state and the finance of public spending become important. The answer on the left is to increase taxation or expand public ownership of productive enterprises to finance the increased spending. This is Catley's conclusion in

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67 *ibid*, p. 67.

68 *ibid*, pp. 67-68.

69 *ibid*, p. 69.

his assessment of the Whitlam years.<sup>70</sup> Sandercock is critical of his assessment because of 'the political problems posed by the fiscal crisis of the state' - that is, the problem of expanding state intervention in a capitalist society by democratic means.<sup>71</sup> Nevertheless and somewhat contradictorily, it is a view she supports and develops in later work.<sup>72</sup>

The other intractable problem relates to public control over private investment and location decisions. DURD never had control over these decisions because of the power of finance capital in Australian economic life. Without this control, it ". . . had no control over the big issues like city size, land prices, growth centre strategy and the journey to work."<sup>73</sup>

Nevertheless, the conflict within the capital accumulation process between finance and industrial capital may give 'room for reformist manoeuvre' to socialise land in capitalist society at least in the medium term. This conflict concerns the inflationary consequences of finance capital's speculative activity in the urban land market and its impact on the cost of land as an input into industrial production. But Sandercock is critical of the Land Commission program, as it was implemented, for not going far enough. It had no substantial impact on the land market nor therefore on the profitability of property ownership for finance capital. Further, it is critically noted that the program provided the basic land resource cheaply to industrial capital and may well have been to its advantage. Sandercock concludes that potential for reform

". . . will depend not so much on efforts at land reform by departments like DURD but rather on the ongoing effects of the contradictions of private ownership. . ."<sup>74</sup>

This is a curiously deterministic argument which ignores the existence of the state as an agent of reform. Political 'agency' gives way here to pessimism about land reform on the basis of structural limits imposed by the 'needs' of capital.

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70 R. Catley, *Socialism and Reform in Contemporary Australia*, in E.L. Wheelwright and K. Buckley (editors), *Essays in the Political Economy of Australian Capitalism : Volume 2*, Sydney, ANZ Book Co., 1978, p. 57.

71 Sandercock, 1978, *op.cit.*, p. 69.

72 Sandercock, 1979b, *op.cit.*, pp. 93, 96-97.

73 Sandercock, 1978, *op.cit.*, p. 69.

74 *ibid*, pp. 74-75.

In later work, Sandercock attempts to reconcile the early enthusiasm with the later pessimism about DURD's reforms, or to reinsert some political 'agency' back into an analysis of DURD.<sup>75</sup> Most of the argument of 'A Socialist City in A Capitalist Society?' is repeated but is taken further to address the issue of what a reformist urban strategy might consist of in the 1980s. In general, it sees more hope for reform.

An analysis comparing the South Australian and Victorian experience with land reform<sup>76</sup> leads Sandercock to the revised conclusion that ". . . the very establishment of a land commission program is a victory for industrial capital" and undermines finance capital.<sup>77</sup> The earlier doubts about the success of the Land Commission program have been dismissed.<sup>78</sup> Sandercock advocates an expanded role for land commissions in future social democratic regimes.

Sandercock's revised attitude to the 'fiscal crisis of the state' also allows renewed hopes for reform. The political problems posed by the fiscal crisis of the state - that is, the problems of expanding state intervention by democratic means - were earlier said to undermine Catley's assessment that reformist policies require public control of production. Sandercock now argues however, that the 'message of doom' of the theories of fiscal crisis implies 'a static political situation'. She accepts Catley's conclusion. The Labor Party should respond radically to the fiscal problem by expanding 'democratic public ownership of the means of production' specifically to nationalise key productive enterprises.<sup>79</sup> The problem of democratic support for this program is not addressed.

These two elements constitute Sandercock's recommended strategy for addressing Australian urban problems in the 1980s - an expanded role for public land dealers to produce new residential allotments on the fringe of the large cities and to

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75 In particular, Sandercock, 1979b, *op.cit.*, pp. 78-96.

76 *ibid*, pp. 64-77.

77 *ibid*, pp. 91-92.

78 This could be the result of the influence of Hugh Stretton and Pat Troy on the analysis contained in *The Land Racket*. The help of both is acknowledged in the book (p. 109). The former's critique of structuralist thought as 'value' ignorant and sterile is well known. The latter is a strong supporter of the land commission program.

79 Sandercock, 1979b, *op.cit.*, p. 93.

acquire property in established urban areas for low income housing and other public purposes, and the nationalisation of key productive enterprises to finance a more general program of redistributive reform.

Sandercock is therefore not far removed from the marxist critique of the Whitlam Government against which she strongly reacted in *Cities for Sale*. It is disappointing that in this later work Sandercock did not address the 'nagging' contradiction I referred to earlier - the issue of the relationship between democracy and urban reform.<sup>80</sup> If this dilemma had been more centrally addressed, the analysis of DURD's policies and programs may have taken a different form and be more balanced as a result. An assessment of the political inadequacies of its reforms as one source of its downfall may have been included as well as arguments about the external, structuralist constraints. For if, as Sandercock suggests, the state does have some autonomy, DURD's problems may have been just as much its own product based on its own lack of understanding, as the consequence of broader social forces.

But the problems are more serious than this. In my view, the flaw in Sandercock's argument is that she advocates socialist change to Australian capitalist social structure by democratic means while recognising that democracy in Australia is inseparable from support for capitalist institutions. I do not wish to suggest that marxist theoretical understanding is incompatible with reformist progress ; only that the focus on the former has tended to lead discussion away from the detailed practical problems of the latter. In the case of DURD, structural or conspiratorial understandings of the

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80 The only place where Sandercock focuses directly on this issue is in the last pages of *The Land Racket*. There she argues the need for an education program to highlight the essential difference between 'domestic' property ownership and 'speculative' property ownership. Whereas the former "... does not give ... the opportunity to profit and to exploit others", the latter does give that opportunity. (*ibid*, p. 94) Unfortunately, this argument is confused and complicated by another argument - that it is misleading to assume "... that all home owners have a vested interest in increasing property values" because these gains can never be realised in a generally inflating market due to the need to spend them on alternative accommodation. (*ibid*, p. 94) The important counter to this argument is that capital accumulation does occur through home ownership. Some argue that this has been an important force for equality in the capitalist democracies and should be supported by the left for that reason (Stretton). While exploitation may occur through both 'domestic' and 'speculative' ownership, the former is less serious.

opposition to reform have sidetracked the debate from the detailed shortcomings of the reforms attempted by DURD.

The three criteria Sandercock uses to assess DURD are never really criticised on the basis of their impossibility in a capitalist democracy but are treated as if they were structural obstacles which, at least in theory, are capable of being overcome. This is the essential problem with her argument. It needs to be addressed by further analysis which develops the relationship between Australian capitalist democracy and public policy and expenditure.

Sandercock has addressed these problems in later work. She now recognises that the tension between democracy and capitalism is immutable and that the task of pushing in new progressive directions involves a complicated reconciliation of the principles implicit in the tension. In this, she has much in common with the resurgent 'communitarian' analysis within social and political theory.<sup>81</sup>

## 2.2. DURD as reproducing capitalism

Even though I see Sandercock's later work on DURD as marxist in the sense that it focuses on the external limits imposed by capital on state reform it does see some room for fundamental reform. The state is acknowledged to have some autonomy. Another marxist view of the DURD experience is contained in Wilmoth's unpublished critique.<sup>82</sup> He sees state policy as reproductive of labour power and of the capitalist system. The state is seen as having little or no autonomy. Wilmoth expresses the tension identified in Lloyd and Troy's account of DURD but in a marxist framework:

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- 81 L. Sandercock, 'Democratic Socialism and the Challenge of Social Democracy', in G. Evans and J. Reeves (editors), *Labor Essays 1982*, Melbourne, Drummond, 1982 ; L. Sandercock, 'Urban Studies in Australia : Producing Planners or Educating Urbanists?', in S. Murray-Smith (editor), *Melbourne Studies in Education 1982*, Melbourne, Melbourne University Press, 1983 ; L. Sandercock, 'The Cities in the Eighties', in J. McLaren (editor), *A Nation Apart : Personal views of Australia in the Eighties*, Melbourne, Longman Cheshire, 1983 ; L. Sandercock, 'Economy versus community', *Australian Society*, 5, 7 (1986), pp. 12-15.
- 82 D. Wilmoth, 'National Urban Planning in Australia : A Critique of the Labor Years 1972-1975', unpublished manuscript.

"Though Labor governments in Australia have taken executive power of the state with the declared aim of using state power for redistributive reforms, they have always stressed 'national' not class aims and have expressed pro-business policies."<sup>83</sup>

Whitlam came to power on a platform of national integration, economic growth, and redistribution. In the management of stable economic growth,

"Some concessions to working class demands around the collective consumption of public services would be permissible. . . .(indeed) extensions of services, within limits, were seen by capitalists as an efficient way to lower the reproduction costs of labour power. . . . Redistribution of resources through public services . . . had the dual purpose of accommodating working class demands, many of them ignored for a quarter century, and of mystifying and legitimating the control of the State by the capitalist class."<sup>84</sup>

So the state reflects class interests external to it but mainly those of the capitalist class.

It is not surprising then that Wilmoth argues that DURD's programs did not meet their working class ends in any fundamental way and were generally supportive of capitalist interests :

"The new cities and land programs encouraged speculation and local business in designated growth centres and relieved the liquidity problems of overstocked and over extended metropolitan land developers during the worst part of the recession. The service programs (i.e. sewerage backlog) had the effects of creating employment at a time when it was needed and of rewarding those who, years before, had built houses in unsewered areas. The Area Improvement and other regional programs were useful attempts at redistribution of political power but themselves made little impact on the service deficiencies they set out to overcome. The transport programs came to recognise inner-city needs and the necessity for submetropolitan centres, but the structure of funding the highway system and the public transport industry remained unchanged. . . . And the National Estate program was never really meant to have equity goals or particularly benefit the working class."<sup>85</sup>

While this assessment does contain elements of truth, I find it particularly frustrating because it appears to dismiss any possibility of incremental change in social structure. It sees support of the interests of capital as a-priori anti-working class.

My view sees the state as a potential agent of both classes. It remains an empirical question how that potential is manifest in practice and particularly so in the case of DURD. Such empirical analysis is absent from Wilmoth's account except in a very sketchy way. Also, his argument locates the source of success or failure of state

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83 *ibid*, p. 17

84 *ibid*, pp. 18-19.

85 *ibid*, p. 20.



policy outside of the state, when an autonomous view of the state would see it as partly a consequence of the inadequacies and strengths of the state agencies' understanding of their role, and the skill with which they go about their work.

Wilmoth no longer subscribes to a marxist position of this kind. A Giddensian 'structuration' framework informs his recent analysis of the urban policies of the Carter administration in the USA. Nevertheless, it is probably true to say that Giddens' social theory is still essentially positivist and places more emphasis on social structure than it does upon human and political agency.<sup>86</sup>

### 3. THE RIGHT CRITIQUE

The conservative reaction to DURD's policies and programs has been strong.<sup>87</sup> 'Conservative' is used here in the general sense of support -either explicit or implicit - for the capitalist basis of Australian society. State policy must reinforce and support Australian capitalism rather than try to circumvent it. However, none of these arguments could be characterised as 'radical right' in the sense of advocating radical cutback of the welfare state or reprivatization in the interests of capitalist accumulation, even if some are heading in that direction. Rather, all stress the economic, political and technical limits to state reform in their analyses of DURD and recommend other ways to achieve the intent of DURD's policies and programs. Many advocate the principle of a 'guaranteed minimum income'. The role of the state must be confined to redistribution

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86 D. Wilmoth, 'Structure and Agency in the Formation of National Urban Policy in the USA 1976-1980', *Progress in Planning*, 25 (1986), pp. 83-126.

87 R. A. Carter, 'Australian Regional Development Policy in the 1970s', *Canadian Journal of Regional Science*, 1, 2 (1978), pp. 77-93 ; M.A. Jones, 'Australian Urban Policy', *Politics*, 14, 2 (1979), pp. 295-303 ; M. Painter, 'Urban Government, Urban Politics and the Fabrication of Urban Issues : The Impossibility of Urban Policy', *Australian Journal of Public Administration*, 38, 4 (1979), pp. 335-346 ; J. Paterson, 'Australian Housing Futures', in Committee of Inquiry into Housing Costs, *The Cost of Housing : Volume 3 : Report of Commissioned Studies*, Canberra, AGPS, 1978 ; J. Paterson, 'Where have all the Urban Problems gone?', *Social Alternatives*, 1, 8 (1980), pp. 53-54 ; R.K. Wilson, 'Urban and regional policy', in R.B. Scotton and H. Ferber (editor), *Public Expenditures and Social Policy in Australia : Volume 1 : The Whitlam Years, 1972-75*, Melbourne, Longman Cheshire, 1978 ; A.W. Krimmer, 'Federal Feudalism in Urban Australia', unpublished Master of Urban and Regional Planning thesis, University of Queensland, 1978 ; P. Sheehan, *Crisis in Abundance*, Melbourne, Penguin Books, 1980 ; A.W. Parkin, *Governing the Cities : The Australian Experience in Perspective*, Melbourne, MacMillan, 1982 ; R.H. Leach, *Whatever happened to urban policy? A comparative study of urban policy in Australia, Canada and the United States*, Canberra, CRFFR, ANU, 1985.

or to 'labourite' intervention in Szelenyi's terms. It should not intervene in production or push forward a 'state mode of production'.

Critics argue that DURD's reforms assumed four things - the benefits of rational coordination, the benefits of the public development corporation, that smaller cities are more efficient, and the 'equity view' of urban planning. Each of these themes is criticised.

Rational coordination is said to raise impossible and unrealisable expectations, is politically naive and assumes rather than proves that processes of economic and social change in Australia's cities are widening inequality. The public development corporation fosters bureaucratic detachment from broader social and economic processes. The argument that smaller cities are more efficient is one-sided in its emphasis on the social costs associated with large cities. It ignores 'agglomeration economies' and higher per capita income in large cities. Indeed, it is said to ignore the city as a producing unit. And the 'equity view' of urban planning lacks empirical support and is contradicted by evidence from other sources. I will now explore each of these arguments in turn.

For some, the need for government to become involved in ever more complex fields of policy making and coordination, in the urban area at least, is imagined rather than real.

"Australian cities are not in crisis (and) do not seem to be raising compelling political questions of efficiency, order or equity."<sup>88</sup>

This is not to say that there are no grievances and demands nor that urban administration should not exist. But,

". . . there seems no reason why these issues cannot be dealt with in simpler, narrower and more conventional fields of policy than . . . urban policy . . ."<sup>89</sup>

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88 Painter, *op.cit.*, p. 346.

89 *ibid*, p. 346.

Others are critical of DURD's emphasis on coordination for similar reasons and identify the dilemma of the need for simplicity in policy-making and the complexities and uncertainties of urban research.<sup>90</sup>

These technical limits to reform are ultimately political because urban policy ". . . raises unrealizable expectations which produce disillusionment with government."<sup>91</sup> This partly explains the success of the neo-conservative reaction in the 1970s.

"By becoming generally identified with many dubious spending programmes . . . DURD can be accused of representing the type of wasteful government spending that helped create the anti-government movement in the late seventies."<sup>92</sup>

In my view, Painter is right to argue that the universal intent of urban policy and the localism of urban politics are contradictory and irresolvable. Any attempt to rationalise urban and regional policy in universal terms ignores politics, indeed even implies politics to be an irrational obstacle, not the basis of any social existence.<sup>93</sup>

Painter's critique of the political naivety of DURD's reforms is relatively mild when compared with the critique of the economists. They argue that DURD's reforms ignored the connection between public policy and broader social and economic forces.

The problem with development corporations is that their political challenge to private power by way of coordination and rational planning :

". . . ensured the divorce of (DURD's) programs from well-researched assessments of their socio-economic implications."<sup>94</sup>

Others suggest that the ideological purposes behind the establishment of development corporations makes the assessment of their costs and benefits :

". . . beside the real point, as there is little evidence that the means or outcomes were ever thought through in detail in these terms. The real urge behind the land and growth centre corporation . . . was to mount a challenge to private power . . ."<sup>95</sup>

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90 Jones, *op.cit.*, pp. 300-302.

91 Painter, *op.cit.*, p. 346.

92 Jones, *op.cit.*, p. 301.

93 Painter, *op.cit.*, p. 341.

94 Carter, *op.cit.*, p. 87.

95 Wilson, *op.cit.*, p. 200.

The economists also mount a fundamental challenge to the intellectual lineage of the 'smaller cities' and 'equity' arguments that provided the justification for many of DURD's reforms. DURD's advocacy of smaller, less congested cities was based on the argument that the public and social costs of continued urban expansion in single centred metropolitan areas are best offset by redirecting some of this growth to new cities where the development process is controlled by public corporations.<sup>96</sup>

Some argue that the new cities argument was based on an unsubstantiated and ultimately undermined crisis theory of rapid population growth in Sydney and Melbourne. They emphasise the futility of panaceas insensitive to historical uncertainty. The argument for new cities in Australia is also based on the very atypical Canberra model.

"Complex issues prevent any real proof that Canberra has actually been cheaper to develop per head than other parts of Australia. . . . Possible large subsidies to the government services of Canberra overlook the main overwhelming subsidy : the maintenance of a large and well paid policy bureaucracy with uncertain alternative employment. The growth of Canberra was a reflection of the rapid growth of the Australian public sector."

In other words, Canberra had a clear and permanent economic base which may not be easily repeated in other new cities.<sup>97</sup>

Others characterise the intellectual argument for new cities in Australia as the 'least cost-optimal size approach'.<sup>98</sup> This view is biased towards the social and public costs of the economic processes taking place within Australia's cities. It

". . . simply takes no account of the city as a producing unit, but looks at it as an entity with costs . . . without product or revenue."<sup>99</sup>

Or, in Carter's terms,

"The argument that the larger Australian cities are on the upward slope of the long-run average cost curve has not . . . been substantiated. In fact, there is doubt as to whether (from a national point of view) any Western city has been proven to be too large, in so far as the marginal social revenue derived from growth no longer outweighs the marginal costs. In other words, there are benefits as well as disbenefits associated with

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96 In the Australian context, these arguments are best associated with the work of Max Neutze and Hugh Stretton. Their arguments will be reviewed in more detail in Chapter six below.

97 Jones, *op.cit.*, pp. 297-298.

98 Carter, *op.cit.*, pp. 87-89 ; Wilson, *op.cit.*, pp. 205-208.

99 Wilson, *op.cit.*, p. 206.

continued metropolitan growth. The quantification of the benefits has been sadly neglected in the Australian policy equation."<sup>100</sup>

Some conclude, in a quite straight forward manner, that :

". . . Australia needs to concentrate growth in the larger cities to whatever degree necessary to be consistent with national economic development and the desire to maintain the growth of per capita incomes."<sup>101</sup>

Of course, these arguments measure 'success' from the point of view of the private, capitalist interest. They do not undermine, in any way, the need for creative public policy and programs, of which growth centres might be one component, to address the social problems of Australia's cities. The essential point that the incidence of social cost and private benefit in processes of urban change differs and works to the disadvantage of already deprived social groups in large cities has not been dismissed in this critique. Accounting for the city as a producing unit does nothing to address the important social costs accrued in big cities. These critics do envisage some public intervention and redistribution to redress the structural imbalance between 'private wealth and public squalor' in Australia's cities. But it is meaningless to invoke some 'national interest' to support the case for further metropolitan concentration. The 'national interest' here is the interest of the private capitalist economy. This should be recognised as one interest, not the only one.

The 'equity view' of urban planning argues that processes of economic and social change in Australia's cities are widening the gap between rich and poor. For some, such arguments are ". . . based more on emotion than fact."<sup>102</sup> Critics point to the research of the Henderson Poverty Inquiry which casts doubt over the seriousness of 'urban' inequality. The extremes of poverty are found in rural areas.<sup>103</sup>

The policy proposals to flow out of this critique are interesting in their coincidence. Most of these critics advocate, more or less, the Henderson proposals for redistribution by income. Some argue that :

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100 Carter, *op.cit.*, p. 88. Both Carter and Wilson draw upon the American William Alonso's arguments about the relationship between city size, per capita income and economic growth in advancing this critique of new cities in Australia. The influence of Alonso's ideas on the Australian debates will be discussed in Chapter six.

101 *ibid.*, p. 91.

102 *ibid.*, p. 87.

103 *ibid.*, p. 87 ; Jones, *op.cit.*, p. 299 ; Wilson, *op.cit.*, p. 207.

"there is . . . evidence that income polarization and associated social dysfunction in large cities is a product of the form in which the urban area develops rather than the size of the city. The challenge of income inequality is thus far more one for metropolitan planning and national welfare policy than for a national settlement strategy. . . . on economic grounds, regional and urban policy monies would be better directed to correcting the under-investment in metropolitan infrastructure and to assisting the adjustment of those segments of the rural population affected by structural and demand changes."<sup>104</sup>

Others agree with the Priorities Review Staff's advocacy of redistribution of income in preference to location or housing specific policy.<sup>105</sup> Some suggest that ". . . economic and distributional criteria . . . employed in the allocation of resources through the traditional mechanisms of public financial arrangements" are the more appropriate basis for federal policy than a national urban policy.<sup>106</sup>

Some argue that the Whitlam Government's ignorance of the income approach to the relief of poverty distracted it from some of the most immediately effective measures for the achievement of its objectives. Its approach suffered from a lack of target - and therefore political - effectiveness. The breadth and urgency of the Whitlam reforms :

". . . almost inevitably meant that individual programmes were not properly thought out, nor were they integrated one with another or with economic policy."<sup>107</sup>

They conclude that :

"The Whitlam Government would have been wiser to concentrate initially on an 'income' approach to the alleviation of poverty, and on the few structural initiatives (such as Medibank) that had been thoroughly thought out, and to have gradually developed its 'structural' approach as resources and expertise became available."<sup>108</sup>

Further, this 'structural' approach should have been integrated with a viable economic strategy. The absence of this integration was the 'decisive weakness' of the Whitlam policies.<sup>109</sup>

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104 Carter, *op.cit.*, pp. 87, 91. See also C. Wagner, 'From greening to greying : the 1970s in retrospect', *Royal Australian Planning Institute Journal*, 19, 3 (1981), pp. 104-108 for similar proposals from John Paterson and Phil Day.

105 Painter, *op.cit.*, p. 346 ; Jones, *op.cit.*, p. 299.

106 Paterson, *op.cit.*, p. 54.

107 Sheehan, *op.cit.*, p. 120.

108 *ibid*, p. 121.

109 *ibid*, p. 129.

In summary then, these critics argue that urban and regional policy should play a secondary and supplementary role to economic and distributional policy at the federal level. To the extent that federal government should be concerned with redistribution, it is better achieved by direct transfer of income than by service or 'in kind' programs.

Fundamentally different assumptions about the nature and place of state intervention in capitalist society underly the debate between the advocates of DURD type state intervention and the advocates of redistribution by income. The DURD reforms assumed that the state can be an autonomous, independent source of production. It is in this sense that DURD was an underdeveloped 'state mode of production', in Szelenyi's terms. Autonomous public action is required to offset the consequences of capitalist urban development.

The conservative critics argue that this autonomy was the source of DURD's problems. DURD's reforms should have been better reconciled with changes taking place in the Australian capitalist economy. The failure of DURD to achieve this suggests that reform should be simpler. Direct intervention in the production process is likely to prove difficult in a capitalist democracy, even though some direct intervention will always be necessary.

Australian researchers have also used American debates about the 'Great Society' reforms of the mid 1960s to advance criticisms of the DURD reforms. They have done this in a selective and contradictory way. Some criticise what they see as the central influence of American and other international ideas and trends on the conception of the Whitlam urban and social reforms. Nevertheless, it is rather ironical that these critics draw most of their own ideas from the neo-conservative critique of central government that emerged in the American literature on the 'Great Society' in the 1960s.

Some claim that Australian urban policy as manifest in DURD suffered from the 'inevitable practice' of Australian intellectuals transferring European and American understandings of urban problems and the methods for their solution to Australia.

"So often, Australia simply adopts a simplistic version of an overseas idea like urban renewal, land commissions, new towns and urban social planning and implements it after the original proponents overseas no longer believe in it."<sup>110</sup>

Yet this critique of DURD is itself premised on American neo-conservative thought which was in vogue in Australia in the late 1970s. This is reflected in the argument that concern for urban problems and policy is merely a reflection of the ideology and 'value crisis' of the 'new middle class' which disguises their interest in greater state intervention.<sup>111</sup> These critics also note that Australia lacks an equivalent of American 'anti-planning' literature.<sup>112</sup> The implication is that we could do with one. A critique of the comprehensive planning and coordination goals built into the 'Great Society' reforms<sup>113</sup> is put forward as 'possibly the best model for a valuable Australian study of DURD.'<sup>114</sup> All of this sits curiously with the strictures against the 'dubious transfer of overseas ideas' to Australia.

Paterson suggests three hypotheses to account for the political importance of urban issues under Whitlam in the face of the general improvement in the quality of Australian housing conditions and urban life over the 1950s and 1960s. The second is that a 'revolution of rising expectations' increased the subjective gap between actual and desired conditions. The third is that the general improvement in urban and housing conditions was essentially 'private' improvement. It was accompanied by a shortage of public supports and services which Whitlam and Uren articulated as an 'urban crisis'.

But Paterson's first hypothesis is more important for my argument here :

"The Australian concern about urban and housing issues of the late 1960s and early 1970s represented a downstream, time-lagged echo of concerns about urban American in the late 1950s through to the late 1960s. From the declaration by President Kennedy that urban problems were the greatest problems facing mankind, through to the urban race riots of the mid to late 1960s, United States cities experienced an upheaval which focussed national attention on urban matters. The United States, with its rudimentary welfare system, and its seemingly intractable problems of large, spatially concentrated ethnic minorities on the central cities, undoubtedly faced major urban problems. The easy adaptation of these

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110 Jones, *op.cit.*, pp. 299-300.

111 *ibid*, p. 300.

112 *ibid*, p. 302.

113 D.A. Rondinelli, *Urban and Regional Development Planning : Policy and Administration*, New York, Cornell University Press, 1975.

114 Jones, *op.cit.*, p. 302.



American concerns to the quite different conditions prevailing in Australian cities, may be seen as simply one among many examples of uncritical Australian acceptance of paradigms borrowed from quite different circumstances which gave them life in other countries."<sup>115</sup>

Nevertheless, in earlier work, Paterson somewhat easily adapts American deregulation arguments to the 'quite different conditions prevailing in Australian cities' in his critique of Australian planning, zoning and building regulations.<sup>116</sup> This work is riddled with references to the U.S. critique of planning regulation and exclusionary zoning. It also supports the American advocacy of flexible regulations and the need for private incentives to achieve better urban development.<sup>117</sup>

The easy adaption of American arguments is well illustrated in Paterson's assessment of the utility of exclusionary zoning arguments in the Australian setting. He recognises that the exclusionary effects of zoning

"... has particular point in the U.S. because zoning has especially been used there for racial segregation."

Yet he also argues that

"... although our problems are less visible and less well-publicised than those in the U.S., exclusionary zoning is still a social issue in Australia."<sup>118</sup>

The essential difference between, and incomparability of, the U.S. and Australian cases is used, in the first quotation, to undermine the case for certain reforms not liked. But when making the case for reform in other areas, the strategy is to emphasise the similarity and transferability of an argument while recognising some differences.

The irony is that the interest of Australian conservatives in the consequences of public regulation over the late 1970s and early 1980s is itself a 'downstream, time-lagged echo' of concerns which first emerged in the U.S. Indeed, Paterson's later critique of DURD in which he argues that :

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115 Paterson, 1978, *op.cit.*, pp. 7-8.

116 J. Paterson, D. Yenchen and G. Gunn, *A Mansion or No House : A Report for UDIA on Consequences of Planning Standards and Their Impact on Land and Housing*, Melbourne. Urban Development Institute of Australia (Victoria), 1976.

117 *ibid*, pp. 6, 16, 67, 104.

118 *ibid*, p. 15.

"... most of the real urban concerns are local, or at most regional in nature, and (that) national (urban) policy is largely irrelevant, provided appropriate economic and distributional criteria are employed in the allocation of (federal) resources. . ."

reflects American neo-conservative decentralisation argument which emerged in the late 1960s in reaction to the 'Great Society' reforms.<sup>119</sup>

Others have advanced more balanced if still somewhat selective comparative perspectives. Leach describes the rise and fall of urban policy departments within central government in Australia (DURD), Canada (MSUA) and the U.S. (HUD) and advances a number of explanations for this.<sup>120</sup> The main one is that the policy process and the coordination objective face almost insurmountable difficulties in democratic political systems. Political conflicts both within government and outside it, conflicts made more difficult by the federal structures of the three countries in question, undermined the attempts at national urban policy making.

Further, the meaning of 'urban' lacked clarity, and the experiences in the three countries highlight the problems of attempting too much too quickly and without adequate data. Too much reliance was placed on government initiative and not enough on the private sector. All of this can be characterised as the 'legitimation crisis' of urban policy.<sup>121</sup>

The conclusions drawn from this analysis are somewhat confusing. Urban policy should remain the preserve of state or provincial governments, maybe in some restructured regional form. Yet, there is an ongoing urban policy role for national government in providing incentives to state governments and the private sector, analysing the impact of federal activities on cities, and interpreting local and state government policy for other federal agencies. Somewhat inconsistently in the light of his earlier argument about the impossibility of coordination in democratic political systems, Leach justifies this renewed federal role on the basis of the advantages of 'cooperative coordination' between national, state and local governments quoting from

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119 Paterson, 1980, *op.cit.*, p. 54.

120 Leach, *op.cit.*

121 *ibid.*, pp. 112-116.

another that 'the initiative for action must come from the broadest constituency involved.'<sup>122</sup>

Parkin has advanced, in my view, the most coherent comparison of Australian and American urban government yet to emerge in his book *Governing the Cities* and in the Ph.D thesis upon which the book is based.<sup>123</sup> Like Leach, Parkin focusses narrowly on government institutions and policy. While differences between American and Australian society inform his arguments, in particular the incoherence of the political process of ad-hoc coalition building in the U.S. which, in Parkin's view, is a consequence of the absence of a labor party, these differences are tangential to his central emphasis. Also, in the transition from the Ph.D to the book, these differences were not developed or explored in a more general way. If anything, they are less visible in the book than in the thesis.

Parkin criticises the inequality perpetuated by the American emphasis on urban government at the local level, and defends the centralised equality fostered by state urban government in Australia. Indeed, Parkin's work expresses a general critique of American federalism and a general defence of Australian federalism. His general critique is reflected in his treatment of the American urban 'public choice' literature, of which Tiebout's work is the best known. This literature defends fragmented and autonomous local government on the grounds that it imitates market choice and fosters 'efficiency' and 'participation'. In Parkin's view,

"... the 'public choice' approach is not only, in theory, indifferent to . . . manifest equality among citizens but also, in practice, perhaps positively threatening to it. Strong local governments mean, by definition, discretionary power delegated to smaller, more homogeneous units. This would seem of most benefit to richer areas, the resources and talents contained in which would be freed from the obligation of subsidizing poorer areas."<sup>124</sup>

In contrast, Parkin defends centralised state urban government in Australia seeing it as a force for equality not too detached from the people it serves. In his view,

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122 *ibid*, p. 118.

123 A.W. Parkin, 'Urban Government in the Australian Federal System', unpublished Ph.D. thesis, Harvard University, 1978.

124 *ibid*, p. 382.

it also secures a reasonably satisfactory balance between equity and local responsiveness and coincides with Australia's peculiar pattern of population concentration in the State capital cities.

"The State governments are in a good position to provide metropolitan government from a metropolitan perspective."<sup>125</sup>

This argument has not been well received by Australian urbanists. It has been strongly criticised for underplaying the existence of manifest inequality in the provision of public services - education, health and transport - in Australian cities, and thereby endorsing a general anti-reformist position.<sup>126</sup> Parkin has responded as strongly, arguing that these criticisms confuse the impact of public policy on patterns of inequality in Australian cities with the continued existence of inequality. They impute inequality of public policy inputs - for example, the provision of schools - from some well known facts about inequality of outputs - for example, variations in levels of academic achievement and student retention rates. In Parkin's view, inputs and outputs cannot be related in this way. Inequality of both will always be with us. Nevertheless, the Australian system of centralised service or input delivery is manifestly more equal and less discriminatory than the American system.<sup>127</sup>

In Parkin's view, the criticisms of his work reflect a more general annoyance with his anti-reformism. Parkin strongly rejects the charge that he is anti-reformist pointing to his defence of the urban reforms of the Dunstan Labor administration in South Australia.<sup>128</sup> Yet he does argue that 'the reformist critique of state urban government' that developed in Australia over the late 1960s and early 1970s, a critique which achieved political expression in the urban reforms of the Whitlam Government, was flawed. In particular, he criticises those federal reforms which attempted to establish regional approaches to service delivery. In his view, these

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125 Parkin, 1982, *op.cit.*, pp. 83, 136-139.

126 C. Adrian, 'Centralised service provision : an examination of the facts', *Australian Geographical Studies*, 21 (1983), pp. 251-258.

127 A.W. Parkin, 'Centralised service provision : a reply', *Australian Geographical Studies*, 23 (1985), pp. 347-359.

128 A. Parkin and C. Pugh, 'Urban Policy and Metropolitan Adelaide', in A. Parkin and A. Patience (editors), *The Dunstan Decade : Social Democracy at the State Level*, Melbourne, Longman Cheshire, 1981.

reforms caused unnecessary political conflict because they overlooked the equalising effects of centralisation at the state level.<sup>129</sup> In my view, the limits of Parkin's arguments are reflected in this critique of the Whitlam reforms.

Certainly, the Whitlam Government wanted to regionalise structures of government. There was also much ambivalence and confusion during the Whitlam years over whether regional bodies were the basis for a regional system of government that would eventually replace state and local government or just one mechanism by which Whitlam's 'co-operative' federalism and efforts to increase the involvement of local government in Australian federalism could be facilitated. This did mean that, politically, regionalism and state rights were major issues.

However, regionalism was only one of the mechanisms by which the Whitlam urban reforms were implemented. Cooperative agreements between the states and the federal government on particular initiatives - Land Commissions and Growth Centres, for example - were just as important. In this, the reformist push of the Whitlam Government did have some influence particularly in the reform of urban planning at the State level as we shall see in chapter three. As Paterson notes,

"... the stimulus of the 1973-75 period has substantially revitalised urban administration in most states . . ." <sup>130</sup>

Parkin argues in support of his view that the State governments are the most appropriate place for urban administration that,

"... by the 1980s . . . the states had shown themselves at least capable of formulating some imaginative and sensitive urban policies." <sup>131</sup>

It is ironical that, in some measure at least, this resulted from the catalytic role of the Whitlam Government's urban reforms. Parkin's defence of state urban administration in Australia downplays the influence of intergovernmental relations on urban and other reform.

Parkin articulates an original and useful comparative perspective and makes some very important empirical distinctions. The arguments that American theory

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129 Parkin, 1982, *op.cit.*, pp. 78-79. For this argument see also Krimmer, *op.cit.*

130 Paterson, 1980, *op.cit.*, p. 54.

131 Parkin, 1982, *op.cit.*, p. 139.

ignores the equality fostered by centralised government and the ongoing need for trade-off between equity and institutional responsiveness are well made. The limits of Parkin's argument is reflected in his concern to defend a particular level of government as the most appropriate for urban administration. This denies a more open and dynamic Australian federal system.

The comparative perspectives advanced by Leach and Parkin are important and useful. Nevertheless, they ignore some of the substantial effects of the federal urban reforms they review, to the detriment, in my view, of their general arguments.<sup>132</sup>

Many of DURD's conservative critics advocate, as an alternative, redistribution through income. Some support the Henderson proposals for a guaranteed income. Are such schemes our best hope for reform or are democratic socialists compelled to reforms that attempt to establish alternatives which, of necessity, have to undermine capitalist democracy?

While an answer to this question is difficult, I think DURD's reforms in trying to establish a democratic socialist alternative, ignored some of the relations between reform and capitalist democracy. The Henderson proposals make sense, at least until productive interventions of the DURD type are better adapted to the existing social and economic organisation of Australian society. I believe that adaptation is possible : DURD mistook its methods, not its broad intent. Moreover there need be no contradiction between income and service programs. They can be mutually reinforcing, as argued by Stretton.<sup>133</sup> They can be reconciled politically by simply jettisoning the DURD concern for universal rationality, and recognising the reality of current political and economic conditions in the ways Painter and Sheehan want us to.

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132 In his book *Unfairly Structured Cities*, Blair Badcock also discusses the rise and fall of urban policy at the federal and national level of government in some of the capitalist democracies. His treatment is limited to the area based components of the positive discrimination programs of the 1960s and 1970s and the interventions into fringe land markets in Britain and Australia. He provides some political explanation for the rise and fall of these initiatives. B. Badcock, *Unfairly Structured Cities*, Oxford, Basil Blackwell, 1984, pp. 291-310.

133 H. Stretton, 'Social Policy : Has the Welfare State all been a terrible mistake?', in G. Evans and J. Reeves (editors), *Labor Essays 1980*, Melbourne, Drummond, 1980, p. 37.

In this sense, my own critique of DURD is a conservative one. I do not want to see DURD's mistakes repeated. And I believe they could be repeated because none of DURD's supporters, it seems to me, have really come to grips with the antinomies contained within the DURD reforms in a way that reconciles them with a politically realistic notion of democracy or a sociological, material understanding of their impact. Until these fundamental relationships are addressed, urbanists cannot realistically expect to play a central role in the current or any future social democratic regime at the federal level in Australia.

But the essential shortcoming of the 'right critique' of DURD is its latent universalism and lack of sociological grounding. Wilson wants a comprehensive strategy to replace DURD's.<sup>134</sup> Carter invokes 'the national interest' to support further metropolitan concentration.<sup>135</sup> What they appear to be suggesting is some collusion between urban and regional economists and capital to prevent the excesses of DURD. Instead of the universal rationality of co-ordinated planning, they want to accept the universal rationality of market forces and outcomes. This strategy would clearly be in the interests of capital.

Others praise the maximizing principles of economics - ". . . the alternative use of scarce resources, diverse consumer preferences, and social costs and benefits."<sup>136</sup> Decision-making involves difficult trade-offs. Incremental change is inevitable. But in whose interests would these trade-offs be? In my view, the attempt here to replace a 'political' allocative mechanism with an 'apolitical' one smuggles in the sociological interest of capital under the guise of universal principles. The contraband is ironical in view of their critique of DURD's universal rationality of coordination.

There is a common and frustrating preoccupation in the supportive and critical literature of DURD with comprehensiveness. In my view, this has skewed the whole debate fundamentally. It can only be corrected by filling the various 'comprehensives' and 'rationals' with sociological content - that is, answering the

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134 Wilson, *op.cit.*, p. 208.

135 Carter, *op.cit.*, p. 88.

136 Jones, *op.cit.*, p. 299.

question whose social interests stand behind and what material consequences result from these notions.

#### 4. CONCLUSION

In the main, the interpretative literature on DURD dealt with in this chapter is content to draw conclusions about the DURD experiment on the basis of theoretical and political argument rather than on the basis of a detailed investigation of DURD's actual effects on Australian life. There can be no one sociological grounding of DURD's policies and programs. But until a resolution is made of DURD's policies and programs with Australian social structure in a direct and conscious way, any conclusions about the DURD experiment will remain fairly hollow. And, in my view, the absence of this resolution accounts for the fact that 'urban and regional' reform has lost a certain relevance in recent debates about social democratic reform at the federal level in Australia. This resolution will be a primary aim of my research.

In summary, the 'left' see DURD's problems in external, conspiratorial terms. DURD's policies and programs were undermined by the federal bureaucracy (Lloyd and Troy), the Australian federal system (Lloyd and Troy, Sandercock) and the capitalist ruling class (Sandercock, Wilmoth). In my view, the problem of the relation between reform and capitalist democracy is left unanswered in the entire body of 'left' writing on DURD. Connell, Szelenyi and Sandercock raise the issue but do not effectively resolve it. The tension between universal policy and the reality of politics and incremental change, defined as the unconscious dilemma of *Innovation and Reaction*, is another way of expressing the same problem. The geographers raise more questions than geography alone can answer.

The 'right' sees DURD's problems as the result of internal confusion, lack of understanding of the technical and political limits to reform, and general over-optimism about the likely achievements of a dominant 'spatial' focus for policy and programs at the Federal level. They see urban policy as an impossibility - that is, it sets unrealistic aims for itself. (Painter, Jones) They argue that the DURD experiment also



set up insurmountable conflicts within the Australian federal system as a consequence of its universal aims not recognising the realities of existing social and institutional structures. (Parkin) And thirdly, DURD's policies and programs lacked an understanding of the linkages between urbanism and economic forces in Australian society. There was a lack of awareness of the limits of urban programs as welfare programs. The urban programs were not reconciled with economic policy. (Carter, Paterson, Sheehan, Wilson).

In my view, some of the views on the 'right' contain arguments of some force about the technical and logical improbabilities and the resulting political naivety of the DURD experiment. Some make fairly crude arguments that do not attempt either to rescue anything positive from the DURD exercise or to take the debate in new directions. However, I find myself in agreement with Painter's argument because of his emphasis on the ultimate reality of the 'political'. But he does not develop a sociological account of the impact of DURD's policies and programs on the basis of that political reality. That is a principal task of this thesis.

Until the DURD experiment's strengths and weaknesses, and actual achievements are more realistically assessed in a broad sociological way, urbanists cannot expect to have the influence they enjoyed in the Whitlam years. In the process, the problem that plagues the 'left' of the relation between democracy and reform may also be illuminated.

The general debates about the scope for democratic reform in capitalist democracies matter because those beliefs help or hinder intellectual understanding and they affect many people's willingness to attempt or to oppose reform, and the means by which they attempt or oppose it.

The particular debates about the scope for federal action to improve the cities have similar interest : perhaps more, because 'expert beliefs' probably have more effect at the level of detailed urban policy-making than they do on broad movements of democratic reform or conservatism.

The actual facts of the DURD experience can serve as one example among many against which to test rival theories of democracy, capitalism or the state. They can serve much more directly and persuasively to test rival theories about the scope for and methods of federal urban policy.

For both purposes, we now look back from 10 and 15 years on to see what DURD actually attempted, with what actual effect, to the extent that the effects can be identified and measured. During these factual chapters as occasion arises, and in a concluding chapter at the end, we will where possible notice *both* the effects of theoretical beliefs on the behavior of the protagonists and antagonists of the DURD effort, *and* the light that DURD's measurable successes and failures cast on the rival theories.

## CHAPTER THREE

## DURD's POLICY CHALLENGE

'I'd have picked you for DURD, but you look too clever for that - there's little of the social engineer about you.'<sup>1</sup>

As one of the few literary references to DURD, this dismissive fragment expresses well the conventional wisdom that the activities of the department constituted a grand, rather elitist, but basically inept attempt to reform Australian society. Through an analysis of DURD's overall approach to policy and an assessment of its long-term impact, this chapter will venture some judgments about that approach.

## 1. THE WHITLAM DOCTRINE

Over the course of his parliamentary career but particularly during the 1960s, Gough Whitlam articulated a program of reform in response to a range of constitutional, political and social problems. His description of these problems is cogent :

"For the ALP the limitations imposed on national action by the Australian Constitution, and by restrictive judicial interpretations of the Constitution, were threatening to become doubly demoralising. As one of the world's great social democrat parties, (the ALP) had to devise policies which could secure not only the approval of electors but also the approval of judges. By the late 1950s, we were manifestly failing to do either. The platform, policies and structure of the Party remained basically unchanged since the days of the Chifley Government. The Party's negative obsession with Section 92 of the Constitution, as a barrier against nationalisation, became an alibi for its failure to devise a modern program for social democracy. The Party stagnated : the platform was stultified. The combined effect of the perceived frustrations of the Constitution and the palpable frustrations of repeated electoral defeat was to create a political and intellectual wasteland at all levels of the Party . . . Thus . . . in terms of the sheer survival of the ALP as a meaningful political force, the task of developing a practical program of reform within the existing Constitution became a matter of great urgency. More importantly, the need for reform to meet the real needs of people yearly became more urgent and insistent. At the centre of my concerns were the needs of urban Australia - simply, the needs of the majority of the Australian people. We had always been an urban community. By the 1960s we were the most urbanised nation on earth. Yet the national Parliament had no involvement whatsoever in the most important matters affecting the places in which the vast majority lived. Cities were just not on the nation's agenda. Consequently, the ALP

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1 S. Dowse, *West Block : The Hidden world of Canberra's mandarins*, Ringwood, Penguin Books, 1983, p. 154.

was failing to appeal to the fastest-growing segment of the Australian electorate."<sup>2</sup>

A program of reform was needed which had 'constitutional relevance, political relevance, actual relevance to the needs of modern Australia and philosophical relevance.'<sup>3</sup> In addressing these relevances, Whitlam devised a reform program against the background of a generally healthy economy.

The program had two essential cornerstones. The first was a new 'co-operative' federalism. This was built upon the idea that tied grants under section 96 of the Constitution become the vehicle for reform. This approach would address both the constitutional and political limits to reform in the Australian federal system. In particular, it provided one means by which the dominance of states' rights in that system could be challenged. Whitlam's commitment to a centralism was highlighted in this aspect of his thinking.<sup>4</sup> 'Co-operative' federalism also provided the means by which some of the 'actual' problems of Australian society could be addressed, in particular the service deprivations in the outer suburbs of the big cities and the crisis of Australian local government. A commitment to participatory regionalism also informed the Whitlam conception of 'co-operative' federalism.<sup>5</sup>

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2 G. Whitlam, *The Whitlam Government 1972-1975*, Melbourne, Viking, 1985, p. 2. On the issue of the commitment of the ALP to nationalisation during the 1950s Whitlam later notes that "Nationalisation became more a symbol of ideological purity for the radicals of the Party than a positive commitment to practical social reform." *ibid*, p. 335.

3 *ibid*, p. 2.

4 As Laurie Oakes notes, this was clear from the very start of Whitlam's parliamentary career. In a speech made in September 1953 on the importance of a range of State activities like housing, hospitals, schools, power generation and transport, Whitlam noted that "The greatest shortcoming of the (Menzies) Government is that it will neither take over the functions of the States nor let the States have the capital and revenue to carry out these functions adequately themselves." In October 1953, Whitlam argued that the Commonwealth must take over the more expensive functions of the States like education and health. He also argued that 'the only way to get efficiency and responsibility in public administration was for the Federal Government to supervise the expenditure of the money it raised.' L. Oakes, *Whitlam PM : a biography*, Sydney, Angus and Robertson, 1973, pp. 65-66.

5 E.G. Whitlam, 'A New Federalism', *Australian Quarterly*, 43, 3 (1971), pp. 6-17. The regional underpinnings of Whitlam's thinking were also evident early in his parliamentary career. They are implicit in an argument made in October 1953 : "At best federation is a compromise, a temporary stage in our political evolution . The States are . . . neither national bodies nor local government bodies. They have not the means to be national nor the time to be provincial." Quoted in Oakes, *op.cit.*, p. 66.

The program's philosophical grounding in what Whitlam calls 'the doctrine of positive equality' is its other main cornerstone. Whitlam describes the main dimensions of this doctrine in these terms :

"This concept does not have as its primary goal equality of personal income. Its goal is greater equality of the services which the community provides. This approach not merely accepts the pluralistic nature of our system, with the private sector continuing to play the greater part in providing employment and growth ; it positively requires private affluence to prevent public squalor. The approach is based on this concept : increasingly, a citizen's real standard of living, the health of himself and his family, his children's opportunity for education and self-improvement, his access to employment opportunities, his ability to enjoy the nation's resources for recreation and cultural activity, his legacy from the national heritage, his scope to participate in the decisions and actions of the community, are determined not so much by his income but by the availability and accessibility of the services which the community alone can provide and ensure. The quality of life depends less and less on the things which individuals obtain for themselves and can purchase for themselves from their personal incomes and depends more and more on the things which the community provides for all its members from the combined resources of the community."<sup>6</sup>

In summary then, the Whitlam program was devised to redress the maldistributions of real income within Australian society particularly between the public and private spheres of the economy, within the public sphere itself, and between money wages and the 'social wage'. The program depended upon a healthy private economy. It did not seek to intervene in that economy in any major way. Through the expansion of the 'social wage' at the federal level, it was thought that many of the most significant maldistributions of income could be redressed. The federal government had the resources to undertake that expansion.

All of these general themes were reflected in Whitlam's urban and regional program. Whitlam's advocacy of a strong federal urban and regional policy was a response to a number of problems - the social consequences of urban sprawl, in particular the social and physical deprivation of the outer suburbs of Sydney and Melbourne ; metropolitan domination and the problems of population concentration in the big cities ; the domination of central business districts on the structure of the

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6 Whitlam, 1985, *op.cit.*, pp. 2-3. To anyone who knows the Whitlam speeches of the late 1960s and early 1970s or the literature on DURD the last two sentences of this quotation would be familiar. They ring through this writer's mind with the same degree of authority as the famous introduction to the 1972 policy speech 'Men and Women of Australia'.

metropolitan areas ; inadequate planning at the state level ; and the imbalance in power and resources between the three levels of government, in particular, the relative underdevelopment of the role of local government in Australian federalism.

Whitlam's concern for urban issues was with him from the start of his parliamentary career. In his maiden speech in the federal parliament in March 1953, Whitlam referred to the service deprivations in Sydney's outer suburbs. The main focus of this speech was the Australian housing crisis and the way in which the financial policies of the Menzies Government, particularly as they were manifest in the Commonwealth-State Housing Agreement, exacerbated that crisis. Whitlam argued that the housing problems were made worse by the lack of schools and hospitals in these areas. As he was to note later :

"Significantly, what were to become the three primary planks of Labor's program for the 1972 election in urban, health and education policy, were outlined in the first speech I made in the Federal Parliament."<sup>7</sup>

Two urban experiences shaped Whitlam's views about urban and regional planning - growing up in Canberra and living with wife and young children in the outer suburbs of Sydney. He describes the impact of these experiences in these terms :

"When I was a young boy, my family moved from Sydney to Canberra where my father became Crown Solicitor of the Commonwealth. This meant three things to me. One, Canberra was and still is Australia's only *new* city, except for some mining centres, to be created since federation. Secondly, it is a *government* creation, a deliberate considered act by government ; and, thirdly, because it was the *national* capital, the *national* government could not avoid its responsibilities. So to me the idea of new, deliberately created cities, with the national government accepting a municipal role has always been a natural and proper thing. Then after the war, I lived in the far southern and later outer western suburbs of Sydney, and that's where my children were brought up. Now these areas are typical of the great post-war urban expansion, with all the problems that it has brought - soaring land prices, vast unsewered areas, long distances to work and schools and hospitals, lack of sporting and recreational amenities, very often lack of any true community identity. So, these matters - the whole question of the quality of life in our cities - have been close to my thinking for a very practical reason : they're part of my own life and my own experience and part of the life and experience of my wife and children."<sup>8</sup>

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7 *ibid*, p. 445. See also Oakes, *op.cit.*, pp. 60-61 for an account of Whitlam's maiden speech.

8 G. Whitlam, *The Macquarie Broadcasts : May - October 1972*, Canberra, Australian Labor Party, 1972, p. 6 (emphasis in the original). For a later description of these experiences see Whitlam, 1985, *op.cit.*, pp. 371-372.

Whitlam's ". . . great objective as a parliamentarian was to dramatise the deficiencies and to devise practical government programs to deal with them."<sup>9</sup> To these ends, he gave a number of speeches over the period 1965 to 1972 on urban problems and proposals for their solution.<sup>10</sup>

For Whitlam, there were two major urban problems in Australia - ". . . the decay and desolation of inner-city life and the poor planning of community services in outer suburbs."<sup>11</sup> Inaction on the part of the federal government and ineptitude on the part of state governments were the main political and institutional sources of these problems.

In 1950, the Menzies Government refused to accede to the Cumberland County Council's request for federal assistance to implement a plan to contain Sydney's urban sprawl. There was to be no federal action on urban and regional policy until October 1972 when the federal coalition government recognised the increasing political importance of urban and regional policy by establishing the National Urban and Regional Development Authority (NURDA). But this was only a belated response to the fact that urban issues had been placed on the federal political agenda by the ALP.<sup>12</sup>

Whitlam also argued that the ineptitude and lack of co-ordination in urban planning at the state level and the consequent dominance of private interests over most of the development of Australia's cities accounted for Australia's urban problems. He highlighted this with examples of 'prejudicial, premature and incomplete' urban development on Sydney's urban fringes.

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9 Whitlam, 1985, *op.cit.*, p. 371.

10 The most important of Whitlam's 'urban' speeches and pamphlets over this period include : E.G. Whitlam, 'Cities in a Federation', *Australian Planning Institute Journal*, 3, 6 (1965), pp. 209-213 ; E.G. Whitlam, 'Cities for People : Problems and Solutions in Urban and Regional Development', unpublished address to Urban Affairs Symposium of the NSW Fabian Society, October 2, 1968 ; E.G. Whitlam, 'Responsibilities for urban and regional development : 1968 Walter Burley Griffin Memorial Lecture', *Architecture in Australia*, 58, 1 (1969a), pp. 115-119 ; E.G. Whitlam, 'An Urban Nation', *Victorian Fabian Society Pamphlet 19*, Melbourne, 1969b ; E.G. Whitlam, 'Governments and Cities', Address to the University of Melbourne Political Science Society, August 1970 (published in E.G. Whitlam, *On Australia's Constitution*, Melbourne, Widescope, 1977). For Whitlam's summary of the burden of the first four of these, see Whitlam, 1985, *op.cit.*, pp. 373 - 381.

11 Whitlam, 1985, *op.cit.*, p. 373.

12 *ibid.*, pp. 377-379.

The development of Warringah on Sydney's North Shore was prejudicial for two major reasons. The area was originally zoned for open space purposes and should have been retained for those purposes. Perhaps more importantly, its eventual use as a middle class residential area imposed long term demands for urban services upon the rest of Sydney's population. These services were expensive to provide because of the area's hilly terrain and stony ground.

The service backlogs which existed in Blacktown in Sydney's western suburbs in the late 1960s and early 1970s could have been easily avoided through better planning :

"Blacktown was developed prematurely, at a time when there was still within the metropolitan area a supply of vacant serviced blocks sufficient to meet Sydney's requirements for land for at least seven years. The NSW Government should have made the holding of vacant metropolitan land unprofitable by using selective taxation measures. Had it done so there would have been no need to develop an area such as Blacktown in advance of the services required to support it. Five years of population growth would have been absorbed in the existing metropolitan area. Scarce resources of serviced land would not have been left idle and scarce resources of developmental capital would not have been so hopelessly overtaxed."<sup>13</sup>

The NSW Housing Commission developed Green Valley in the late 1950s and early 1960s without the normal range of educational, cultural and recreational facilities. The area also suffered from poor public transport facilities. Green Valley housed poorer households with more children than the national averages. This mismatch between the needs which existed in the area and the services available to cater for those needs was glaring. In Whitlam's view, Green Valley was a good example of incomplete development on the part of state housing commissions.<sup>14</sup>

On the basis of these case studies, Whitlam made two general criticisms of the existing approaches to urban decision-making at the state level. Both have had a long term impact on thinking and practice in the states. First, he criticised the 'functional'

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13 *ibid*, pp. 380.

14 See *ibid*, pp. 379-381 for Whitlam's summary of these three examples. This summary draws directly upon his speeches of the late 1960s. See, in particular, Whitlam, 1968, *op.cit.*, pp. 2-8 and Whitlam, 1969b, *op.cit.*, pps. 7-8, 10-12.



and unco-ordinated organisation of the state bureaucracies with regard to urban development :

"The big problem with urban and regional planning in Australia is that, with the exceptions of Brisbane and Canberra, the planning organisation is not the organisation which spends the funds, and the organisations which spend the funds see their responsibility as running trains, generating electricity, supplying water, building schools and so on. The organisations which spend the funds have instrumental goals which they quite rightly pursue in the way that seems most efficient from their own sectional point of view. . . . Whether the objectives of the main roads authority are consistent with those of the water supply and sewerage authority is a question which no one in particular has a responsibility to examine. . . . If there are inconsistencies, it is the people who spend the money, not the planning agency, who prevail."<sup>15</sup>

Secondly, with regard to housing policy, Whitlam argued that :

"The austerity and inconvenience of outer suburban life is aggravated and exacerbated by our excessively statistical approach to housing. The Commonwealth government, the State governments and private entrepreneurs are all preoccupied with squeezing from available capital the greatest possible number of dwellings."<sup>16</sup>

While Whitlam's analysis of the problems of urban development in Sydney was made before Hugh Stretton published his *Ideas for Australian Cities* in 1970, Whitlam later referred to Stretton's criticisms of Green Valley to give added support to his own criticisms.<sup>17</sup> Some of Stretton's arguments for a strong public role in new urban development found their way into Whitlam and Uren's speeches of the early 1970s :

"In arguing the merits of planned new towns and in pointing to the problems of planning in the States, Stretton provided the ALP with the most eloquent argument it could find for its growth centre program, including development of metropolitan sub-centres which would restructure existing cities."<sup>18</sup>

It is important to remember that Stretton advanced his critique of Green Valley in the context of a defence of the South Australian Housing Trust's (SAHT) approach to the

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15 Whitlam, 1969a, *op.cit.*, p. 117 ; Whitlam, 1969b, *op.cit.*, pp. 19-20. It was on the basis of this analysis that the term 'functional bureaucracy' gained currency in the 1970s in Australian urban planning circles, as we shall see later in this chapter. The term has a mainly pejorative intent. It refers to the way in which the interests of particular organisations in the provision of certain goods and services comes to dominate the wider questions of the social distribution of those goods and services.

16 Whitlam, 1969b, *op.cit.*, p. 12.

17 Whitlam, 1985, *op.cit.*, p. 381.

18 C.J. Lloyd and P.N. Troy, *Innovation and Reaction : The life and death of the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981, p. 27.

economic and social development of Elizabeth in South Australia.<sup>19</sup> As we will see later in this chapter, it is interesting and rather ironical in the light of Stretton's arguments, that the Whitlam criticisms of state urban planning and housing policy were used in the late 1970s in South Australia to undermine the role of the SAHT in undertaking planned urban development on Adelaide's fringes.

In response to this range of problems, Whitlam initially advocated a federal role in urban renewal, land development and decentralisation programs. A commitment to eliminating the sewerage backlog in the big cities was added later.<sup>20</sup> To implement these programs and policies, Whitlam proposed the establishment of a federal department of urban affairs. In this, he drew explicitly upon the precedent of the United States federal Department of Housing and Urban Development.<sup>21</sup>

"The new Department would develop a national strategy for cities and regions ; it would decrease regional inequalities by advocating regional rather than State based grants ; it would establish and supervise land commissions to buy building blocks at reasonable prices and sell them at cost ; it would be responsible for the national sewerage program, to overcome the sewerage backlog in the major cities ; it would be responsible for developing new cities ; and it would be charged with developing all these policies in co-operation with other Federal departments and with State and local government authorities."<sup>22</sup>

It is important to highlight Whitlam's earlier, more detailed description and justification of one of the main functions of the new department - to 'analyse and evaluate proposals for urban development received from State governments and local government authorities' using cost/benefit analysis. Whitlam pointed to the acceptance of this approach by the Kennedy Administration in the United States. 'Cost/benefit' analysis would enable better co-ordination, better economy, and more precision about objectives in urban planning :

"By using the cost/benefit approach, we shall be able to focus urban planning on its ultimate objectives, and to deduce by what precise

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19 H. Stretton, *Ideas for Australian Cities*, Adelaide, the author, March 1970 ; Melbourne, Georgian House, June 1970, pp. 154-167.

20 Whitlam, 1985, *op.cit.*, pp. 373-376.

21 Whitlam, 1968, *op.cit.*, pp. 8-9 ; Whitlam, 1969a, *op.cit.*, pp. 118-119.

22 Whitlam, 1985, *op.cit.*, p. 381. For a press account of Whitlam's urban and regional policies in the lead up to the 1972 election see P. Samuel, 'The year of the cities', *Bulletin*, September 9, 1972, pp. 17-21.

sequence of steps those objectives can most rapidly and most economically be achieved."

It would also provide the means by which to challenge the instrumental and functional goals of State agencies and the traditional method of financial allocation by which a certain growth percentage is simply added to the previous year's figures.

No one has the brief to look at the overall coherence of public spending at the state level. A federal Labor Government would require that :

". . . before a State or local government authority comes to the Commonwealth for funds for urban development, it should prepare an integrated programme budget which covers the total requirements of the area for which it is responsible. The very process of co-ordination . . . to construct a total specification of requirements will force planners to take into account the varying interests of the instrumentalities which will construct and operate the sub-systems within their overall design. . . . The Commonwealth will be concerned not with the substance or priorities of particular plans but with their internal consistency. It would be inappropriate and unacceptable for the Commonwealth to interfere with the substance or priorities of any internally consistent State or local government plan."<sup>23</sup>

Whitlam appointed Tom Uren shadow minister for urban affairs in 1969. He basically agreed with the Whitlam analysis :

"The inequalities of life are in the cities. . . . There is no comparison between a person living in a three-bedroom cottage in a beach suburb with superb views and two miles to a cultural centre and a person living in the outer western suburbs, absorbing the fumes of industry, having no gentle outlook, no sewerage and miles to travel to any cultural facility."<sup>24</sup>

Nevertheless, Uren's vision was more radical in its regionalism. Uren highlighted the problems of over-centralisation of the capital cities and over-centralised population distribution in Australia.<sup>25</sup> The state governments exacerbated the domination of CBD's in the major cities through their infrastructure investments. In this respect, Uren cited the examples of freeways focussing on the Sydney CBD<sup>26</sup> and the decision to build the underground rail loop in Melbourne.<sup>27</sup> New commercial centres were needed in the big

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23 Whitlam, 1969b, *op.cit.*, pp. 18-21.

24 Quoted in R. Holdsworth, 'The New Centurions - Part 2 : A man with a vision for Melbourne', *Age*, January 11, 1973.

25 T. Uren, 'Decentralisation : what Labor will do' (letter to the editor), *National Times*, October 2-7, 1972, p. 16.

26 See for example, T. Uren, 'New bridge need questioned' (letter to the editor), *Sydney Morning Herald*, July 4, 1970, p. 2 for his opposition to expressways and the second harbour crossing in Sydney.

27 For Uren's opposition to the loop see Holdsworth, *op.cit.*

cities to counter this trend.<sup>28</sup> Uren also stressed the need for new regional growth centres in Australia. He was therefore a strong advocate of the Whitlam decentralisation policies.<sup>29</sup> He also agreed with the policies for urban land and the proposal to establish a federal department of urban affairs. Uren saw the main function of the new department as the control of the allocation of resources for the development of urban areas in Australia. It would integrate the activities of federal agencies as they affect urban development.<sup>30</sup>

Before turning to DURD's policy challenge proper, it is important to highlight a number of tensions in the Whitlam doctrine as it relates to urban policy. The first centres on the *general versus urban basis* of Whitlam's 'doctrine of positive equality'. The general basis of this doctrine is highlighted in the passage quoted earlier in this chapter. It is reflected in the view that 'a citizen's real standard of living' is ". . . determined not so much by his income but by the availability and accessibility of the services which the community alone can provide and ensure."<sup>31</sup> This passage varies in one important respect from the 1972 policy speech. It is stated there that 'a citizen's real standard of living' is ". . . determined not by his income, not by the hours he works, but by where he lives."<sup>32</sup>

This difference is significant. While the former passage implies that reform should have an urban and locational concern, it firmly locates that concern within a broader political and social framework. The passage from the 1972 policy speech comes from the section on the cities and is more strictly limited in justifying an emphasis on urban policy for a Labor government. This difference expresses the

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28 For Uren's advocacy of office decentralisation in Sydney see 'A park instead of offices' (letter to the editor), *Sydney Morning Herald*, January 21, 1972, p. 6. For the same argument with regard to Melbourne see Holdsworth, *op.cit.*

29 For Uren's defence of the Whitlam proposals for urban land and decentralisation see T. Uren, 'Australia's 'urban quagmire'' (letter to the editor), *Sydney Morning Herald*, 1 January 1972, p. 6. Uren's letter was a response to an article by Colin Clark which was critical of the centralism inherent in Whitlam's urban policies.

30 T. Uren, 'Urban Australia and the Australian environment: What we can do', *nsw fabian society pamphlet no. 2* (new series), 1971.

31 Whitlam, 1985, *op.cit.*, p. 3.

32 E.G. Whitlam, '1972 Labor Party Policy Speech', in E.G. Whitlam, *On Australia's Constitution*, Melbourne, Widescope, 1977, p. 280.

tension within the Whitlam doctrine between a broadly based program of reform and a stricter focus on reform through urban and regional policy. As we shall see shortly, this tension was reflected in DURD's experience.

The second tension concerns the *cost of federal involvement in urban policy*.

Referring to his 1965 address to the Australian Planning Institute, Whitlam notes that :

"Proper urban policy requires substantial expenditure outlays. Only the federal government, raising nearly 80 percent of all taxation revenue, had the necessary financial resources."<sup>33</sup>

Nevertheless, in the context of the Hawke Government's lack of interest in urban policy, Whitlam also argued in the same book that :

"It is a fallacy to suggest that Federal involvement in urban and regional development necessarily means an increase in Federal outlays. Through planning and co-ordinating its existing outlays on housing, roads, higher education, ports and airports the Federal Government can reduce its expenditure."<sup>34</sup>

As we shall see later in this chapter, this confusion or lack of clarity severely undermines arguments for a renewed federal role in urban policy in the 1980s.

Finally, there is the tension between *advice and interference in Whitlam's 'co-operative federalism'* as it relates to urban policy. We saw from the passage quoted above that Whitlam was committed to greater federal involvement in urban planning at the State level but insisted that this would not be at the expense of State priorities. Rather, the Commonwealth would be concerned mainly with 'internal consistency'. The fine line between advising on consistency and interfering with existing State priorities was to plague DURD's efforts in this area.

The quest for 'internal consistency' within the public sector became a priority itself when the DURD approach was transposed to the South Australian bureaucracy in 1976 after the election of the Fraser Government. It will be argued later that this change has not had altogether positive and progressive consequences.

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33 Whitlam, 1985, *op.cit.*, p. 373.

34 Whitlam, 1985, *op.cit.*, p. 405.

## 2. THE DOCTRINE IN PRACTICE : DURD's POLICY CHALLENGE

As the only new department to be established by the Whitlam Government, DURD had the mandate to address the federal neglect of urban and regional problems and to implement the urban programs outlined by Whitlam. Early in its life, DURD was described as :

"... one of the most ambitious ventures in administration of recent times : the first deliberate attempt to create a 'super-department' in about 20 years."<sup>35</sup>

DURD's policy work concentrated on two main areas - the reform of traditional approaches to public intervention in Australian society and reform of conventional approaches to urban planning in Australian cities. In the course of its work in the first area, DURD issued a strong challenge to traditional power bases in the federal bureaucracy, in particular to the Treasury. As one commentator put it early in the Whitlam years :

"DURD expects, through pointing out the alternatives and getting co-operation, to equalise and rationalise community resources and their distribution. Which looks very like control of a major, but hitherto largely unexplored, area of national economic policy. Small wonder that the new department has not enjoyed a warm welcome from the traditional economic strongholds."<sup>36</sup>

DURD had a number of functions :

- the development and implementation of a national urban and regional development strategy,
- the development of an 'urban and regional budget' to co-ordinate government investment in urban and regional services,
- the development of an urban economic and resource planning capacity,
- the co-ordination of federal involvement in urban and regional development,
- the provision of advice to the States, semi-government and local government authorities in the preparation and implementation of plans for cities and regions,
- the assessment of the demands for transport services,

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35 B. Juddery, 'Born to Tom Uren : DURD, a super department - now see how it grows', *National Times*, July 2-7, 1973, pp. 28-29.

36 G. Davidson, 'Commonwealth-State relations : a new approach', *Canberra Times*, 18 May 1973, p. 2.

- the initiation and co-ordination of research into urban and regional development, and
- the implementation and supervision of land commission, new cities and national estate programs.<sup>37</sup>

This section is dominantly concerned with the first four of these functions. Most of DURD's policy work was undertaken in these areas and took the form of submissions to committees of inquiry established by the Whitlam Government. Separate departmental divisions were created to undertake these policy functions. Of the four other functions, three are primarily concerned with DURD's programs and will be discussed in the chapters to follow while the seventh 'research' function was undertaken in conjunction with DURD's policy work.

A number of principles underlay DURD's policy challenge. The department was primarily concerned with the way in which existing institutional structures exacerbated inequalities. In this, it took up and developed Whitlam's arguments of the late 1960s.<sup>38</sup> DURD was committed to *co-ordination and co-operation* in devising urban and regional policies and programs. It conceived urban planning as a *policy process* concerned with the *social and spatial consequences of resource distribution*. It saw *regionalism* as an important vehicle for policy-making and administration both as a political concept and as the basis for making 'spatial' policies to reduce inequalities.<sup>39</sup> In all of this, the department was opposed to the *traditional functional division* of both the federal and state bureaucracies and their concern for 'outputs'. In DURD's view, this approach did not adequately recognise *locational and distributional consequences*.<sup>40</sup>

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37 DURD, *First Annual Report 1972-1973*, Canberra, AGPS, 1973, p. iv.

38 Davidson, *op.cit.* See also C. Jay, 'The politics of city planning : pushing out the poor is direct discrimination', *National Times*, October 22-27, 1973 for the arguments of Leonie Sandercock and Peter Spearritt supporting these DURD concerns. At that time, Sandercock and Spearritt were research students in the Urban Research Unit at the Australian National University.

39 For a discussion of regionalism in these terms see M.I. Logan and J. McKay, 'Regional development policy and population redistribution', in I.H. Burnley, R.J. Pryor and D.T. Rowland (editors), *Mobility and Community Change in Australia*, St. Lucia, Queensland, University of Queensland Press, 1980, p. 248.

40 In its defence of regional administration and critique of functional bureaucracy, DURD's policy challenge reflects the tension between 'territory' and 'function' highlighted in Friedmann and Weaver's history of regional planning in the United States. See J. Friedmann

DURD sought a new reconciliation of economic and urban policy. Bob Lansdown, DURD's Secretary, expressed this well in 1974 :

" . . . I should like to stress the critical role of national economic management on urban and regional development. People often tend to think of the Department of Urban and Regional Development in terms of traditional physical planning, but any examination of our staff structure would show a far greater proportion of economists than planners. The flow of funds to different types of institutions and the balance between private and public investment in such areas as housing . . . are extremely important factors in the area in which we are working."<sup>41</sup>

The work of DURD's Strategy Division on the 'national urban and regional strategy' has been described as ". . . arguably the most important in the department, with the highest 'research' component."<sup>42</sup> In essence, the strategy was an attempt to provide some overall framework for the department's programs and policies. It sought to develop an integrated approach to a range of problems and issues : urban and regional structure, policies on urban land, policies for population redistribution, inner city problems, the national estate, and the role of local government in Australian federalism. From another perspective, it was a quite pragmatic, 'post-hoc' rationalisation of DURD's programs, in particular the growth centres program.<sup>43</sup>

The strategy comprised a number of statements about its overall intent<sup>44</sup>, more detailed analysis of macro urban issues (for example, of population growth, transport,

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and C. Weaver, *Territory and Function : The Evolution of Regional Planning*, London, Edward Arnold, 1979.

- 41 R.B. Lansdown, 'Urban Past - Urban Future : 1974 Walter Burley Griffin Memorial Lecture', unpublished.
- 42 Lloyd and Troy, *op.cit.*, p. 193.
- 43 For a critique to this effect see R. Ackland, 'The new urban blueprint disappoints', *Australian Financial Review*, November 11, 1974, p. 2.
- 44 The major statements are DURD, *A National Program for Urban and Regional Development : An Interim Statement*, Canberra, DURD, April 1974 ; DURD, 'National Perspectives on Urban and Regional Development', unpublished Discussion Notes for AIUS Conference 24-25 October 1974, Canberra, DURD, 1974 ; and DURD, *Towards a Strategy for Urban and Regional Development*, Canberra, DURD, October 1974. Some of this material has appeared in articles and papers written by those directly involved in devising the strategy : see T. Powell, 'National Urban Strategy', *Royal Australian Planning Institute Journal*, 12, 1 (1974), pp. 8-10 ; D. Wilmoth, 'Current Issues in the Formulation of a National Strategy for Urban and Regional Development', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, April 1974 ; M.I. Logan and D. Wilmoth, 'Australian Initiatives in Urban and Regional Development', *International Institute for Applied Systems Analysis Research Report*, Austria, July 1975 ; D. Wilmoth, R. Purdon, A. Strickland and M.I. Logan, 'Towards a National Strategy for Urban and Regional Development', in J.C. McMaster and G.R. Webb (editors), *Australian Urban Economics : A Reader*, Sydney, ANZ Book Co., 1976.



and the location of government employment)<sup>45</sup> and analysis of problems and trends in particular cities and regions.<sup>46</sup>

The more detailed specification of the strategy continued after the election of the Fraser Government in the National Settlements Division of the Department of Environment, Housing and Community Development (EHCD). Again, this covered both general issues<sup>47</sup> and problems and trends in particular cities and regions.<sup>48</sup>

DURD's most complete and comprehensive strategy document<sup>49</sup> defines the rationale for and the constraints facing a national urban and regional strategy, specifies some of the alternative approaches to devising a strategy, and defines the 'national goals' and 'metropolitan objectives' which inform the strategy. Along the way, the document provides background on the Australian urban and regional system and detailed argument about more particular issues - population distribution, regional, metropolitan, land, transport and communication, and citizen participation policies.

In terms of the need for a national strategy, the document argues that urban and regional problems are a national priority, that the Australian urban system is becoming increasingly inter-dependent and truly national, and that the Australian Government's

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45 DURD, *Population Growth and Urban and Regional Development in Australia : Strategy Division Working Paper one*, Canberra, DURD, 1975 ; DURD, *Metropolitan Development : Strategy Division Working Paper three*, Canberra, DURD, 1975 ; DURD, *Transportation and Urban and Regional Development : Strategy Division Working Paper six*, Canberra, DURD, 1975 ; P. Coaldrake, *The Location of Australian Government Employment*, Canberra, DURD, 1975. For a general discussion of DURD's work on metropolitan planning policy written by some of those directly involved see P. Le Breton and A. Strickland, 'Metropolitan Planning Policies', unpublished paper given to 46th ANZAAS Congress, Canberra, 20-24 January 1975.

46 DURD, *Metropolitan Strategy - Adelaide* : Strategy Division Working Paper four, Canberra, DURD, 1975 ; DURD, *Metropolitan Strategy - Brisbane* : Strategy Division Working Paper five, Canberra, DURD, 1975.

47 EHCD, *National Settlement Policy* : National Settlement Division Working Paper one, Canberra, EHCD, 1976 ; EHCD, *National Population Growth and Distribution* : National Settlement Division Working Paper two, Canberra, EHCD, 1976 ; EHCD, *Growth Centres in National Settlement Policy* : National Settlement Division Working Paper three, Canberra, EHCD, 1976 ; EHCD, *The Location of Commonwealth Government Employment* : National Settlement Division Working Paper five, Canberra, EHCD, 1976 ; EHCD, *National Land-Use Planning* : National Settlement Division Working Paper six, Canberra, EHCD, 1976 ; and EHCD, *Regional Population Projections for Australia 1975 to 2005* : National Settlement Division Working Paper eight, Canberra, EHCD, 1976.

48 EHCD, *The Central Coast of New South Wales* : National Settlement Division Working Paper four, Canberra, EHCD, 1976 ; EHCD, *Growth Centres - The River Murray* : National Settlement Division Working Paper seven, Canberra, EHCD, 1976.

49 DURD, *Towards a Strategy for Urban and Regional Development*, Canberra, DURD, October 1974.

responsibility to manage and plan the national economy requires greater federal participation in urban affairs. It is now essential to consider the spatial implications of all forms of government activity.<sup>50</sup> Nevertheless, there are important constraints in devising a national urban and regional strategy. These include the complexity of urban and regional problems and processes, the lack of familiarity with the concept of a national strategy, the political constraints of the Australian federal system, the long lead times in urban and regional development, and the absence of a 'planning' ethos and machinery in Australia.<sup>51</sup>

A number of alternative approaches to the development of a national urban and regional strategy are defined - national land use planning, comprehensive policy planning which proceeds from goals and objectives through analysis, policy choice and monitoring, an incremental policy approach, and a participatory approach built upon 'an intensive community search for national goals, objectives and priorities'.<sup>52</sup>

The approach which DURD settled upon was a mixture of the second and third of these alternatives - a comprehensive approach which nevertheless recognised its inherently partial and incomplete nature. The DURD approach would establish :

" . . . a process of policy and program co-ordination in order that the activities of the Australian Government, State and Local Government, private organisations and citizens all combine to direct changes in urban and regional development towards the achievement of national objectives."<sup>53</sup>

The strategy would combine 'a host of day-to-day decisions' and public intervention in urban and regional processes 'to bring about fundamental social change'. It would always be incomplete :

" . . . it is not intended to arrive at a position where complete, comprehensive and definitive answers are ever provided for all our problems."<sup>54</sup>

Later, it was noted that the strategy would always be 'untidy' :

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50 *ibid*, pp. 3-5.

51 *ibid*, pp. 5-8.

52 *ibid*, pp. 13-15.

53 *ibid*, p. 18.

54 *ibid*, p. 5.

"There will probably always be contradictions between different policies within the same strategy. (for example, 'Won't improving the existing cities lessen the chances of people going to growth centres?')."55

The urban and regional strategy defined a number of *national goals* - to reduce inequality in the distribution of income and wealth, to ensure greater equity in access to public services, to achieve greater efficiency in the allocation of resources, to open processes of government and planning to effective citizen participation, to preserve the natural and man-made environments and to conserve natural resources, and to maintain full employment. The notion of 'territorial justice' informed the equity and efficiency objectives.<sup>56</sup>

The strategy also defined a number of *metropolitan objectives*. These included monitoring and planning of economic and urban growth and change, ensuring adequate supplies of housing and land within cities, shortening the journey to work and improving public transport, ensuring more equality in the availability of job opportunities for men and women, ensuring citizen involvement in decisions about urban change, ensuring that all citizens have reasonable access to basic public facilities and services, ensuring efficient and co-ordinated provision of physical and social urban infrastructure, improving the quality of the urban environment, and preserving and enhancing the national estate.<sup>57</sup>

A number of more general theoretical and philosophical arguments informed DURD's approach to urban and regional policy. Some of these have already been highlighted. Probably the most general of them was DURD's defence of a new reconciliation of equity and efficiency to counter the conventional Treasury view of that relation. In this, DURD developed what it saw as the theoretical implications of the Whitlam doctrine. Traditional conceptions of the efficiency/equity relation focus on 'money' income and efficiency in the allocation of private goods. DURD wanted to broaden the discussion to include 'the values of all publicly provided goods and

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55 *ibid*, p. 19.

56 *ibid*, pp. 31-36.

57 *ibid*, pp. 50-52. These national goals and metropolitan objectives are also outlined in DURD, *Metropolitan Development : Strategy Division Working Paper three*, Canberra, DURD, 1975, pp. 8-9.

services, such as roads and education' and the equity consequences of both private and public resource allocation :

". . .there is evidence to suggest that the distributive effects of some public spending have tended to reflect and reinforce the distribution of private incomes, rather than offset private income inequalities and redistribute real income."<sup>58</sup>

DURD also defended an alternative view of urban and regional planning as a *policy and co-operative process* primarily concerned with *social and economic issues* and the *co-ordination of resources*, and to be conducted on a *regional basis*. DURD did not see itself as planning a finished physical product, as in the planning of Canberra. DURD consciously distanced itself from long-term physical and land use planning :

". . . the forms of expression of national strategy may not appear familiar. Such a strategy is less likely to appear in the form of a land use plan than in the form of a spatially-specific program and budgeting system. . . . Because the strategy is in part directed at locational change, it becomes necessary to translate social objectives into policies concerning the arrangement of people and their activities on the ground. That is, a strategy for urban and regional development should focus not only on single components of development or sectors of the economy, but also on the integration of public and private activities within and between regions. It should be concerned more with processes of social change than with physical development."<sup>59</sup>

In its work on metropolitan policy, DURD noted that :

"Metropolitan strategic guidelines for the Australian Government are unlikely to be expressed as comprehensive long-range physical development plans. They are more likely to be expressed as policy attitudes towards particular issues which affect the cities."<sup>60</sup>

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- 58 P. Le Breton and A. Strickland, 'Metropolitan Planning Policies', Unpublished paper given to 46th ANZAAS Congress, Canberra, 20-24 January 1975.
- 59 DURD, *Towards a Strategy for Urban and Regional Development*, Canberra, DURD, October 1974, pp. 6, 18. There is an interesting tension and inconsistency in this statement. While DURD downplays the importance of physical urban development in its approach to policy, its concern for the 'location of activities on the ground' reflects some recognition of the importance of physical development. As we shall see later in this chapter, the urban policy approach has tended to lose sight of this and has disabled thinking which mixes a concern for policy process with a concern for physical outputs.
- 60 DURD, *Metropolitan Development* : Strategy Division Working Paper three, Canberra, DURD, 1975, p. 2. DURD's opposition to land use planning is also expressed in Lloyd and Troy's account of DURD's reaction to the Department of Environment's idea that a national land use plan be developed as a way to prevent environmentally undesirable development : "The proposal . . . implied that there was one desirable land use pattern which was the most efficient and equitable deployment of the nation's natural resources. The notion that traditional land use planners should colour in a map of Australia in the same way as they had approached the planning of the major metropolitan areas was repugnant to DURD." (C.J. Lloyd and P.N. Troy, *Innovation and Reaction : The life and death of the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981, p. 197)

DURD also criticised the dominance of the functional departments over the urban planning process at the state level :

"Many metropolitan planning agencies with small budgets and little political power have problems co-ordinating large State spending authorities such as Main Roads departments and Housing Commissions who often exercise independent influences on metropolitan development."<sup>61</sup>

Mixed in with this critique was a general opposition to the systems of land use development control operated by the state governments.<sup>62</sup>

A prescriptive, normative and progressive orientation informed all of these changes. For some, the DURD approach did express a common or public interest. On the other hand, the approaches of existing urban planning and public housing agencies at the state level were incremental and responsive :

"What is needed is an examination of the mechanisms which produce current trends with a view to public intervention to *alter* undesirable trends rather than *accommodate* them. Public sector planning can be improved if it becomes *prescriptive* or *normative* in the sense of playing a leading role with respect to the size and structure of cities, rather than following and facilitating the growth patterns generated by the private sector. A different view is that there cannot or at least should not be comprehensive prescriptive planning that determines the direction and pace of development. According to this view, the role of metropolitan planning is to anticipate and respond to demand trends within the community, in effect to smooth the course of private development. This view usually endorses what has been termed an *incremental* approach to planning, as tends to be practiced by metropolitan public servicing authorities, in which new developments are added bit by bit to the existing metropolitan structure in accordance with existing or expected economic demand. When supporters of this view criticise present metropolitan planning, they usually do so on the grounds that planning decisions are too slow and lag behind economic demand. The notion that planning should or could lead and shape demand rather than respond to it is seen either as totalitarian or as utopian and unrealistic."<sup>63</sup>

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61 DURD, *Metropolitan Development* : Strategy Division Working Paper three, Canberra, DURD, 1975, p. 12.

62 This is also reflected in Lloyd and Troy's account of DURD's opposition to the Department of Environment proposal for a national land use plan : "The traditional form of land use planning practised in the states often resulted in an inflexible and highly bureaucratised system of land use control which DURD did not want repeated on a national scale." (Lloyd and Troy, *op.cit.*, p. 197)

63 P. Le Breton and A. Strickland, 'Metropolitan Planning Policies', paper given to 46th ANZAAS Congress, Canberra, 20-24 January 1975, p. 8 (emphasis in the original). Lyndsay Neilson also expressed this in his comment that "To me it seems that the Australian Government's initiatives have clearly re-introduced to Australia the era of wilful or normative planning." L. Neilson, 'The New Cities Programme', *Royal Australian Planning Institute Journal*, 12, 1 (1974), p. 19.

DURD went some way to defining a new 'management' approach to metropolitan policy to counter what it saw as the limits of conventional approaches :

"For efficient use of resources, control over the timing of urban development is . . . extremely important to ensure that land and services are available when needed. Public management and control of land, especially just prior and during development, is one of the ways to achieve co-ordinated rational development of urban areas, and may be particularly important when rapid growth is occurring."<sup>64</sup>

Co-ordination would be important in the new approach :

"There is need for effective works co-ordination machinery to give strength to planning proposals. There is also a need for a metropolitan budgetting system to ensure exchange of information among spending agencies, to avoid inefficiencies and duplication, to co-ordinate spending programs both within and between governments, and to plan ahead."<sup>65</sup>

The new approach would require a time horizon of between 3 and 5 years for forward planning. In this, the new approach sits between the 20 to 30 year time frame for structure planning and the yearly time frame for the many financial decisions taken as part of the normal budget round.<sup>66</sup>

As we shall see later in this chapter, this new 'management' approach to urban policy, particularly as it has been implemented in South Australia, has not escaped from the 'incremental' interests of the public servicing authorities. Indeed, it is somewhat ironical that it has elevated those interests to a controlling position in the urban planning process. The development of the management approach to urban policy since the DURD years has also downplayed its normative and prescriptive grounding, and in some cases has been positively hostile to any 'communitarian' basis for urban policy. In this context, it is important to note the somewhat prophetic comment made about DURD's normative approach to urban policy in 1975 by some of those associated with devising it :

"As advocates of normative planning, we believe it is a necessary but not sufficient condition of good metropolitan planning that it become prescriptive rather than responsive. The question remains as to whether

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64 DURD, *Towards a Strategy for Urban and Regional Development*, Canberra, DURD, October 1974, p. 55.

65 DURD, *Metropolitan Development : Strategy Division Working Paper three*, Canberra, DURD, 1975, p. 12.

66 EHCD, *The Central Coast of New South Wales : National Settlement Division Working Paper four*, Canberra, EHCD, 1976, pp. 31-32.

the new directions of prescriptive planning are better or worse than the old directions of responsive planning. This will depend upon the nature of the values or principles which underly, explicitly or implicitly, the planning process."<sup>67</sup>

DURD's resource allocation division was primarily responsible for the development of the 'urban and regional budget'. This constituted a bold attempt to provide a new basis for federal economic and social policy making. Budgets were prepared for the financial years 1974/75 and 1975/76.<sup>68</sup> The following passage from the 1974/75 version expresses their essential aim :

"The increased awareness of how most public capital expenditure programs affect urban and regional development, and of the very large expenditure involved, has been matched by the determination of the Australian Government to improve decision-making in the urban field. The allocation of resources and the distribution of welfare within the community can be improved by attention to the spatial pattern of public sector activity. That is to say, governments must concern themselves not merely with aggregates, but with more precise analyses of where, and on whom, their policies impinge."<sup>69</sup>

In essence, the 'urban and regional budgets' catalogued federal government spending, particularly infrastructure spending, as it had an impact upon the Australian urban and regional system with the purpose of 'co-ordinating and maximising the effectiveness of various programs.'<sup>70</sup> They were thus early and partial examples of what emerged later in the USA as urban impact analysis. They were partial because they were limited to the federal budget. They did not include the investment of state and local government or private enterprise, although the intent was to extend them over time to cover both federal and state spending as it related to urban and regional development.

The 'urban and regional budget' was a useful innovation as an aid to federal decision-making but flawed in terms of its broader objective to become a new basis for the making of economic policy. The authors were principally concerned to catalogue government programs in order to discern the impact on patterns of resource

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67 Le Breton and Strickland, *op.cit.*, p. 8.

68 DURD, *Urban and Regional Development 1974-75*, 1974 Parliamentary Paper No. 333, Canberra, Government Printer of Australia, 1975 ; DURD, *Urban and Regional Development 1975-76*, 1975 Parliamentary Paper No. 149, Canberra, Government Printer of Australia, 1976.

69 DURD, *Urban and Regional Development 1974-75*, 1974 Parliamentary Paper No. 333, Canberra, Government Printer of Australia, 1975, p. 10.

70 *ibid*, p. 11.

distribution. While they were capable of extension and development, they did not address mainstream questions of economic management. They took economic growth for granted and became marginal to the problems of economic management which emerged in the mid 1970s. While the methodology of the urban and regional budget informs the work of the Department of Finance, their purpose as a radical alternative was lost in the transition.

It is probably also the case that the urban and regional budgets lost influence because they provide no real help in the intellectual defence of the public sector in mixed capitalist societies. As we shall see later, the methodology of the 'urban and regional budget' was employed to justify the infrastructure spending in the Hawke Government's 'steel plan' but had no central role in that plan.

The assumptions and substance of the 'urban and regional budget' - monitoring and coordinating public spending to ensure equity objectives are met within urban and regional systems - seem marginal to the problems of economic management in the late 1980s. Nevertheless, given the size and significance of the public sector in Australian society, an 'urban and regional budget' may still be useful if its purpose and procedures can be integrated with the other considerations and processes of public economic management in a mixed capitalist economy like Australia's. As we shall see later in this chapter, the emerging interest in the infrastructure problem in Australia is concerned more to defend the overall role of the public sector in Australian society than to highlight questions of distribution and impact of public spending on the Australian urban and regional system.<sup>71</sup>

DURD's urban economics and resource planning division gave advice on industry and housing policy and was important in the formation of the Whitlam Government's budgets, particularly the 1974/75 budget.

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71 For a discussion of the methodology of the 'urban and regional budget' as one component of 'an ideal budgeting framework' see W. Cushing, 'Data problems in relation to urban policy', in R.L. Mathews, *Urban federalism : urban studies in a federal context*, Canberra, Centre for Research on Federal Financial Relations, Australian National University, 1981. Cushing was responsible for the 'urban and regional budget' in DURD.



DURD's submission to the Jackson Committee on Manufacturing Industry in the Australian economy<sup>72</sup> was, in the view of DURD's Secretary Bob Lansdown, one of the best pieces of work to emerge from the department. The submission was an early attempt to look at the urban and regional consequences of structural change in the Australian economy. DURD argued that there was a close relation between industry and regional policy which should be recognised. More specifically, DURD concluded that ". . . location specific subsidy is the proper means of encouraging the regional development of industry rather than adjusting the level of assistance to the whole industry through tariff protection."<sup>73</sup> In this context, DURD also attacked the crudeness of the Whitlam Government's 25% tariff cut. This decision was likely to undermine some of the regional objectives that the department was trying to achieve, in particular, the development of regional economies through an active program of decentralisation. DURD's submission to the Jackson Committee highlighted the reasons for the lack of development of regional centres in Australia. In this, it reflected Max Neutze's arguments.<sup>74</sup>

The approach developed in the DURD submission and the urban and regional consequences of structural change were not addressed in a major way by the Jackson Committee's report. The Treasury also disagreed with DURD's defence of regional policy.<sup>75</sup> In its arguments for a reconciliation of industry and regional policy, DURD was ahead of its time. The Hawke Government's industry policies are based upon a more sensitive and tailored approach to structural change to overcome the limits and crudeness of the tariff as a policy tool. Nevertheless, the urban and regional consequences of structural change are not a major part of the Hawke agenda.

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72 DURD, *The Inter-relation of Manufacturing Industry Policy and Urban and Regional Development Policy : A Submission to the Committee to Advise on Policies for Manufacturing Industry*, Canberra, DURD, May 1975.

73 *ibid*, p. 3.

74 For a detailed discussion of Neutze's arguments, see Chapter Six below.

75 See M. Painter and B. Carey, *Politics Between Departments : The fragmentation of executive control in Australian government*, St. Lucia, University of Queensland Press, 1979, pp. 31-39 for an account of the conflict between Treasury and DURD over regional policy in the context of the 'working group on special assistance to firms in non-metropolitan areas affected by structural change' (SANMA).

DURD never had responsibility for housing policy and did not have good relations with those who did.<sup>76</sup> Of particular concern to DURD was the 1973 Commonwealth-State Housing Agreement (CSHA). This was negotiated :

"... before DURD had geared itself to make an effective contribution. Uren and his Ministry were irked by what they saw as a renegotiation on traditional lines which did not permit the injection of new attitudes to resource allocation and land use more consonant with the policies of the Labor government. In effect, the agreement tied the government's hands in a crucial area of national housing policy for five years."<sup>77</sup>

As a press report noted at the time, DURD felt that this was too long a period for the Housing Commissions :

"... to have the facility to buy land on the city fringes for mass housing estates without consulting DURD about the overall planning priorities of the Federal Government. (DURD saw) a danger in the creation of more 'Green Valleys' and would have liked to direct the commissions to spread their homes for those on lower incomes among existing urban regions, instead of placing them in clusters."<sup>78</sup>

Throughout its life, DURD emphasised the need for better co-ordination between housing and urban policy. As Uren argued in mid 1975 :

"Many of the problems we have run into in our cities arise because our predecessors attempted to separate the production of shelter - of accommodation - from other urban services. They attempted to deal with the problem by being concerned with numbers of houses without ever apparently realising that people need to have workplaces and other activities and facilities before the collection of houses is anything more than a series of isolated families struggling along in a state of alienation and anomie. . . . The control over who gets what housing where . . . , if effectively related to our urban and regional development policies, is another potentially powerful force for restructuring our cities."<sup>79</sup>

In order to shift the debate about housing policy, DURD was instrumental in the establishment of the Priorities Review Staff's housing policy review. This review was to investigate 'inconsistencies and potential policy contradictions' in the government's approach to housing. It was to look, in particular, at the funding of public housing, the special treatment of home loans in the financial sector, the issue of the tax deductibility

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76 See Lloyd and Troy, *op.cit.*, pp. 105-110 for an account of the frosty relations between DURD and the Department of Housing and Construction during the Whitlam years.

77 *ibid.*, p. 106.

78 R. Ackland, 'Housing Yo-Yo', *Australian Financial Review*, November 15, 1974, p. 6 (my additions).

79 Quoted in Lloyd and Troy, *op.cit.*, p. 109.

of interest, and the impact of government and local authority restrictions on the availability of housing. It was asked to address questions like to :

"... what extent the money for welfare housing provided at subsidised interest rates goes to home ownership at the expense of tenants, and what is the justification for the preferential interest rate structure for home loans from the banking system?"<sup>80</sup>

The review was undertaken in 1974 and 1975 amid bureaucratic in-fighting between DURD and the Department of Housing and Construction.<sup>81</sup> The resulting report<sup>82</sup> is a very interesting document mainly because of the way in which the conservative 'public choice' analysis of the main report relates to DURD's 'distributional' critique of the public role in urban and housing development in Australia's cities.

The main report was one of the earliest applications of American neo-conservative 'public choice' theory to the analysis of Australian public policy.<sup>83</sup> It highlighted the perversity of public policy as it influenced housing. Policies now tend "... to increase inequalities in access to housing (and) to increase inequalities in the distribution of income and wealth." The report highlighted this with examples from the four areas it was asked to look at :

"Tax concessions subsidise owners rather than renters and most favour those building costly houses. Attempts to limit interest rates produce credit rationing which often discriminates against the poor who cannot maintain large deposits before receiving a loan or bring other business to the lender. Building standards and planning regulations are contributing to

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80 B. Toohey, 'PRS Spotlight on Housing', *Australian Financial Review*, June 28, 1974, pp. 1, 7.

81 For an account of this see Editorial, 'The blocking power of Canberra's housing Mandarin s', *Australian Financial Review*, September 9, 1974, p. 2. For the Minister of Housing and Construction, Les Johnson's reply arguing that Uren and he did agree on the need for the PRS review and that his department was in the process of developing its ability to undertake policy research see L. Johnson, 'Bid to improve housing' (letter to the editor), *Australian Financial Review*, September 11, 1974, p. 2.

82 Priorities Review Staff, *Report on Housing*, 1975 Parliamentary Paper No. 261, Canberra, Government Printer of Australia, 1976.

83 One of the principal authors of the main report - Michael Porter - has since gone on to champion the 'public choice' critique of the role of the public sector in Australian society in his role as director of Monash University's Centre of Policy Studies, while another - Geoffrey Brennan - has gone on to develop 'public choice' theory in collaboration with the father of the theory, James Buchanan. See G. Brennan and J. Buchanan, *The Power to Tax*, Cambridge, Cambridge University Press, 1980 ; G. Brennan and J. Buchanan, 'The Normative Purpose of Economic Science : Rediscovery of an Eighteenth Century Method', *International Review of Law and Economics*, 1 (1981), pp. 155-166 ; G. Brennan and J. Buchanan, *The reason of rules : Constitutional political economy*, Cambridge, Cambridge University Press, 1985.

social segregation and to increased housing costs for the very poor. Public housing is not being directed to the most needy but rather may be giving substantial concessions to many in relatively well-off circumstances."<sup>84</sup>

The PRS's alternative to this 'perversity' was a guaranteed minimum income scheme without significant direct public intervention in the provision of housing.

"... we believe that an allocation of resources to housing closest to what the community wants will be achieved through the free operation of the housing market provided that decisions on redistribution are clearly specified and effected (and that) any significant special benefits from the use of housing are taken into account."<sup>85</sup>

In relation to the arguments about the 'special benefit' of housing, the main report noted that while individuals do benefit from the housing decisions of others, these "... are probably not large enough, compared with the similar benefits springing from the consumption of other things, to justify subsidies of the existing magnitude let alone any increase." The report highlighted this with regard to policies encouraging home ownership and argued the case for the taxation of the imputed rent of home owners.<sup>86</sup>

By far the largest part of the report is devoted to a number of 'attachments'. Some of them reinforce the arguments of the main report.<sup>87</sup> Nine of them emanated from DURD while nine others came from the Department of Housing and Construction.

DURD's contribution comprises a general statement<sup>88</sup> and eight more specific papers acknowledged as being written by DURD bureaucrats.<sup>89</sup> DURD's general statement took a different philosophical and theoretical line to the main report. Housing is a social good having a powerful effect on the distribution of income. DURD argued

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84 Priorities Review Staff, *op.cit.*, p. 4.

85 *ibid*, p. 11. For a press account of the PRS report which highlights its support of a guaranteed income scheme see A. Clark, 'PRS says guaranteed income scheme is best way to run welfare programs', *National Times*, September 1-6, 1975, p. 38.

86 *ibid*, pp. 9, 11. For a press account of the PRS's advocacy of a tax on the imputed rent of home owners see P.P. McGuinness, 'Should we own our homes and pay for them too? PRS want it that way', *National Times*, October 6-11, 1975, p. 54.

87 John Paterson Urban Systems, 'Social and Economic Implications of Housing and Planning Standards', Attachment 20, in Priorities Review Staff, *op.cit.*

88 DURD, 'Some Elements of Housing Policy in Australia', Attachment 3, in Priorities Review Staff, *op.cit.*

89 G.L. Dalton, 'Capacity of the Housing Industry'; G.L. Dalton, 'The Flexibility of the Building and Construction Industry'; G. Jackson, 'A Production Function for Housing in Australia'; D.F. Gascoine, 'Monetary Policy and Housing'; P. Edwards, 'Market Failure and Housing (2)'; D.F. Gascoine, 'The Value of Housing'; P. Hoy, 'Housing Within the Context of the New Cities Program and Decentralisation Policy'; and G. Jackson, 'Public Investment in Housing'.

that the degree to which the redistributive effects of past housing policies are entrenched in the present distribution of housing in Australia makes a strong case for the continued treatment of housing as a special kind of commodity. Governments actively intervene and subsidise a number of areas of the economy. To leave the production and distribution of housing solely to market forces in such circumstances is to invite underinvestment in housing. Housing requires the conscious and planned intervention of government in the market. The effect of past and continuing intervention requires further intervention on a comprehensive basis. With regard to the private housing markets, DURD argued that this comprehensive intervention could take two forms - either by helping households reach the home ownership threshold beyond which government benefits can be exploited or by making private rental relatively more attractive than it has been, for example by allowing tax deductibility of rental payments.<sup>90</sup>

DURD then highlighted three main ways in which social welfare is influenced by government involvement in housing - rental incomes are taxed whereas there is no equivalent levy on those who own or are buying their housing, the government regulates the capital markets which supply finance for home purchase, and the government provides funds to State housing authorities for low income housing.<sup>91</sup>

DURD argued that any thorough consideration of the benefits derived from housing should be viewed in the context of what it calls 'real urban income', a concept based upon both money income and the 'social wage'. This emphasis would show how inequalities are reinforced across a number of areas - low income leads to minimum housing which is usually located in areas which lack a full range of community and public facilities. DURD highlighted these connections with regard to the development activity of the state housing commissions. This sometimes occurs without taking account of the :

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90 DURD, 'Some Elements of Housing Policy in Australia', Attachment 3, in *Priorities Review Staff, op.cit.*, pp. 183-185.

91 *ibid*, pp. 188-189.

". . . sort of issues embodied in the broad concept of real urban income, instead focussing only on the narrow task of getting houses to people who need them. The initial disabilities of the residents of Green Valley and Mt. Druitt . . . are not solely due to the correlation between low incomes and the various forms of social dysfunction. Concentrating families with high demands for various social services in particular areas exacerbates their problems through the overloading of welfare services, through reducing the proportion of residents able to contribute to community activities and so on."<sup>92</sup>

DURD suggested that only by integrating housing and urban and regional policy could such problems be adequately addressed. DURD also defended community based solutions to housing problems and suggested that central agencies should mainly be concerned with macro-economic decisions as they affect housing.<sup>93</sup>

On the basis of this analysis, DURD made a number of recommendations. Three detailed recommendations were important. The first was to assess the cost, benefits and equity effects of allowing tax concessions for rental payments as part of a general rationalisation of public intervention in housing markets. The second was to ensure stabilised financial flows for housing and to introduce more flexible mortgage instruments. The third was to allow the development of community based housing programs. In the longer term this may involve changes to the CSHA.<sup>94</sup> DURD had earlier floated the idea of a tax on home owner's imputed rent as one way to make more resources available for new housing.<sup>95</sup>

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92 *ibid*, pp. 190-191.

93 *ibid*, pp. 193-207.

94 *ibid*, pp. 208-210.

95 In DURD, *Urban Land : Problems and Policies*, Canberra, AGPS, 1974. This suggestion was picked up in the press - see 'DURD idea : tax house owners', *Canberra Times*, February 13, 1975, p. 3. At the time, Uren argued that the idea was not acceptable. Nevertheless, the proposal was criticised as absurd in editorials - see 'Home rent tax 'not acceptable' : Ministry plan to boost resources', *Sydney Morning Herald*, February 24, 1975, p. 10 and Editorial : 'Absurdity from DURD', *Sydney Morning Herald*, February 25, 1975, p. 6. In reply to this editorial, Uren criticised the way in which one idea among many from the report had been emphasised and repeated his view that the idea was not acceptable - see T. Uren, 'Mr. Uren in reply' (letter to the editor), *Sydney Morning Herald*, March 4, 1975, p. 6.

The idea was also debated in the pages of DURD's 'Community' journal. For an argument that the tax is one way in which the subsidies to home ownership could be offset but that no government would collect it see M. Jones, 'A Housing Policy for the Middle Class?' (review of Stretton's 'Housing and Government'), *Community*, 9 (April 1975), p. 17. For an argument that such a tax would be administratively difficult and would need to create so many exemptions that it would become self-defeating see H. Stretton, 'Class Bias in Housing', *Community*, 11 (June 1975), p. 15. For another defence of the tax see B.F. Reece, 'Taxing Imputed Rent : Australian precedents', *Community*, 2/5 (November 1975), pp. 6-7.

The PRS's enthusiasm for a guaranteed income scheme as an alternative to direct public intervention, an idea it had floated in an earlier report<sup>96</sup>, has not been taken up. As it was noted on the establishment of the housing policy review :

" . . . neither the Government nor the community seem ready for the idea that someone should be allowed to sleep in the street if he wishes, even if he has a pocketful of money. Instead, intervention in the housing market seems here to stay."<sup>97</sup>

Nevertheless, the PRS report has provided the intellectual background to the changes to housing policy over the past ten or so years. But the interesting thing is that DURD's arguments have provided some of the basis for changes to housing policy in the late 1970s, in particular, the move to 'market rents' for public housing and the limits placed on the role of the state housing commissions in fostering home ownership. Some of these changes will be discussed later in this chapter.

To conclude this section on housing policy, it is important to highlight what the PRS report does not contain which it should have. The Director of the Priorities Review Staff invited Hugh Stretton to write a dissenting conclusion to the report and promised to include it as an appendix to the report. The promise was not kept. The dissenting paper appeared some months later in the house magazine of the Department of Housing and Construction, without any reference to its PRS origin.<sup>98</sup> In this paper, Stretton presents his 'institutionalist' analysis of the distortions caused by inflation in the allocation of finance to housing and his proposal to create another 'flow' of housing finance indexed for inflation. Stretton's position is grounded in bodies of theory which did not have much support in the middle seventies and still don't - institutionalist economic theory and interpretative social theory.

While 1975 has been identified as the year of the 'great housing debate'<sup>99</sup>, it is important to emphasize that this debate did not reach any real reconciliation. The debate about Australian housing policy still reflects the 'public choice' critique, the DURD

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96 Priorities Review Staff, *Goals and Strategies*, Canberra, AGPS, 1974.

97 Toohey, *op.cit.*, p. 7.

98 H. Stretton, 'An Australian Housing Policy', *Shelter*, 21 (September/ October 1975), pp. 1-4, 12.

99 AIUS, *Housing for Australia : Philosophy & Policies*, Canberra, AIUS, 1975, p. 9.

inspired 'distributional' critique and Stretton's social democratic reconciliation of home ownership and a strong public housing sector. DURD's arguments have made the strongest policy impact.

DURD also had a large role in the formation of the 1973/74 and 1974/75 Whitlam Budgets. Both expressly challenged the views of the Treasury. DURD's advice was crucial to this, particularly in the lead up to the 1974/75 budget when the Treasury got the deficit figure wrong and DURD advice (by Michael Keating) alerted the Cabinet to the error. DURD's budget allocation in the first two years of the Whitlam Government expanded dramatically. In the 1975/76 Hayden Budget, DURD's policy role and budget allocation were curtailed significantly. Indeed, with this budget, the whole Whitlam program was set back. The power was once again with the Treasury. The background of this change in policy direction was the worsening economic situation, in particular, the arrival of stagflation in Australia.<sup>100</sup>

DURD's last major area of policy concern was the co-ordination of the activities of the federal bureaucracy as they related to urban and regional issues. To this end, DURD was instrumental in the establishment of the Standing Inter-Departmental Committee on Urban and Regional Development (SIDCURD). This committee was established as a point of inter-departmental consultation prior to the development of policy advice to ministers. It was also intended to ensure that the relationship between any proposals and the government's urban and regional objectives were taken into account during the preparation of that policy advice.

In practice, SIDCURD was ineffective. It became the focus for bureaucratic infighting. In Lloyd and Troy's view :

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100 On DURD's role in the negotiations over the 1974/75 budget and for a discussion of the range of policy views which informed those negotiations see J. Edwards, 'Treasury Barons Under Siege', *National Times*, September 9-14, 1974, pp. 32-35; J. Edwards, 'In 7 momentous months Whitlam turned to refloating a sinking ship', *National Times*, November 18-23, 1974, pp. 34-39. For an analysis of economic policy during the Whitlam years which sees the period between May and November 1974 as 'the struggle between two lines', see B. Catley, 'Socialism and Reform in Contemporary Australia', in E.L. Wheelwright and K. Buckley, *Essays in the Political Economy of Australian Capitalism : Volume two*, Sydney, ANZ Book Co., 1978.



"... SIDCURD was a double edged sword for the Department. Because much of the material put to SIDCURD originated in DURD, it was increasingly vulnerable to attack from other departments and authorities on the committee. Because they initiated little material themselves, these departments and authorities did not expose themselves before the committee."<sup>101</sup>

Nevertheless, others argue that while SIDCURD did not achieve its original aims, it was important to DURD in establishing its legitimacy within the federal bureaucracy during the early Whitlam years.<sup>102</sup>

### 3. THE LONG-TERM IMPACT AT THE FEDERAL LEVEL

The DURD experiment has had two main long-term impacts. The first has been to discourage all federal governments since 1975, both Liberal and Labor, from strong federal involvement in urban and regional affairs. The basic reasons for this lack of interest are that many see the DURD experiment as inextricably connected with many of the political and economic problems associated with the Whitlam experiment. There are also major questions about the utility of urban and regional policy - at least as it was conceived and implemented by the Whitlam Government - in addressing the current range of problems in Australian society.

Federal Liberal governments post-1975 highlighted the political problems created by the Whitlam program, in particular the centralism inherent in Whitlam's approach to 'co-operative' federalism. The DURD reforms came in for particular criticism on this front.

This is well illustrated in the changing relation of the Australian Institute of Urban Studies (AIUS) to the DURD initiatives. In the late 1960s, the AIUS established 'task forces' on the 'Price of Land' and 'New Cities for Australia'. The reports of these task forces provided important support to the Whitlam initiatives in these areas as we

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<sup>101</sup> Lloyd and Troy, *op.cit.*, p. 121. For this argument, see also M. Painter and B. Carey, *Politics Between Departments : The fragmentation of executive control in Australian government*, St. Lucia, University of Queensland Press, pp. 51. Painter and Carey give a number of examples of the way in which the SIDCURD worked against DURD. They argue that "... SIDCURD's mandate as a place for ensuring some pre-cabinet policy co-ordination in pursuit of (comprehensive urban and regional policies) was in practice a prescription for conflict, delay and obstruction."

<sup>102</sup> Painter and Carey, *op.cit.*, pp. 59-61.

shall see in chapters to follow. But during the Whitlam years, AIUS distanced itself from the DURD initiatives on the grounds that 'the government and the nation would better served by an independent and critical Institute.'<sup>103</sup> AIUS sponsored an important seminar in late 1974 on DURD's national urban and regional strategy. Strong criticism of the centralism underlying DURD's work and the Whitlam Government's co-operative federalism was the dominant theme of this seminar.<sup>104</sup> As Grundy notes :

"... it was inevitable that the attitude of the Commonwealth Government in power at any given time should affect the activities of the Institute, both directly and indirectly. While the hordes of young enthusiasts from DURD were roaming the country, bludgeoning the reluctant States into compliance with the latest edicts from Canberra and - often enough - teaching their professional grandmothers to suck eggs, AIUS made no attempt to compete with them in noisy clamour for public attention."<sup>105</sup>

The Fraser Government replaced DURD with the Department of Environment, Housing and Community Development in early 1976 and, in the process, curtailed most of the DURD policies and programs. A parliamentary standing committee reported on the question of federal involvement in policy for the urban environment in mid 1978. It recommended the establishment or continuation of inter-governmental machinery in a number of areas - on population policy, regional policy and on the location of Commonwealth employment and property. It highlighted the benefits of area-based co-ordination and voluntary co-operative regional arrangements based on local government. It also recommended the continuation in some reduced form of DURD's urban and regional budget.<sup>106</sup> While a number of these recommendations

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103 P. Grundy, 'AIUS in Retrospect : Some notes', in Australian Institute of Urban Studies, *A Retrospect and Prospect*, Canberra, AIUS, 1982, p. 11.

104 AIUS, *National Perspectives on Urban and Regional Development : Proceedings of a Seminar held in Canberra on 24 October 1974*, Canberra, AIUS, 1974.

105 Grundy, *op.cit.*, p. 11. The interesting thing about the history of AIUS's advocacy of a federal role in urban and regional policy, particularly when it is realised that the AIUS was a strong critic of the Fraser Government's abandonment of urban policy, is that, from one point of view, the Institute has been rather inconsistent. It advocated a federal role in urban land reform and the establishment of new cities and in so doing lent support to aspects of the Whitlam program during the late 1960s and early 1970s. But AIUS offered no strong support to those policies when they were being implemented by the Whitlam Government. The main reason for that was concern about DURD's approach, in particular, its centralism. But it seems that, in some areas at least, the AIUS did not have the strength of its own convictions and that, as a consequence, it may have lost important opportunities to help curb what it and others saw as DURD's excesses.

106 House of Representatives Standing Committee on Environment and Conservation (The Hodges Committee), *The Commonwealth Government and Urban Environment : Formulation and Co-ordination of Policies*, Canberra, AGPS, May 1978.

were taken up, a discrete Commonwealth role in urban and regional policy came to an end with the abolition of EHCD in late 1978.<sup>107</sup>

Most of the initiative in urban policy over the late 1970s and early 1980s took place at the state level. This will be discussed later in this chapter. There was little debate about the federal role in urban and regional policy through these years. Not much of the debate which did occur offered much by way of general defence of a renewed federal role in urban affairs.<sup>108</sup> Indeed, some of those centrally involved in articulating DURD's approach to economic policy consciously distanced themselves from urban and regional policy conceived as a radical challenge to economic policy at the federal level. There was some virtue in an urban ministry which focussed on the concept of 'access'. But given the resource constraints of the late 1970s, these commentators advocated medium-term economic planning through the newly created Department of Finance as a sufficient counter to the Treasury.<sup>109</sup>

Some aspects of DURD's concerns were reflected in the activities of the Hawke Government after its election in 1983. The federal role in financing the activities of local government was principal among them.<sup>110</sup> Some of the regional initiatives of the Whitlam years were also reactivated.<sup>111</sup> Tom Uren, the Minister of Urban and Regional Development in the Whitlam Government, had the responsibility for these initiatives in

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107 For an account of the creation and demise of the Department of Environment, Housing and Community Development which notes somewhat ironically that the new department incorporated functions which DURD would have liked to have had under its control, in particular housing policy, see C.J. Lloyd and P.N. Troy, *Innovation and Reaction : the life and death of the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981, pp. 235-256. For press accounts of the rise and fall of EHCD see B. Juddery, 'DURD is alive and well amidst its new conglomerate', *Canberra Times*, January 23, 1976, p. 2 ; B. Juddery, 'The new man in charge of a hold-all conglomerate department', *Canberra Times*, July 22, 1976, p. 2 ; J. Glascott, 'Environmental buck-passing', *Advertiser*, October 30, 1976, p. 18 ; B. Juddery, 'A little wary optimism in at least one corner of an unhappy department', *Canberra Times*, October 13, 1978, p. 2 ; J. Hoare, 'Death of DURD', *Australian Financial Review*, December 1, 1978, pp. 1, 6.

108 This comment applies, in particular, to the essays contained in P.N. Troy (editor), *Federal power in Australia's cities : Essays in honour of Peter Till*, Sydney, Hale & Iremonger, 1978. This volume comprises accounts of DURD's policies and programs as they developed post-DURD.

109 M. Keating, 'Economic planning' in *ibid*, pp. 145-162.

110 The Hawke Government established the National Inquiry into Local Government Finance (the Self Inquiry) in May 1984 to review and make recommendations on the relationship between federal and local government. It reported in October 1985. See National Inquiry into Local Government Finance, *Report*, Canberra, AGPS, 1985. For an account of the main thrust of this report see Chapter Four below.

111 These initiatives will also be discussed in Chapter Four below.

the first two Hawke Governments, firstly as Minister of Territories and Local Government and then as Minister of Local Government and Administrative Services.

The logic of the 'urban and regional budget' was evident in the infrastructure investment components of the Hawke Government's 'steel plan' announced in 1983.<sup>112</sup> While this approach to budgetting provided one means by which to announce and justify the government's actions and to rationalise government spending in the regions effected by the restructuring of the steel industry, the limits of the 'urban and regional' budget as a vehicle for redistribution were well illustrated in the 'steel plan'. Spending on infrastructure was marginal to its overall purpose - to provide the basis for the 'efficient' restructuring of an industry in crisis.

Despite these initiatives, the Hawke Government has not undertaken to re-establish a ministry of urban and regional affairs. In this, it has ignored the Federal ALP platform as it has in many other areas. This lack of action attracted much criticism in the early years of the Hawke Government. Critics argue that co-ordination through urban and regional policy is one way by which governments can economise in these times of public austerity. They also argue that urban and regional policy is an essential part of humane economic and social policy at the federal level. The urban and regional consequences of patterns of private and public investment should be recognised.<sup>113</sup>

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112 The emphasis on co-ordination and the 'efficient' use of resources in the 'urban and regional budget' was reflected in a speech made by Tom Uren in early 1985 on regional policy and the Hawke Government's 'steel plan'. This speech was primarily concerned about structural economic change and its regional impacts. Uren argued that the identification of a region's 'comparative advantage' will be important in structural adjustment and highlighted the role of small and medium businesses, especially in the services sector, in the process of regional development. He also noted that the Regional Development Branch of his Ministry of Local Government and Administrative Services was concerned to co-ordinate "... the Commonwealth's activities with regional impacts, in co-operation with State and local government. Our aims are to achieve consistency of approach in order to maximise the regional contributions of the public sector, and to embed a regional policy dimension into macro-economic and industry policies." Referring specifically to the Illawarra region, Uren went on to note that "... the total value of government economic activity in the region is vast... (and)... that to maximise the value of the activity, a regional development strategy is required." T. Uren, 'Speech at Wollongong University', *Commonwealth Record*, 10, 10 (11-17 March 1985), pp. 293-295.

113 Whitlam, 1985, *op.cit.*, pp. 404-405 ; G. Rundell and J. Reynolds, 'Gough Whitlam Launches 'Urban Policy and Research'', *Urban Policy and Research*, 1, 3 (1983), pp. 28-34 ; C. Lloyd and P. Troy, 'Duck Creek revisited? The case for national urban and regional policies', in J. Halligan and C. Paris (editors), *Australian Urban Politics : critical perspectives*, Melbourne, Longman Cheshire, 1984. The Australian planning profession also took up this issue in the early years of the Hawke Government. See Editorial, 'Questions for the Prime Minister', *Journal of the Royal Australian Planning Institute*, 21, 2 (April/May 1983), p. 43 ; M. Hardman, 'Muddled portfolios

Much of this criticism is right to argue that urban and regional policy is important to both efficiency and equity in federal decision-making. But important questions remain about the Whitlam/DURD approach in terms of both its own internal logic and the more general reform assumptions which informed it.

Taking the issue of DURD's approach to urban and regional policy first, some aspects of that approach cast real doubt on the virtues of federal involvement in urban and regional policy. As we saw above, DURD was committed to a high level of intra- and inter-governmental co-ordination. This proved largely unworkable. Given the reality of politics in public policy-making it is perhaps somewhat idealistic to think that the whole process can be subjected to rational co-ordination in a general way.<sup>114</sup>

Further, twelve years on, some of the programs sponsored by DURD, in particular the land commission and growth centre programs, provide good examples of what the conservatives highlight about reform. Reform ideals have been undermined by flaws in their implementation.<sup>115</sup> And, there remain many questions about the progressive credentials of DURD's critique of urban planning and metropolitan policy at the state level as will be argued later in this chapter.

The other main doubt about the DURD model centres on the fact that the Australian urban and regional 'problem' of the mid 1980s is no longer the same as it was in the mid 1970s. Then we were concerned with the social consequences of the rapid growth of the big cities. Those problems are still there not much reduced by ten years of wilful government neglect. Australian cities, in particular their outer suburbs, are still short of jobs nearby for women, and of ordinary infrastructure and social services. But, into the 1980s, those problems are compounded by the new problems of

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waste the urban dollar', *Journal of the Royal Australian Planning Institute*, 21, 3 (June/July 1983), p. 77 ; Editorial, 'The need for a co-ordinated Policy Structure', *AustPLAN*, December 1984, p. 1 ; Editorial, 'We Are Waiting For Positive Initiatives', *AustPLAN*, March 1985, p. 2.

114 This argument has been developed into a general critique of urban policy by Martin Painter. See M. Painter, 'Urban Government, Urban Politics and the Fabrication of Urban Issues : The Impossibility of Urban Policy', *Australian Journal of Public Administration*, 38, 4 (1979), pp. 335-346.

115 For accounts of these two programs to this effect, see Chapters Five and Six below.

structural change in the Australian economy and the unemployment which it has left behind.

The DURD model has yet to be adapted to this new reality. Coherent and progressive urban and regional policies have yet to emerge to the new range of problems. In the light of the rapid structural changes in the Australian economy and its new deregulated 'openness', many urbanists now see the social democratic project as irrelevant while those who continue to argue for it have been unable to make it appear plausible and viable in the rapidly changing economic climate of the late 1980s.

One urbanist has identified the decay of urban infrastructure, the concentration of unemployment in particular areas within cities and the crisis of home ownership as the key urban problems of the late 1980s and beyond.<sup>116</sup> In terms of responses to those problems, some argue for targeted urban and regional policies which concentrate on local employment generation and retraining. Nevertheless, they recognise that this may shuffle available jobs rather than create new ones.<sup>117</sup> Another urbanist argues that, at a time of high unemployment, central government justifiably concentrates on general economic development and employment creation policies.<sup>118</sup> Others argue that the federal government has a crucial role to play in refurbishing outdated infrastructure<sup>119</sup> and in monitoring the urban impact of much needed foreign and local investment to ensure that it is equitably distributed.<sup>120</sup> Others argue that area-based initiatives to combat inequalities should be abandoned in favour of public intervention in a variety of fields.<sup>121</sup> For some, responses to the current range of social and economic problems must include employment policy comprising local economic development planning,

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116 M. Daly, 'Modern Australian Cities : The challenge for policy makers', *Current Affairs Bulletin*, 62, 3 (August 1985), p. 13.

117 M.I. Logan, 'Urban Policies and National Economic Development : Lessons for Australia', *Australian Urban Studies*, 11, 4 (1984), pp. 2-3.

118 M. Neutze, 'Land Use Planning and Local Economic Development', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, 1984 ; M. Neutze, 'Urban Studies in Australia : Ten Years On', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, 1985.

119 Daly, *op.cit.*

120 C. Adrian and R.J. Stimson, *Capital City Impacts of Foreign and Local Investment in Australia*, Canberra, Australian Institute of Urban Studies, 1984 ; D. Wilmoth, 'Directions for Further Research on Project 71', in C. Adrian, *Urban Impacts of Foreign and Local Investment in Australia*, Canberra, Australian Institute of Urban Studies, 1984.

121 B. Badcock, *Unfairly Structured Cities*, Oxford, Basil Blackwell, 1984.

industry policy with a specific spatial dimension, and education and training policies which address sectoral shifts in the economy and the future likelihood of jobless growth.<sup>122</sup>

What emerges in these arguments is the need to address the problems caused by economic change in particular areas. But, on the basis of this range of arguments at least, it seems that urbanists are unable to sustain an argument for federal urban and regional policy which clearly differentiates it from other areas of policy.

This impasse in federal urban and regional policy is reflected in the more general debate which has taken place over the past few years about the approaches of the Whitlam and Hawke Governments. This is perhaps the more important source of the demise of urban and regional policy at the federal level.

The Whitlam Government faced a number of problems which, twelve years on, pose major questions about the coherence of its program and the way it was implemented. Whitlam acknowledges two 'great failures' of his government 'in achieving the conditions needed for the lasting political success of a reform Labor Government.' The first was the failure to persuade the labour movement of benefits of the Whitlam expansion of the 'social wage', in particular in showing that the labour movement benefited ". . . more from our upgrading of community services than they ever could from increases in their paypackets." The second centres on the dilemmas of defending and extending the public sector in a capitalist democracy. In Whitlam's view, "we failed to convince the public that the burden to the community, either in taxes or inflation, is not increased if services or charges are financed publicly rather than privately."<sup>123</sup>

The problem with Whitlam's argument is that his acknowledgement of these failures is fairly ambivalent. And he takes no real account of them in his explanation of

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122 L. Sandercock and J. Friedmann, 'Economic Restructuring and Community Dislocation : The Challenge to Planners', WCP 9, Graduate School of Architecture and Urban Planning, University of California Los Angeles, 1985 ; L. Sandercock and J. Friedmann, 'Planners and Employment Policy : the next stage of the debate ?', DP 201, Graduate School of Architecture and Urban Planning, University of California Los Angeles, 1986.

123 Whitlam, 1985, *op.cit.*, p. 743.

the general reasons for the failure of his government. He also presents conflicting views about the widespread belief that his government may have attempted too much reform too quickly.

Whitlam argues that the lack of persuasion of the labour movement of the benefits of the expansion in the 'social wage' was the 'chief economic failure' of his government and that it partly explains the inflation of 1974.<sup>124</sup> Nevertheless, Whitlam's inconsistency about the political impact of inflation is reflected in his conclusion that :

"Above all, we must resist the reactionary assertion that our reforms inevitably created inflation or unemployment, with its implication that the price of any reform is necessarily either more inflation or more unemployment."<sup>125</sup>

Whitlam seems to lose sight here of the facts that he himself acknowledges that the reforms of his government *did* exacerbate inflation and that there are important social reasons why that occurred which are deserving of further reflection.<sup>126</sup> Some have referred to Whitlam's 'inflationary errors' as 'progressive mistakes'.<sup>127</sup>

Whitlam also disagrees with the 'too much, too soon' criticism of his government. He responds to this line of criticism with the question 'which components of the program should have been avoided or postponed ?' and argues that :

". . . the final assessment of our work cannot be made in terms of specific measures alone, whether or not they have survived, in whole or part. The real judgement must depend upon the extent to which we were able to establish permanent principles for reform and change in Australia."<sup>128</sup>

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124 *ibid*, pp. 198-204 ; 287.

125 *ibid*, pp. 741-742.

126 For an interesting account of the social causes of inflation with important lessons for economic policy see J.H. Goldthorpe, 'The Current Inflation : Towards a Sociological Account', in F. Hirsch and J.H. Goldthorpe (editors), *The Political Economy of Inflation*, London, Martin Robertson, 1978. For a recent theoretical account of social democracy in Australia which explores the implications of the 'money' income focus of the Australian labour movement for the development of the welfare state and the 'social wage' in Australia see F. Castles, *The Working Class and Welfare : Reflections on the Political Development of the Welfare State in Australia and New Zealand*, Sydney, Allen and Unwin, 1985. For an analysis of wages policy under the Whitlam Government written from the viewpoint of a free-market economist see P.A. McGavin, *Wages and Whitlam : The Wages Policy of the Whitlam Government 1972-5*, Melbourne, Oxford University Press, 1986. For a critical review of this book which stresses the poverty and selectivity of its assumptions and the way in which so-called objective economic analysis is mixed with very partisan conclusions see F. Castles, 'Complexity versus conjecture : explaining our malaise', *Canberra Times*, 21 March 1987.

127 H. Stretton, *Political Essays*, Melbourne, Georgian House, 1987, p. 9.

128 Whitlam, 1985, *op.cit.*, p. 741.



This passage expresses, in an interesting way, the tension highlighted earlier between the basis of the Whitlam program in 'real' material programs and in more conceptual policy aims. Whitlam here tends to see these as unrelated and so misses the point that program failure may have undermined some of the more general principles which his government sought to establish.<sup>129</sup> But Whitlam's basic inconsistency on the 'too much, too soon' argument is reflected in his later acknowledgement that disappointments and failures inevitably result when expectations are raised about the capacity of government to achieve reform as they were in the late 1960s and early 1970s.<sup>130</sup>

Further, Whitlam's overall assessment of the failure of his government is not essentially different from the usual 'ruling class opposition' arguments. Whitlam sees the 'resistance to change' in Australia as residing primarily with privileged conservative groups.<sup>131</sup> While these groups provided a solid block of resistance to the Whitlam Government, resistance which was all the more significant because of their power, failure to persuade the organised labour movement about the benefits of the 'social wage' also expresses resistance and opposition to change. On this front at least, Whitlam's arguments suggest that we have still to learn that the labour movement places limits on reform, *in addition* to the limits imposed by conservative interests.

Despite the tensions and inconsistencies in Whitlam's defence of his government, he is right to acknowledge the Hawke Government's successes in implementing a prices and incomes accord and in bringing inflation under control.<sup>132</sup>

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129 This connection will be highlighted later, particularly in the chapter on the land commission reform.

130 Whitlam, 1985, *op.cit.*, pp. 741-742. For an interesting explanation of the rise and fall of progressive politics which highlights the 'disappointment' factor in the demise of reform see A.O. Hirschman, *Shifting Involvements : Private Interest and Public Action*, Oxford, Martin Robertson, 1982.

131 *ibid.*, p. 742.

132 In this, Whitlam notes that the Hawke Government has learnt from the failures of the Whitlam Government. (*ibid.*, pp. 743-744) But he also notes somewhat wryly that Hawke, as President of the ACTU, had resisted the Whitlam attempts to institute a prices and incomes policy. In the 1980s, Hawke was able to convince the union movement of the over-whelming benefit of a prices and incomes agreement. During this time Whitlam Treasurer Frank Crean's son Simon was Vice-President of the ACTU. "Crean himself wistfully commented that he wished Hawke had given him as much assistance in negotiating a prices and incomes accord as his son had given Hawke." (*ibid.*, p. 203)

He is also right to criticise the Hawke failure to defend, both intellectually and politically, the roles of the public sector and the 'social wage' in Australian society.<sup>133</sup>

The defence of the public sector and a federal role in urban and regional policy are intimately connected in Whitlam's mind :

"In mounting campaigns for the introduction of those reforms which represent significant budget outlays, at least in the short term, the Hawke Government has to learn from one of the failures of my Government. It has to convince the public that the community does not save if services and charges are transferred from the national budget to private institutions. One contemporary instance of this has been the alarming deterioration in Australia's urban infrastructure since the Fraser Government abolished the programs initiated by my Government in decentralisation, urban renewal, sewerage and urban public transport. The Hawke Government has to convince the public that in areas such as urban and regional development the long term social and environmental costs of deferring programs are far greater than the short term savings in budgetary costs. It has to convince the public that under Australia's federal system, if a significant community function is not financed by the national government it will be unfairly financed, inadequately financed or not financed at all."<sup>134</sup>

But, as we saw earlier, in other criticisms of the Hawke Government's lack of interest in urban and regional policy, Whitlam argues that it is a fallacy to suggest that Federal involvement in urban and regional development necessarily means an increase in federal outlays.<sup>135</sup> Whitlam's arguments for a federal role in urban and regional policy in the mid 1980s reflect the inconsistency which has already been noted. Does urban policy entail necessary public costs or is the emphasis on planning and co-ordination in urban policy one way in which government can save and economise? Whitlam does not effectively answer this question.

Some within the Hawke Government argue that Whitlam's ". . . great and enduring legacy was to refurbish the (Australian Labor) Party, to breathe life into it and to make the Party capable of reaching out to the new, predominantly young voters in the urban sprawl of the big cities."<sup>136</sup> But support of the Whitlam approach ends there.

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133 For the critique of the failure to defend the public sector see *ibid*, p.744. For the critique of the failure to reinstitute a federal role in urban and regional policy see *ibid*, pp. 404-405.

134 G. Whitlam, 'Future Directions : 1985 John Curtin Memorial Lecture', in *The Whitlam Phenomenon : Fabian Papers*, Melbourne, McPhee Gribble and Penguin Books, 1986, p. 188.

135 Whitlam, 1985, *op.cit.*, p. 405.

136 P.J. Keating, 'The Traditions of Labor in Power : Whitlam and Hawke in the Continuum', Unpublished Address to the Inaugural Whitlam Conference of Labor Historians, Sydney, December 1, 1985, p. 5. This address was a response to the criticisms of the Hawke Government and the defence of the economic policies of the Whitlam Government contained in Gough

Many within the Hawke Government are expressly critical of the way in which the Whitlam Government sought to address the needs of that new urban constituency - through a program of redistribution built upon the extension of the public sector and the 'social wage'. They are critical of this emphasis for two main reasons - economic and political. Both lines of criticism bear directly on the DURD model and legacy.

First, critics within the Hawke Government highlight the fact that the economic basis of the Whitlam program is no longer with us. The Whitlam model gives no direction on policies to deal with the new range of problems in both the public and private sectors of the Australian economy. A program of redistribution like that implemented by the Whitlam Government depends upon the creation of wealth, and even more so in the 1980s. John Button summed up the basic sentiment well in mid 1984 :

"The process of redistribution has to be addressed all the time in the context of what you have got to distribute. It is no good having equal distribution of a jam tart. You have got to have more equality in distribution of a decent cake. The Whitlam Government had many visions but what was wrong with its basic thrust, in my view, was that it had the accumulated desires and aspirations of men who had been many years in opposition to correct social injustices and inequalities in the distribution system. The amount of attention they gave as a government to the question of wealth generation in order that that process might go on was absolutely minimal. And that is why they went out of office, basically, fundamentally, I think."<sup>137</sup>

Paul Keating also made this point in his address on 'Whitlam and Hawke in the continuum' :

"The history of the 1950s and 1960s had been that economic growth would arrive as a matter of course. As Whitlam states in his book, it was just not in the sphere of political and economic reality, that an opposition should have developed policies to anticipate an economic crisis or deal with its consequences. . . Whitlam entered government believing he was in a position where he could take abundance for granted and instead concentrate his energies on distributing it."<sup>138</sup>

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Whitlam's book *The Whitlam Government 1972-1975*. For a press account of this address which summarises its overall thrust see G. Hywood, 'Keating buckets Whitlam Government in gentle terms as an economic failure', *Australian Financial Review*, December 2, 1985, p. 3.

137 From a statement by John Button published in the *National Times*, May 11 to 17, 1984, p. 17. For later arguments from Button to this effect see also P. Logue, 'John Button - the minister for reshaping Australia', *Weekend Australian*, November 15-16, 1986, p. 19.

138 Keating, 1985, *op.cit.*, p. 7.

Since DURD was perhaps the clearest example of the Whitlam assumptions in operation it is not surprising that the Hawke Government has not undertaken to re-establish a strong federal role in urban policy.

Also, the Hawke Government, or at least the most powerful elements within it, no longer believe that a strong emphasis on redistribution through the public sector and the 'social wage' is politically viable. On this front, some have been explicitly critical of what they see as the fiscal irresponsibilities of the Whitlam Government, in particular the fiscal expansion of the 1974/75 Budget.<sup>139</sup> As we have seen, DURD was a central source of advice which justified that expansion.

Some within the Hawke Government also believe that conventional approaches to social democratic reform no longer serve the interests of the Australian working class. In particular, the Hawke Government has issued a political and intellectual challenge to the idea that a strong public sector is needed to regulate and compete with the private sector so as to ensure equity and efficiency in the whole economy. For some, the Hawke strategy involves ". . . the sophisticated application of the traditional instruments of policy accompanied by a freeing up of the market system . . . (and) . . . the restoration of the private sector as the engine of economic recovery, rather than the stimulus of fiscal policy."<sup>140</sup> A concern for economic policy, particularly the health of the private economy, is not ". . . to be set aside at any stage, no matter how propitious, in favour of the pursuit of some radical alternative aspiration for our society."<sup>141</sup>

While there has been general agreement that the 'accord' has been a success particularly as a vehicle for the control of inflation, other policies of the Hawke Government have been the subject of much criticism. By 1986, the inability of the 'accord' to ensure adequate levels of business investment was cause for concern. Also, for some, the Hawke Government's more general economic policies - the 'trilogy' and the deregulation of the Australian financial system, in particular - are positively hostile to the health of the Australian economy and to the roles of the public sector and the

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139 *ibid*, p. 8.

140 *ibid*, pp. 12, 14.

141 *ibid*, p. 11.

'social wage' in Australian society. For Stretton, these two policies are 'reactionary mistakes'.<sup>142</sup> In mid 1987, Whitlam highlighted the Hawke Government's lack of action on a variety of social issues and its failure to 'correct longstanding weaknesses in Australia's economic and political structures', citing the lack of action on the recent changes in media ownership in Australia.<sup>143</sup>

These criticisms brought a strong and dismissive reaction from the Hawke camp, in particular from Paul Keating.<sup>144</sup> In his responses, Keating defends the Hawke Government's mixture of social democratic reform and economic rationalism. He repeats the point that the changed economic circumstances make the Whitlam approach unworkable in the mid 1980s :

"Having prepared for government in the days when economic growth was taken for granted, the Whitlam Government came to office in 1972 with a program which was essentially about the equitable distribution of the national wealth. It never believed it would need to turn its mind to creating it."<sup>145</sup>

He also turns against Whitlam the latter's acknowledgement that his government did not have the co-operation of the trade union movement and 'therefore no basis for dealing with inflation and unemployment.' And he re-emphasises the problems caused by the wage inflation and fiscal expansion of 1974.<sup>146</sup>

Keating defends the approach of the Hawke Government as the only response to the dramatic changes to the Australian economy and as the only viable way to keep

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142 Stretton, 1987, *op.cit.*, pp. 7-9. Stretton's criticisms of the Hawke Government were also published as 'Beyond Labor's Westpac view of the world', *Sydney Morning Herald*, March 7, 1987, p. 27. See also F. Stilwell, *The Accord . . . and Beyond*, Sydney, Pluto Press, 1986. For another critique of the detrimental impact of the deregulation of the financial system on the Australian economy in terms of the uncontrolled inflow and outflow of private capital see T. Fitzgerald, 'Australia's economy is leaking like a sieve', *Sydney Morning Herald*, March 11, 1987, p. 11.

143 G. Whitlam, 'Where Hawke Went Wrong', *Sydney Morning Herald*, May 2, 1987, p. 41. For another critique of the conservatism of the Hawke Government in the same edition of the *Sydney Morning Herald* see C. McGregor, 'Hijacking middle Australia', *Sydney Morning Herald*, May 2, 1987, pp. 44-45.

144 P. Keating, 'Far from selling out, the ALP has kept the faith', *Sydney Morning Herald*, March 21, 1987, p. 29 (1987a) and P. Keating, 'Keating : a basic flaw damns Whitlam's attack', *Sydney Morning Herald*, May 9, 1987, p. 29 (1987b).

145 Keating, 1987a, *op.cit.*

146 Keating's disdain for the Whitlam approach continues in late 1987. When discussing the 'family package' contained in the 1987/88 budget on the ABC Television program 'The Walsh Report', Keating remarked that even the Whitlam 'politics of the warm inner glow' did not implement as progressive a change as this.

the emerging 'new right' at bay. The Hawke Government came to power after the 'first year of negative growth in 30 years' and realised that its principle task was to 'rebuild the national machinery of production'.

"There was no point in 1983 trying to shift incomes shares to the less well-off or to reverse unemployment until there was an adequate increment of wealth from which to draw."

The only way to create wealth was to return the Australian economy to a productive path. In Keating's view, this has been achieved by deregulation of the financial system, 'restoration of national shares between wages and profits to repair investment', a cut in marginal tax rates, encouragement of productive capital formation through dividend tax relief and a range of interventionist industry plans. This strategy has had positive results - wage restraint, 'enormous employment growth' and a 'new-found competitiveness' in the Australian economy. It has also been accompanied by a wide range of more traditional social democratic achievements - progressive tax reform, the establishment of Medicare, and an expansion of the 'social wage'.

For Keating, the criticisms of 'trilogy' and the deregulation of the financial system are based on outdated policy prescriptions. The proposal that the financial system be re-regulated would undermine any competitive status the Australian economy now has. "It would truly be an Argentine solution : having tried to internationalise for three years, we would be telling the world it had all got too hard."<sup>147</sup>

Keating is philosophically committed<sup>148</sup> to the privately organised economy and to a narrow, capitalist conception of 'productivity' which assumes that economic 'efficiency' and wealth creation must come before any commitment to equity. Keating also assumes that the deregulated 'openness' of the Australian economy is necessary for its overall health.

The 'outdated' alternative which Keating criticises has opposite philosophical and theoretical premises - a commitment to the mixed economy emphasising the contributions of both the public and private sectors to 'productivity' and the inevitable

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<sup>147</sup> Keating, 1987a, *op.cit.* ; Keating, 1987b, *op.cit.*

<sup>148</sup> He does not agree that this commitment is philosophical. For him, it is merely 'realistic' and 'pragmatic'.

linkages between efficiency and equity. The alternative also assumes that socially responsible investment and protection of Australia's national interest requires greater regulation of the financial system and greater public intervention in the Australian economy. A philosophical and economic defence of the role of the public sector in Australian society forms one of the cornerstones of this critique. The public sector has a crucial role in regulating and competing with the private sector, and in providing income and services from the public budget to ensure equity and balanced investment in Australian society. This alternative program can be broadly defined as the 'left liberal'.<sup>149</sup>

Policies to address the infrastructure problem in Australian cities<sup>150</sup> are emerging as one focus of an alternative to the Hawke economic policies. But, as we have seen, recent debates about a federal role in urban and regional policy offer no real alternative to the Button/Keating argument. Whitlam argues that the infrastructure problem in Australia's cities offers an important focus for renewed federal involvement in urban policy. But he is quite ambivalent on what this would mean for the federal budget - more spending or less spending through better co-ordination? Others associated with the DURD experiment, while bemoaning the lack of interest in urban

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149 'Left liberalism' is informed by institutionalist political economy and communitarian 'public philosophy', positions which are as strongly critical of the conventional marxism as they are of the right. 'Left liberalism' is enjoying a vigorous health overseas, particularly in the USA. Within political philosophy, this position is best represented by the work of Alistair MacIntyre, William Sullivan, Charles Taylor and Michael Walzer : see A. MacIntyre, *After Virtue : a study in moral theory*, London, Duckworth, 1981 ; W.M. Sullivan, *Reconstructing Public Philosophy*, Berkeley, University of California Press, 1982 ; C. Taylor, *Philosophy and the Human Sciences : Philosophical Papers Part 2*, Cambridge, Cambridge University Press, 1985 ; M. Walzer, *Spheres of Justice : A Defence of Pluralism and Equality*, New York, Basic Books, 1983.

Within political economy, this position is reflected in the recent work of Samuel Bowles and Herbert Gintis, Frances Fox Piven and Richard Cloward, S.M. Miller, Geoff Hodgson and Robert Kuttner : see S. Bowles and H. Gintis, *Democracy and Capitalism : Property, Community and the Contradictions of Modern Social Thought*, New York, Basic Books, 1986 ; F.F. Piven and R.A. Cloward, *The New Class War : Reagan's Attack on the Welfare State and its Consequences*, New York, Pantheon Books, 1982 ; S.M. Miller and D. Tomaskovic-Devey, *Recapitalizing America : Alternatives to the corporate distortion of national policy*, Boston, Mass, RKP, 1983 ; G. Hodgson, *The Democratic Economy : A new look at planning, markets and power*, Middlesex, Penguin, 1984 and R.Kuttner, *The Economic Illusion : False Choices between Prosperity and Social Justice*, Boston, Houghton and Mifflin, 1984.

150 For a general overview article on the infrastructure problem in Australia see G. Kitney, 'The Crumbling of Australia', *National Times*, August 3 to 9, 1984, pp. 33-34.

affairs at the federal level, assert rather than argue the need for a renewed federal role in this area of policy.<sup>151</sup>

A radical, redistributive federal urban policy in the current period is dependant upon the more general set of political and economic arguments which are beginning to emerge in the broader debates. In mid 1986, the House of Representatives Expenditure Committee established a committee to conduct an inquiry into the infrastructure problem in Australia. The Committee's report is yet to appear<sup>152</sup> but the research it has sponsored by Professor John Nevile of the University of New South Wales on the macro-economic effects of public investment in Australia has recently been publicised.<sup>153</sup> Nevile argues convincingly against the 'crowding out' theory of public activity in the Australian mixed economy. There is no evidence to suggest that the supply of savings for investment is fixed or that interest rates rise as the 'public sector borrowing requirement' rises. Increases in interest rates in the current period result from the increasing influence of major financial markets brought about by the recent deregulation of the Australian financial system. Nevile also argues that the level of public debt in Australia is lower today than it was twenty years ago and lower than almost all other OECD countries.

But perhaps the most important of Nevile's arguments for establishing an alternative direction for public policy in Australia is his view that even if the 'crowding out' theory held, increased government borrowing at the expense of private borrowing in the current period would lead to an increase in productivity because it would finance physical capital. Well over half of the borrowing by corporate trading enterprises is used to acquire financial assets, not to create new capital structures and equipment.

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151 Lloyd and Troy, 1984, *op.cit.* ; P.N. Troy and C.J. Lloyd, 'Innovation and Federal Political Constraints - The Australian Experience', unpublished paper given to World Planning and Housing Congress, Adelaide, September 1986. On the infrastructure problem in Australia and the need for a federal role in addressing it see T. Uren, 'Speech to Institution of Engineers', *Commonwealth Record*, 10, 24 (17-23 June 1985), pp. 959-961.

152 The Committee is due to report in the 1987 Budget session of the federal parliament. For a general discussion of the issues the committee hopes to cover written by its chairman see J. Langmore, 'Decay Eats Away Our Cities', *Australian Urban Studies*, 14, 2 (October 1986), pp. 9-10.

153 J.W. Nevile, 'The Macro-economic Effects of Public Investment', unpublished paper, 1987. For a press account of this paper see K. Davidson, 'Facts show states have cause to question \$1000m spending cut', *Age*, May 18, 1987, pp. 30, 24.



Nevile's general argument is that public infrastructure investment is productive and necessary for the internal and external health of the Australian economy. We have yet to see how the infrastructure committee reconciles these general economic arguments with the arguments for a renewed federal role in urban policy.

#### 4. THE LONG-TERM IMPACT AT THE STATE LEVEL

DURD's second main long-term impact has been to provide the impetus for substantial changes to urban planning and metropolitan policy at the state level. There were two main vehicles of the DURD challenge on this front - material and conceptual. They were inextricably connected. The material challenge is reflected in DURD's spending in the big cities on a range of urban programs. These included the land commission program, the acquisition of inner city housing in Glebe and Woolloomooloo in Sydney and at Emerald Hill in Melbourne, the national sewerage program, the area improvement program and DURD's input into the location of new federal office buildings and federal funding for transport in the big cities.<sup>154</sup> In all cases, DURD used these programs to make more general conceptual points about the need for changes to urban planning and investment at the state level.<sup>155</sup> It is with the general nature and impact of these changes that this section is concerned.

The main influence of DURD's 'policy' approach to urban planning has been to buttress the emergence of 'urban management' as the dominant paradigm for the making of urban policy in the major Australian cities. In many respects, this paradigm

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154 The direct impact of these various programs and initiatives will be discussed in the two chapters to follow.

155 For example, the agreement between the Australian and South Australian Governments which set down the purpose, structure and functions of the the South Australian Land Commission in February 1974 contained the statement that :

"The South Australian Government will give priority in development programming to the areas acquired by the Land Commission. A co-ordinating body will be established centrally in the State's decision-making, or the role of existing co-ordinating bodies will be expanded, so that the investment programmes of the various State instrumentalities can be integrated with one another to reflect the development priorities established by the South Australian Government." (P. Troy, *A fair price : The Land Commission Program 1972 -1977*, Sydney, Hale and Iremonger, 1978, p. 199).

This statement provided one justification for the changes to urban policy and metropolitan planning in Adelaide which were to come in the late 1970s. The substance of these changes will be discussed shortly.

is a reactionary development of DURD's ideas but it is a development nonetheless. It takes up DURD's critique of the land use planning, functional bureaucracy and conventional land use development control and extends it into a general critique of the town planning profession and its ideology. In the immediate post DURD phase - 1976 and 1977 - this critique yielded the positive proposals that urban planning and policy at the *state level* be brought under greater political control and that co-ordination be taken out of purview of town planning and be extended into a general mechanism for rational decision-making, particularly urban decision-making. The methodology of conventional economics informed the new approach to co-ordination. Systems of development control would also be reformed.<sup>156</sup>

The earliest and most complete emergence of this approach was in Adelaide but it has also taken hold in Sydney and to a lesser extent in Melbourne.<sup>157</sup> Of all the states, the Whitlam Government had the best relations with the Dunstan Labor Government in South Australia. This was reflected in the South Australian reception of the land commission and growth centre programs as the chapters to follow will show. It is also reflected in the South Australian reception of the DURD approach to urban policy.

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156 The earliest expression of the 'urban management' critique of urban planning in the immediate post-DURD period is John Paterson's famous paper 'The Changing Nature of Planning : from Philosopher King to Municipal Dog Catcher' presented at the 1976 Royal Australian Planning Institute Congress in Adelaide. This paper has been published in J.A. Lothian (editor), *Proceedings of the Fourteenth Biennial Congress, Royal Australian Planning Institute*, Adelaide, Royal Australian Planning Institute (SA Division), 1977. Paterson was also a central figure in the critique of land use development control in the immediate post-DURD years : see J. Paterson, D. Yencken and G. Gunn, *A Mansion or No House : A Report for UDIA on Consequences of Planning Standards and Their Impact on Land and Housing*, Melbourne, Urban Development Institute of Australia (Victoria), 1976.

157 For an early overview of the emergence of the 'urban management' paradigm in Australia which includes papers on its emergence in each of the States excluding Tasmania see P.F. Ryan (editor), *Urban Management Processes : Proceedings of the Seminar held in Adelaide 22-25 August 1977*, Canberra, AGPS, 1978. For an argument that this paradigm drew upon DURD's arguments for resource allocation on a regional and locational basis, and for the co-ordination of the functional activities of government see M.I. Logan, 'An introduction to the State papers', in Ryan, *op.cit.*

While 'umbrella agreements'<sup>158</sup> for urban development were signed between the federal government and a number of state governments, the South Australian agreement was the only active one. The ministerial meeting between the Australian and South Australian Governments of April 1975 was the only one to be held under an umbrella agreement.<sup>159</sup> Among other things, this meeting considered the 'South Australian Resource Study', undertaken by the two governments to determine the capacity of government and private industry to carry out the range of new urban and regional initiatives in South Australia. These included the new city at Monarto, the activities of the South Australian Land Commission (SALC) and the proposed Redcliff petrochemical project near Port Augusta.<sup>160</sup>

Further, DURD's strategy division policy paper on Adelaide is the most substantial practical application of the 'urban policy' approach to the problems of a particular city. DURD criticises the South Australian State Planning Authority for becoming :

". . . too bogged down in the system of planning and development approvals to exercise a strong influence on the development of the metropolitan area."<sup>161</sup>

The paper identifies a number of major strategic issues for the future development of Adelaide. The stated intention of the State Government to broaden Adelaide's economic base may imply a higher rate of population growth than envisaged in the Borrie forecasts. The direction of future growth in Adelaide has important implications for the provision of infrastructure. Priorities for transport provision and the future development of sub-metropolitan centres also need to be confronted. Lastly,

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158 Agreements for particular urban and regional programs were signed between the Whitlam and the various state governments. The aim of the 'umbrella agreement' ". . . was to move away from the detailed conditions associated with the operation of a single program and address the urban conditions to which the whole range of programs should be directed. This served to both co-ordinate the programs and direct other related programs and policies bearing on those conditions . . ." Umbrella agreements provided for annual ministerial meetings between governments to discuss matters of joint concern. (R. Bunker, 'Inter-governmental relations', in Ryan, *op.cit.*, p. 135)

159 *ibid*, p. 135.

160 South Australian Resource Study, unpublished report, April 1975.

161 DURD, *Metropolitan Strategy - Adelaide* : Strategy Division Working Paper four, DURD, 1975, p. 20.

". . . better arrangements are required for the co-ordination and development of metropolitan growth in Adelaide. Here both the State and Australian Governments have institutional arrangements and operating programs that are not always well co-ordinated."<sup>162</sup>

On the basis of this analysis, DURD made a number of policy suggestions. Urban growth should be encouraged in the south of the metropolitan area and the Noarlunga Centre should be promoted. Following the emphasis on southern development in the short term, attention should switch to the north-eastern area of the city and its associated Tea Tree Gully centre. Until Adelaide's growth can be more accurately assessed, the development of Monarto should be limited. The concentration of tertiary employment in the Adelaide central business district could prejudice the viability of proposed sub-metropolitan centres. Finally, there was a need for better co-ordination between the responsible agencies, in particular the SALC and the South Australian Housing Trust, to ensure that urban development at Noarlunga and Tea Tree Gully proceeded smoothly.<sup>163</sup>

The election of the Fraser Government in December 1975 spelt the end of DURD. The success of the DURD approach in South Australia together with the fact that the Dunstan Labor Government was still in power led some DURD people to look to South Australia and Adelaide as a place where the DURD experiment might be continued albeit in a somewhat reduced form. Many took up employment with the South Australian Government.<sup>164</sup> Some set about changing urban planning and public

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<sup>162</sup> *ibid*, p. 2.

<sup>163</sup> *ibid*, pp. 2-3. As noted earlier, the agreement which set down the purpose, structure and functions of the South Australian Land Commission also stressed the need for co-ordination in urban development in Adelaide and highlighted the need for machinery for the purpose.

<sup>164</sup> At senior levels, they included John Mant, initially ministerial advisor to the Minister of Planning, Hugh Hudson, and then Director General of the Department of Housing, Urban and Regional Affairs ; Ted Phipps, initially General Manager of the South Australian Land Commission and then Director General of the Department of Environment and Planning ; Andrew Strickland who initially worked in the Premier's Department and then became the Chairman of the Public Service Board ; Ian McPhail, initially Director General of the Department of Community Development, then of the Department of Local Government and, currently of the Department of Environment and Planning ; and Paul Edwards, currently General Manager of the South Australian Housing Trust. Several ex-DURD people filled middle level positions in Mant's Department of Housing, Urban and Regional Affairs (HURA). They included Graeme Bethune, Beverley Forner, David Lewis and John Hodgson. HURA's initiatives will be discussed shortly. For general accounts of the influence of ex-DURD bureaucrats in the South Australian public service see J. Warhurst, 'The Public Service', in A. Parkin and A. Patience (editors), *The Dunstan Decade : Social Democracy at the State Level*, Melbourne, Longman Cheshire, 1981 and J. Warhurst, 'The partisan factor in lateral appointments to public services', *Australian Quarterly*, 55, 2 (1983), pp. 184-201.

housing policy in South Australia on the basis of the DURD critique. John Mant's role was crucial in this.

Mant had worked as an urban planner in the National Capital Development Commission, the organisation responsible for the development of Canberra. Immediately after the election of the Whitlam Government, he was senior advisor on Tom Uren's staff. He then joined DURD initially working on the conception and operation of the area improvement program and the Grants Commission reforms which provided financial assistance to local government. Later, he worked in DURD's land division before becoming Whitlam's principal private secretary in 1975.

After the dismissal of the Whitlam Government, Mant came to South Australia to work as ministerial advisor to the State Minister of Planning, Hugh Hudson. As Minister of Planning, Hudson had responsibility for the Monarto Development Commission (MDC), the South Australian Land Commission (SALC), the South Australian Housing Trust (SAHT) and the South Australian State Planning Authority (SPA). Mant was instrumental in the establishment of the Urban Development Co-ordinating Committee (UDCC) in early 1976. This committee co-ordinated the activities of the organisations under Hudson's ministerial control.<sup>165</sup> In late 1976, Mant became Director General of the newly established Department of Housing and Urban Affairs, soon renamed the Department of Housing, Urban and Regional Affairs (HURA) in recognition of the necessary state planning role in the rural areas of the state. In this position, Mant was given the opportunity to articulate and apply DURD's approach to urban and housing policy at the State level.

Under Mant's strong guidance, the new department sought to change existing approaches to housing policy, metropolitan policy and to the control of private development in South Australia. These changes were motivated by Mant's philosophical objections to the 'old left' foundations of the existing South Australian housing and urban planning agencies - the South Australian Housing Trust (SAHT)

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<sup>165</sup> Hudson was chairman of this committee. Mant was a member along with the heads of the authorities under Hudson's ministerial direction, the deputy Under-Treasurer and a representative of the Premier's Department. See J. Mant, 'South Australia', in Ryan, *op.cit.*, p. 87.

and the South Australian State Planning Authority (SPA) - and by his analysis of the likely impact of the economic and social trends of the mid 1970s on urban structure. The most important of those trends were changes to demographic structure, in particular the decline in the size of households and greater diversity in household types<sup>166</sup>, the impending shortages of public finance for urban development and the looming energy crisis. Mant thought that major changes to urban and housing policy were needed to cater for these trends.<sup>167</sup>

In defending the need for changes, Mant developed a sophisticated philosophical critique of the whole planning enterprise as it had been traditionally conceived. Mant's philosophy mixes nihilism, pragmatism and positivism. This may seem an odd mixture but it does have an internal consistency, at least as Mant defines it.

Mant's nihilism is reflected in his criticisms of conventional definitions of planning and their basis in the concept of the 'community' :

"Planning is not some activity which is conducted in accordance with some Principles which are a priori true. . . . There cannot be a 'right' or 'best' plan. . . . 'The community' is a misleading concept, although, of course, it is an essential concept for those who view planning as the exercise of certain a priori principles. The concept of 'the community' denotes some concept of homogeneity or some corporate existence over and above the particulars of which it is actually comprised."<sup>168</sup>

Mant's pragmatism is reflected in his definition of planning as :

". . . sensible government administration ; that is, before a decision is taken the consequences for likely futures are taken into account. . . . In the ultimate analysis an accepted plan or course of action is a reflection of the wishes of those groups in power at the particular time of its acceptance."<sup>169</sup>

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166 For a press account of the implications of the 1976 Census for the future development of Adelaide which expresses doubt about previous plans see 'The Best Brains can go astray', *Advertiser*, April 16, 1977, p. 11.

167 Mant's arguments are contained in a number of papers prepared while he was Director-General of HURA and immediately afterwards - he resigned when the Tonkin Liberal Government was elected in late 1979. Some of these papers are collected in J. Mant, 'Government and Planning in South Australia', unpublished, Adelaide, Department of Housing, Urban and Regional Affairs, 1980. Mant's published papers include : J. Mant, 'South Australia', in Ryan, op.cit. and J. Mant, 'Good versus bad - Plans and pragmatism', *Royal Australian Planning Institute Journal*, 18, 2 (1980), pp. 44-47. Both are included in the unpublished volume. After Mant left South Australia, he summarised his views in three feature articles for the 'Adelaide Advertiser' : J. Mant, 'Policies and 'projectitis'', *Advertiser*, 7 April 1980, p. 5 ; J. Mant, 'The city syndrome', *Advertiser*, 8 April 1980, p. 5 ; and J. Mant, 'Control and commonsense', *Advertiser*, 9 April 1980, p. 5.

168 J. Mant, 'Strategy Planning for Tasmania', unpublished conference paper, July 1977, in J. Mant, 'Government and Planning in South Australia', p. 1.

169 *ibid*, p. 1.

Mant's positivism is reflected in his commitment to the 'is' against the 'ought' in discussions about planning issues :

"Telling it how it is, rather than creating glossy flexibound reports with pictures of children gambolling between the yet-to-be trees, will assist in directing decision-makers minds to the real issues before them."<sup>170</sup>

All of Mant's philosophical pronouncements come with a heavy dose of cynicism.

While Mant's philosophy bears no direct relation to the Whitlam doctrine, it grew out of a strong commitment to three ideas which have their origins in that doctrine and in the approach to urban policy articulated in DURD - the idea of urban planning as a policy process primarily concerned with the distribution, management and co-ordination of resources, the critique of the dominance of functional bureaucracy on the processes of urban development in Australian cities, and a commitment to regional organisation and administration. Mant's position also grew out of his experience working in the NCDC as he acknowledged later.<sup>171</sup> Mant's philosophical doctrine and the DURD views were reflected in the alternative approaches to metropolitan and housing policy articulated within HURA in the late 1970s.

Mant's critique of the disjuncture between 'end-state' urban planning and 'means' oriented functional bureaucracy in South Australia provided some of the justification for those alternatives :

"Faced with State bureaucracies organised on professional lines and structured to accomplish *means* not *ends* - roads not accessibility, houses not accommodation - it is not surprising that those concerned with the functioning of *areas* should seek to carve themselves out an exclusive area of professional expertise (i.e. Planning). In State governments that are administratively structured to concentrate on various *means*, it is difficult for one department of the same status to be concerned about *ends*. To fit into the dominant mould, the Planning organisations flirt ineffectively with *ends* (regional plans) but devotes itself to *means* (development control)."<sup>172</sup>

The 'end-state' emphasis of existing approaches to urban planning are ineffective because they have no influence over the allocation of real resources while those who do

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170 *ibid*, p. 2.

171 J. Mant, 'Mant on Canberra' in L. Neilson, 'Panel Discussion : Professional perspectives for the 1980s', *Royal Australian Planning Institute Journal*, 18, 3 (1980), p. 107.

172 J. Mant, 'Looking Backwards', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, 1980, p. 3. (emphasis in the original).

have control over those resources make their decisions on the basis of the narrow 'function' for which they were established. In the upshot, the wider implications of the whole urban decision-making process are ignored. Further, it proceeds without effective political control. The 'means' which are in the effective control of the planning organisation - development control - also reflect a functional and an excessively bureaucratic approach to decision-making.

Underlying all of these problems are two more general ones. First, long-term 'end-state' planning proceeds on the basis of what can be called the 'extrapolation of preconceived certainty'. That is, plans are devised on the basis of long-term forecasts in a number of areas. As a consequence, 'end-state' plans are not responsive to a changing world. The long-term focus of 'end-state' planning also explains the dominance of 'ought' language in these plans. They are not written for any immediate purpose. They are therefore characterised by what Mant calls 'motherhood' statements and 'planner's positive prose'.

Secondly, political self interest tends to underlie much of the activity of functional bureaucracy. The interests of these organisations in the 'production' of a particular good or service comes to dominate the wider and, for some, more important questions of the social distribution of those goods and services.<sup>173</sup>

The Mant/HURA alternative emphasised 'ends' and management oriented metropolitan and housing policy which catered for uncertainty and was open to the future :

"Whatever the view of planning which the optimistic sixties may have given us, the economic events of the last few years should have given us cause to reconsider. The rapid changes in the nature of Western-style economies, demographic changes and in particular changes in the nature of households, all should lead us to question whether our cities will continue to develop along the line of some trend which has existed in the past two decades, or whether, indeed, history will come to judge our Western cities as historical aberrations briefly appearing during a period of economic disequilibrium."<sup>174</sup>

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173 Interestingly, the second criticism closely reflects the 'public choice' critique of public sector activity in the mixed capitalist democracies.

174 J. Mant, 'Strategy Planning for Tasmania', unpublished conference paper, July 1977, in J. Mant, 'Government and Planning in South Australia', p. 4.



The new approach would focus upon the distribution of 'urban' goods and services rather than their 'production'.

The political nature of the policy process would be emphasised. Reflecting Paterson's views, Mant argued that :

"If it is recognised that in the ultimate analysis an accepted plan is a reflection of the wishes of those groups in power at the particular time, then option choosing should be clearly seen to be a political activity to be carried out by a political body. Cabinet, rather than some independent professional-based body, should be seen to be making the major choices between possible options. Who gets what in a democracy should not be left to the professionally trained 'philosopher kings'."<sup>175</sup>

To these ends, metropolitan 'end-state' planning was replaced by an approach emphasising the co-ordination of infrastructure provision and the 'staged' release of areas for new urban development on Adelaide's fringes. A system of regional administration in which 'sector managers' were responsible for managing the affairs of particular regions, both urban and rural, was established.

The 'Metropolitan Adelaide Staging Study' reflected many of HURA's concerns about future development in Adelaide.<sup>176</sup> It took up and developed the arguments contained in DURD's policy paper on metropolitan Adelaide. The 'Staging Study' specified a ten year sequence for urban development on Adelaide's fringes. It highlighted the likely constraints of government finance for new urban development. It also contained the beginnings of a defence of urban consolidation and more compact urban growth as a way around some of these financial problems. More compact urban development was also seen a way of catering for the needs of an increasing number of smaller and less well-off households. In this way, some of the deprivations of life in the outer suburbs and the impending energy crisis may be curtailed. Nevertheless, the 'Staging Study' was somewhat ambivalent about the cost savings of more compact urban development and called for more research on this question. The 'planning as management' approach had the substantial goal of curtailing urban expansion on

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<sup>175</sup> *ibid*, p. 3.

<sup>176</sup> Department of Housing and Urban Affairs, 'Metropolitan Adelaide Staging Study : Draft Stage 1 Report' unpublished, Adelaide, DHUA, June 1977 ; Department of Housing, Urban and Regional Affairs, 'Metropolitan Adelaide Staging Study : Draft Stage 2 Report', unpublished, Adelaide, DHURA, October 1978.

Adelaide's fringes. The goal of planned physical, social and economic development in these areas was therefore pushed even further aside.

On the housing front, the policy influence of the SAHT was curtailed while changes were made to the role and operations of the Trust itself. HURA saw the SAHT's dominance in all aspects of urban development in metropolitan Adelaide - as a land banker, house builder, landlord and fount of housing policy advice, all undertaken with a good deal of institutional autonomy - as cause for concern. HURA sought to shift the focus of the SAHT's operation from the production of houses to a concern for their distribution. In so doing, HURA argued, the interests of the SAHT's tenants would take their rightful place at the centre of the organisation's concern. As Mant argued at the time :

"Immediately after the war the problem was securing more housing stock during high population growth. Today, increasing stock is not the problem. The problem is now the restructuring of the building industry. One of our primary concerns is that questions of access should be capable of being separated from questions of restructuring. Housing has held up, when in economic terms perhaps it shouldn't have, partly because we have a series of mechanisms for assisting people into ownership or into home rental, which are tied to the creation of new buildings, new houses. . . . It's very important that our institutions and our concern for the substance of the building industry don't get too confused with assistance to the poor for housing."<sup>177</sup>

HURA also sought to curtail the SAHT's role in perpetuating urban sprawl in Adelaide and established the Emergency Housing Office to cater for an important housing need. This office worked independently of the SAHT. HURA's commitment to 'rational management' was implicit in its critique of the SAHT internal accounting arrangements. These arrangements did not give an accurate picture of the 'actual' cost of the SAHT's housing. HURA thought that this should be corrected.<sup>178</sup>

HURA also played an important role in the negotiations for the 1978 Commonwealth-State Housing Agreement. This agreement made two essential changes

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<sup>177</sup> J. Mant, 'Comments on J. Paterson's paper 'Australian Housing Futures', in Committee of Inquiry into Housing Costs, *The Cost of Housing : Volume 2 : Proceedings of the Key Issue Seminars*, Canberra, AGPS, 1978, pp. 18-19

<sup>178</sup> For an account of the Mant/HURA critique of the SAHT see S. Marsden, *Business, Charity and Sentiment : The South Australian Housing Trust 1936 - 1986*, Adelaide, Wakefield Press, 1986, pps. 351-354 ; 361.

to the activities of the state housing commissions. It formalised their changing role from 'public' housing agencies to 'welfare' housing agencies and it introduced 'market' principles in the allocation of public rental housing. The first change was manifest in the requirement that the sale of public housing be at market or replacement cost and in the abolition of rental purchase or vendor financed home ownership schemes. The second change was reflected in the introduction of 'market related' rents for public housing.

Mant later defended both changes :

"The public housing practices provided the tenants and purchasers no better deal than the home buyers in the private sector received from the purchase of a house with a loan from, say, a terminating building society. But with the growing queues of households in need and the publication of the Poverty Report which showed that many poor people were not being assisted, the housing commissions in Australia have no real choice but to forego their pretensions to being public housing authorities and embrace the welfare role. . . . By insisting on market rents, the Federal Government was trying to make certain that, in a time of cutbacks, rental housing was reserved for those in need when they were in need. The new sales policy was not intended to stop the sale of commission houses but to . . . ensure that a rental house, which was sold could be replaced immediately by another rental house."<sup>179</sup>

Mant argues that the changes made in the 1978 CSHA were dependant upon changes to urban policy, in particular to the role of the state housing commissions in exacerbating the problems of urban sprawl. But, in his 'housing apartheid' article Mant argues that the NSW Housing Commission continues to build large estates on the fringes of Sydney. This is another legacy of the functional organisation of the public service and the domination of means over ends. Mant's solutions are the same as they

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179 J. Mant, 'How to break down housing apartheid', *Sydney Morning Herald*, November 7, 1981, p. 13. This reasoning sits interestingly against Hugh Stretton's critique of the abolition of rental purchase and the introduction of 'market related' rents. As we have seen, the aim of these policies was to free up more public housing for those in need by driving out those who could afford to pay for housing on the open, private market. In Stretton's view this logic was fundamentally flawed because it ignored the mutual relations which can exist between the public and private tenures :

"The vital effect of no-deposit rental purchase is that it allows the household to house itself and save simultaneously; and in seven or ten years, that's the gateway out of public housing altogether. When we abolish that rental purchase option, the same household occupies the same house as tenant. But now their saving has to be done *on top of* their rental housing cost. . . . Now jack up the rent to market levels, and you can soak up and destroy *all* their saving capacity. You haven't driven them out of public housing, *you've imprisoned them in it*. . . (These changes) have achieved effects precisely opposite, in very many cases (to those expected). They have *slowed* the turnover of public housing, *reduced* available vacancies, *lengthened* the waiting lists and times for many of the people in greatest need." H. Stretton, 'Housing policies, past and future', in Stretton, 1987, *op.cit.*, p. 124 (emphasis in the original ; my additions).

were in South Australia. The public role in urban development should be disaggregated. The public role in land banking, land subdivision, house building, providing houses for rent and in providing welfare assistance should be separated with 'welfare assistance and landlord functions' being placed in charge of the whole process. This disaggregation ". . . would enable the people working in the (restructured) organisations to work toward clearly defined ends and not to be dominated by one particular means of achieving those ends."<sup>180</sup>

HURA's other main area of concern was the impact of the South Australian system of development control upon the structure of metropolitan Adelaide. In 1977, the government established the Inquiry into the Control of Private Development under Stuart Hart, the displaced Director of Planning, to investigate this issue.<sup>181</sup> A new State planning act resulted from this inquiry.

A number of points can be made about the thrust of these changes and the theory which motivated them. First, it is important to highlight the confusions and ironies in John Mant's arguments. The main confusion concerns Mant's definitions of 'ends' and 'means'. In the passage quoted earlier, Mant argues that roads, houses and development control systems are *means* while accessibility, accommodation and regional planning are *ends*. Certainly there are differences between these sets of categories. The former are more substantial and material while the latter are more conceptual. But the ends/means distinction rides over the fact that *substantive ends* and *functional means* are implicit in all of them. What Mant is really criticising in all of his work are *particular ends and means*. And he disagrees with them for *particular and substantial reasons*.

But the irony of Mant's position is that his nihilistic pragmatism tends to downplay the category 'substantial reason'. While he is prepared to criticise the substance in the arguments and justifications of others, he is unprepared to

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180 *ibid.* These arguments may have informed the thinking behind the establishment of the NSW Department of Housing in mid 1986. The new department incorporates the NSW Housing Commission and the Land Commission of New South Wales.

181 S.B. Hart, *Report of the Inquiry into the Control of Private Development*, Adelaide, SA Government Printer, 1978.

acknowledge the substance of his own position. His views simply arise from an 'open and realistic' consideration of what 'is'. The marriage of nihilism and positivism in Mant's world view is ultimately barren. If this is true, the 'communitarian' foundations of public policy remain intact. Given this, debate can return to alternative visions of substance.

The substantial arguments and themes highlighted in the planning as management approach continue to exert a powerful influence on metropolitan policy, particularly in Adelaide, Sydney and Melbourne. The programming approach to urban development is popular at a time of when public sector resources for urban development are becoming scarcer. A commitment to urban consolidation forms part of the development strategy for each of these cities.

In Adelaide, the Mant approach waned somewhat with the election of the Tonkin Liberal Government in late 1979. The late 1970s and early 1980s was a period of generally low demand for new land and housing on Adelaide's fringes. Also, the public role in the urban development process was curtailed during this period when the Tonkin Government took away the SALC's powers of land development in early 1980. By 1983, future urban growth on Adelaide's fringes had re-emerged as a major issue. The stock of residential allotments had fallen to a record low and the pressures for development returned. The Bannon Labor Government, elected in early 1982, did not undertake to re-establish a strong public presence in Adelaide's land market. One of the key things it did do was to re-establish the UDCC in December 1983 as 'a more active mechanism to help provide sufficient land and co-ordinate services' on Adelaide's fringes.<sup>182</sup> The UDCC continued the work started in the 'staging study'. The limited success of the UDCC in ensuring sufficient residential lots on Adelaide's fringes can be gauged from the analysis contained in Chapter five.

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182 I. McQueen, 'Management of urban change - the role of the Urban Development Co-ordinating Committee', *Planning Newsletter*, 13 (August 20, 1987), p. 2. This newsletter is published by the South Australian Department of Environment and Planning and the South Australian Planning Commission.

The Bannon Government finally released its urban policy for metropolitan Adelaide in September 1987. It reflects all of the DURD/Mant themes. The government is committed to urban consolidation and to reform of the system of residential development control to enable more compact development. The benefits of both are asserted rather than substantiated.<sup>183</sup> And, for the first time since the Mant era, the government released a development program for metropolitan Adelaide for the period 1986 to 1991. The sequence of development is essentially the same as that specified by the 'staging study' in the late 1970s.<sup>184</sup>

Urban policy in Sydney also reflects the DURD agenda. There is a commitment to the urban planning as management approach and to urban consolidation.<sup>185</sup> Some have highlighted the limits of the urban management approach in adequately dealing with the problems of ongoing sprawl in the Sydney region.<sup>186</sup> Recent plans for Melbourne reflect the pattern. A commitment to urban management and urban consolidation is mixed with regionalism on the DURD model.<sup>187</sup>

Does the 'urban management/urban consolidation' approach constitute a progressive strategy in the context of austerity and constraint or does it represent a reactionary strategy which capitulates before conservative trends in Australian society, in particular before the view that the public sector does not have a central 'productive' role in our kind of society ?

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183 See Department of Environment and Planning, *Adelaide - Its Future Development*, Adelaide, Department of Environment and Planning, September 1987 ; Department of Environment and Planning, *Urban Consolidation Working Party Report*, Adelaide, Department of Environment and Planning, September 1987. For a press account of the overall thrust of these proposals see K. Tilbrook, 'Major plan aims to curb urban sprawl', *Advertiser*, September 9, 1987, p. 1.

184 Urban Development Co-ordinating Committee, *Metropolitan Adelaide Development Program 1986 - 1991*, Adelaide, Department of Environment and Planning, June 1987.

185 Department of Environment and Planning, *Sydney Region : Urban Development Program 1985 - 1989*, Sydney, Department of Environment and Planning, 1986. See also D. Wilmoth, 'Metropolitan Planning for Sydney', in S. Hamnett and R. Bunker (editors), *Urban Australia : Planning Issues and Policies*, London and Melbourne, Mansell and Nelson Wadsworth, 1987. To help achieve a more compact metropolitan area and to address the looming shortage of land for new urban development in Sydney, the NSW Government recently announced plans to allow houses to be built on smaller lots : see R. Coulthart, 'Smaller blocks to ease squeeze', *Sydney Morning Herald*, July 15, 1987, p. 3.

186 W. Gardiner, 'How the west was lost : urban development in the Western Sydney region', *Australian Quarterly*, 59, 2 (1987), pp. 234-244.

187 Ministry of Environment and Planning, *Shaping Melbourne's Future : The Government's Metropolitan Policy*, Melbourne, Government Printer, August 1987.

There is some truth in both views. The programming approach to urban policy does allow, at least potentially, greater economy and more efficient planning of the provision of urban goods and services on the fringes of the big cities. The aims of urban consolidation are laudable. A wider range of housing in the established suburbs of the big cities would address important needs.

But there remain important questions and doubts about these approaches and policies. First, the 'urban management' approach is hostile to visionary planning and to the 'productive' role of the public sector in urban development. John Mant's arguments demonstrate this most clearly. This has had important consequences. The most significant is that reluctant concession of the need for urban growth on the fringes of the big cities means that there is no real concern for strong planning to ensure balanced physical, social and economic development in these areas. The irony of the planning as management approach is that the 'functional' providers of urban goods and services dominate the overall process of urban development even more than they did previously, the only difference being that the urban planning mechanism is now thoroughly implicated in that dominance.

Secondly, there are major equity questions about a strong commitment to urban consolidation without strong public intervention to help achieve it. In the absence of that intervention, urban consolidation may inflate land and house prices in a way which worsens inequality within Australian society. Further, there are major technical questions about the viability of urban consolidation as an overriding focus of urban policy which remain mis-understood and under-researched.<sup>188</sup>

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188 For an early argument that higher density development in established suburbs may not lessen the sprawl of Australia's cities to any great extent which gives some technical reasons why that is so see P. Harrison, 'Measuring Urban Sprawl', in N. Clark (editor), *Analysis of Urban Development: Proceedings of the Tewksbury Symposium July 14th-16th 1970*, University of Melbourne, Melbourne, Transport Section, Department of Civil Engineering, University of Melbourne, 1970. Harrison's arguments are conspicuous in their absence from the recent academic debate about urban consolidation.

This writer has contributed to this debate through his work with Raymond Bunker on urban consolidation and Adelaide. One of the main outputs of this work was a number of scenarios concerned to show the impact of different levels of urban consolidation in terms of population and built form. The overall conclusion was that the impact was not likely to be very great. See R. Bunker and L. Orchard, *Urban Consolidation and Adelaide*, Canberra, AIUS, 1982.

Outer suburban deprivation continues in all the major cities while CBDs concentrate unabated and inflation in land and house prices proceeds largely unchecked. While these trends are related to broad economic and political factors, the 'urban management/urban consolidation' agenda which has grown out of the DURD approach to urban policy seems to undermine planned responses to these problems. Whitlam's focus on the public causes of Australia's urban problems has meant that most attention has been given to modifying public instruments of urban policy to ensure their largely economic rationality. Wider questions have been ignored. The public role in urban and housing development in Australian cities is increasingly marginalised and the costs of housing in the private market are increasingly expensive. In this context, economising in land and service provision on the fringes of the big cities and undue emphasis on urban consolidation in the more expensive established suburbs may exacerbate inflationary pressures in urban development.<sup>189</sup>

Alternatives to the current 'urban management/urban consolidation' focus of urban policy in Australia will need to build upon the observations of two of those who have been associated with the Whitlam/DURD experiment. In his conclusion to a generally positive assessment of the 'urban management' approach in Sydney, Peter Wilenski notes that :

"... it would be naive to assert that Sydney's present ills could have been avoided simply if politicians and bureaucrats had worked at the decision-making and co-ordinating mechanisms and got them right. Sydney's present inequalities are at least in part a result of the inequalities of wealth and power in the city."<sup>190</sup>

Wilenski leaves open the question of appropriate responses to those broader inequalities.

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189 For some, this scenario suggests that the short period from 1945 to 1975 when all Australian classes could have more-or-less equal shares of space if they wanted it, may give way to a forced return to standard home-and-garden for the middle classes, and mean medium density housing for the poor. (Hugh Stretton's comments to the author, November 1987)

190 P. Wilenski, 'New South Wales : Review of New South Wales government administration', in Ryan, *op.cit.*, p. 85. This paper has been republished as 'Sydney's Urban Management : A Perspective from the Late '70s', in P. Wilenski, *Public Power & Public Administration*, Sydney, Hale and Iremonger, 1986.



And a recent comment by Paul Edwards in his role as General Manager of the SAHT suggests that while the housing policy changes of the 1970s were necessary, the need for urban growth on the fringes of the big cities will require more attention in the future :

"The philosophy should be to try and give people the accommodation of the kind they want and in the location they want. It was much easier for the Housing Trust to send people onto the urban fringe to pioneer new communities when we were supplying accommodation to people who were mainly employed and had some degree of independence. Whereas, it is not a good idea to send lots of elderly people, single parents, disabled people, out to start a new community. . . . But one of the problems we now have, is that we are going to have to go back to the fringe, because we have used up most of the opportunities that exist in the metropolitan area, although we keep on trying to find them. . . . Quite how you enable single parents, unemployed persons and disabled persons to pioneer a new community in an area which is going to be deficient in services, is a big requirement of them, when they have got other problems. That is a big challenge for us, and one which is inescapable."<sup>191</sup>

The conclusion will address some of the implications of these arguments.

## 5. CONCLUSION

At a policy level, the DURD reforms were primarily about introducing economic and social content into thinking about urban planning and metropolitan policy. They also sought to strengthen the regional perspective in decision-making. In all of this, DURD had a radical, redistributive intent. As this chapter has shown, DURD was initially concerned with *both* public and private activities as they influenced urban and regional structure. DURD was concerned both to co-ordinate functional areas of government and to influence patterns of private investment in the big cities in the interests of deprived groups. Foremost among these groups were women and children resident on the fringes of the big cities.

DURD did not have much success in either co-ordinating the public sector or influencing the private. DURD's work on urban and regional policy raised the general question of the viability of a national urban and regional strategy with radical intentions

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191 P. Edwards, interview comments in S. Marsden, *op.cit.*, pp. 400-402. For an overview of the changing role of the SAHT into the 1990s see P. Edwards and G. Bethune, 'Public housing in South Australia from the 1970s to 1990s', unpublished paper presented at World Planning and Housing Congress, Adelaide, September 1986.

in a mixed capitalist economy with a federal structure of government. The problem of intra- and inter-governmental coordination makes a national urban strategy impossible to achieve in any ideal sense. What is possible is some influence upon and redirection of established approaches.

But perhaps more importantly for our argument here, by the time DURD had established the basis for its policy challenge, the political and economic context in Australia had changed to such an extent that that challenge was no longer appropriate for the radical purposes which DURD had in mind. The problems of stagflation, unemployment and structural change in the Australian economy and the rise of a conservative, anti-government political agenda meant that a program of reform based upon redistribution through the public budget was increasingly limited as the basis for a general program of reform.

The limits of the Whitlam/DURD doctrine are most clearly manifest in the influence that it has had since 1975. The main influence has been upon urban policy and planning at the state level where the land use planning emphasis has been gradually displaced by an emphasis upon co-ordinating the main functional providers of urban infrastructure. A more flexible and open emphasis on 'policy' has replaced the concern for the 'planning' of new urban development.

This basic change has benefits and costs. The benefit has been to more effectively integrate urban planning and policy with the thinking and approaches of the providers of 'real resources' for urban development. But somewhat ironically in the view of the Paterson/Mant critique of functional bureaucracy, the cost has been that the conservative interests of the functional providers of urban infrastructure have come to dominate the whole process of urban planning. Also, the rise of 'urban management' has coincided with and may have helped to legitimate a more conservative political environment. The 'distribution and management of what exists' has come to dominate the 'imagination of radical alternatives', in particular an imagination which sees urban and housing investment as productive and a force for social equity. To the extent that the 'planning as management' approach is concerned with substantive visions of the

future, they tend to be conservative and regressive because they focus on distribution of urban resources only.

This is not to say that the approaches to urban planning which went before necessarily had radical purposes. But they were certainly capable of being used to that end if it was so desired. The 'planning as management' approach is positively hostile to that approach and dismantles institutional and intellectual support for the planning enterprise. It flows with the conservative tide rather than offer one means by which that tide can be resisted and opposed.

So, the philosophical and substantive critique which began with Whitlam's articulation of a program of urban reform in the 1960s and which continues with the activities of the various state urban planning agencies is limited. The main limits are that it has disabled 'grand' thinking about urban policy and that it focuses almost exclusively upon the distribution of urban resources. It has no real understanding of the progressive potential of long-term visionary urban planning built upon the idea that urban and housing investment is productive and a force for social equity.

## CHAPTER FOUR

## DURD AND THE BIG CITIES

Whitlam's urban program responded to a number of substantial problems, as outlined in the last chapter. Some of the most important were the crisis of Australian local government and the service backlogs and community deprivations in the outer suburbs of the big cities, in particular Sydney and Melbourne. In Whitlam's view, these problems could only be solved :

" . . . if the national government is prepared to give local government a proper share in the nation's finances . . . (and) . . . to assist semi-government authorities in matters like sewerage and reticulation . . ." <sup>1</sup>

We also saw in the last chapter that Tom Uren had the more radical aim to influence the structure of the big cities by establishing alternative centres and curtailing the development of the CBDs. He also supported the Whitlam plans for strengthening the role of local government. For Uren, the primary aim was to implement quick, visible and symbolic programs to attract and hold support for both the government and DURD's longer-term, harder-to-sell policies.

To these ends, DURD implemented a number of programs, the most important of which were the sewerage backlog program and the area improvement program. It also encouraged the development of commercial centres outside of the CBD's in the big cities through its influence over federal spending on transport facilities and office development. Regionalism was the principal political idea behind most of these specific initiatives. In particular, the area improvement program went side-by-side with DURD's sponsorship of the the establishment of regional organisations of councils, particularly in the deprived regions of the big cities.

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1 G. Whitlam, *The Macquarie Broadcasts : May - October 1972*, Canberra, Australian Labor Party, 1972, p. 6.

## 1. REGIONALISM AND THE LOCAL GOVERNMENT REFORMS

Whitlam's arguments about local government and urban problems in Australia<sup>2</sup> commenced with an analysis of the fiscal imbalances in the Australian federal system :

"In the last 20 years the indebtedness of the Commonwealth has diminished. The debts of State governments have risen 4 times, of local government 9 times and of semi-government authorities 16.5 times, Within 5 years, the combined debts of Australia's 900 municipal authorities will cost more to service than the combined debt of the States. The present crisis in financial relationships is as much a matter of the pressures on local government and semi-government authorities as of the squeeze on the States. While State governments complain that the Commonwealth is indifferent to their problems, the States themselves are no less indifferent to the problems of local government."<sup>3</sup>

Later, Whitlam argued that :

"The statistics alone would indicate how much local and semi-government finances have become a national problem. (Debt) Figures of this magnitude obviously cannot be ignored in the nation's overall economic management. It is unreal to distinguish Australian taxpayers from Australian ratepayers. There is not one group or class of people which pays rates and another which pays taxes and a third which pays transport, electricity and water charges. They are, by and large, the same people, and they are all Australians. The whole pattern of Australia's urban and regional development will be deformed and distorted by inappropriate financial pressures unless and until the Federal government provides relief. The burden of the outer suburbs and the developing regions of this country is far too great to be met by those who pay rates and charges to local and semi-government authorities."<sup>4</sup>

Whitlam blamed state government neglect of local government and the fact that the 900 local government authorities had no effective voice in the Australian federal structure for these problems. He proposed a radical restructuring of the Australian federal system of government to deal with them :

"Ideally, our continent should have neither so few State governments nor so many local government units. We should not have a federal system of overlapping parliaments and a delegated but supervised system of local

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2 Whitlam's arguments about local government are contained in a number of speeches from the late 1960s and early 1970s - see E.G. Whitlam, 'An Urban Nation', *Victorian Fabian Society Pamphlet 19*, Melbourne, 1969a ; E.G. Whitlam, 'The Commonwealth and Local Authorities : The Way Ahead', Address to the Annual Conference of Local Government Clerks Association, 1969b (published in E.G. Whitlam, *On Australia's Constitution*, Melbourne, Widescope, 1977) and E.G. Whitlam, 'A New Federalism', *Australian Quarterly*, 43, 3 (1971), pp. 6-17. For a press account of a speech by Whitlam in Federal Parliament on the local government crisis see G. Souter, 'The rich lord and his unjust steward', *Sydney Morning Herald*, July 27, 1970, p. 2. Souter's article was part of a series on the local government crisis in Sydney. The other articles were G. Souter, 'We're the mugs in the councils', *Sydney Morning Herald*, July 25, 1970, p. 2 ; G. Souter, 'What a way to run a city !', *Sydney Morning Herald*, July 28, 1970, p. 2.

3 Whitlam, 1969a, *op.cit.*

4 Whitlam, 1971, *op.cit.*, p. 10.

government. We should have a House of Representatives for international matters and nation-wide matters, an assembly for the affairs of each of our dozen largest cities and regional assemblies for the few score areas of rural production and resource development outside those cities."

Whitlam went on to note that "vested interests and legal complexities should not discourage or deter us from attempts to modernise and rationalise our inherited structure" and pointed to regional innovations in other federal countries like the United States, Canada and West Germany.<sup>5</sup>

DURD was very much about defending and strengthening the role of local government in Australian federalism. It sponsored important research on the role of local government in Australia<sup>6</sup> and training programs for local government officers.<sup>7</sup> The Whitlam reforms allowing local government access to federal finance through the Grants Commission, DURD's area improvement program, and its sponsorship of the establishment of regional organisation of councils were all intimately connected.<sup>8</sup>

The area improvement program worked through the regional organisations of councils. The program was initially confined to the Western regions of Sydney and Melbourne but was gradually extended over time.<sup>9</sup> The primary aim was to help :

". . . regions experiencing the problems of rapid growth, which outstripped the supply of community services."

Specific projects of strategic importance to the region were funded to help create living environments of acceptable standard. Drainage schemes, improvement of waterways, waste disposal schemes, acquisition of parklands and open space, landscaping,

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5 *ibid*, p. 11. For these passages see also Whitlam, 1969, *op.cit.*, pp. 15-16.

6 M. Bowman, *Local Government in the Australian States*, Canberra, AGPS, 1976.

7 For an account of DURD's relation to the senior management course for local government run by the Canberra College of Advanced Education see 'L.G. back to school', *Community*, 1 (July 1974), p. 14.

8 For overviews of these initiatives and some of the reaction they initially engendered see F. Brenchley, 'Relief plans for your poor council', *National Times*, April 9-14, 1973, p. 6 ; P. Gardiner, "Lord give us more money' - and help us sort ourselves out', *Australian Financial Review*, October 18, 1973, pp. 2-3 ; B. Mills, 'How a community did its homework and got \$3 million : The deprived west discovers a regional identity', *Australian Financial Review*, October 26, 1973, pp. 2-3 ; B. Mills, 'Political flak and funding problems are slowing down regionalisation : DURD angers councils, States', *Australian Financial Review*, October 29, 1973, p. 2 ; F. Brenchley, 'Gough's new federalism : first know your regions', *National Times*, December 10-15, 1973, p. 56.

9 DURD, *Area Improvement Program : Melbourne Western Region Assessment Report*, Canberra, DURD, 1973 ; DURD, *Melbourne Western Region : An Initial Discussion Report*, Canberra, DURD, 1974 ; DURD, *Sydney Western Region : An Initial Discussion Report*, Canberra, DURD, 1974.

community facilities, and education, information and library assistance schemes were funded under the program.<sup>10</sup> Editorial opinion praised the area improvement program for addressing an important need.<sup>11</sup>

DURD also established the Regional Organisation Assistance Program (ROAP). This provided a small grant to each regional organisation of councils for administrative purposes and funded research in a small number of regions.

General purpose revenue assistance to local government was introduced by the Whitlam Government through the Grants Commission Act 1973. This empowered the commission to promote fiscal equalisation between the regions and to make grants to local government through regional organisations of councils. \$56 million was allocated under these provisions in 1974/75 and \$80 million in 1975/76.<sup>12</sup> DURD made submissions to the Grants Commission on financial assistance to local government.<sup>13</sup>

There were two main criticisms of the Grants Commission's work in making allocations to local government. The Commission's assessment of a 'zero grant' for some local government authorities was resented by those authorities. The requirement that applications for grants be made through approved regional groupings of councils was also resented.<sup>14</sup>

Regionalism was a concept over which there was much disagreement during the Whitlam years. There are many different meanings of regionalism both as a theoretical concept and as a working program. Four theoretical models of regionalism have been highlighted in a recent account.<sup>15</sup> The 'Whitlam model' has already been summarised. Whitlam saw regionalism as a major vehicle for the reform of the Australian federal system. Whitlam vision was particularly 'centralist', with the Commonwealth

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10 'Area Improvement Programs', *Community*, 6 (December 1974), pp. 10-12.

11 Editorial 'Aid for a different kind of disaster in our suburbs', *Australian*, January 29, 1974.

12 For an account of these changes see Commonwealth Grants Commission, *Equality in Diversity : Fifty Years of the Commonwealth Grants Commission*, Canberra, AGPS, 1983, pp. 102-112.

13 DURD, *Financial Assistance for Local Government : a submission to the Grants Commission*, Canberra, DURD, May 1974 ; DURD, *The Grants Commission and Local Government : A submission to the Grants Commission*, Canberra, DURD, February 1975.

14 Commonwealth Grants Commission, *op.cit.*, p. 110.

15 J. McMillan, G. Evans and H. Storey, *Australia's Constitution : Time for change?*, Sydney, Law Foundation of New South Wales and Allen and Unwin, 1983, pp.143-147.

Government having the major role in priority setting. The 'Sawer model' was based on the idea of 'organic federalism' in which the Commonwealth sets all the major policies but the States retain 'a considerable degree of constitutionally guaranteed discretion in administration.' The States are retained in this model because they :

"... provide as good a set of regional boundaries as one is likely to get for providing water and power, law enforcement, roads, most levels of education and the like."<sup>16</sup>

The 'Durack-Wilson model' emphasises the need for the devolution of power, 'not the centralisation of decision-making and the decentralisation of administration.' To this end, this model argues that the constitution should be amended to allow the creation of regional authorities with specific powers and responsibilities. Finally, the 'Harris model' sees regionalism as a way in which co-operative arrangements can be engendered between existing levels of government in Australian federalism and argues for a system of political representation for the different levels focussed on regions.<sup>17</sup>

The Whitlam Government implemented a number of regional programs. The most important were the DURD/Grants Commission reforms and the Social Welfare Commission's Australian Assistance Plan (AAP). There was some conflict between DURD and the Social Welfare Commission over their respective approaches to urban and social reform through regional administration and organisation. The essence of that difference was that whereas DURD was concerned about physical area improvement and sought to work through the existing structure of local government in its reforms, the AAP was more concerned with community development and sought to establish new community based Regional Councils of Social Development (RCSD) with the strong involvement of the social work profession. DURD sought reform through the existing structure of local government whereas the AAP was about circumventing those structures. These two strategies could have co-existed relatively peacefully. Both served different and necessary purposes. The tension which existed between them was a

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16 *ibid*, p. 145. For this argument developed in the context of a critique of the Whitlam regional initiatives see A. Parkin, *Governing the Cities : The Australian Experience in Perspective*, Melbourne, MacMillan, 1982.

17 C.P. Harris, 'Regional and Local Government Policies in Australia', *Australian Journal of Public Administration*, 35, 2 (1976), pp. 101-113.



product of the effort each side put into developing their approach. Also, the conflict had high visibility because of the newness of both initiatives.<sup>18</sup>

The other major source of conflict about regionalism during the Whitlam years concerned its political credentials. Would it form the basis of a new fourth tier of government or was it simply an 'administrative commonsense'?<sup>19</sup> There was some disagreement about this. Some within DURD argued somewhat ambivalently that while the Whitlam reforms together with other initiatives at the State and local levels 'indicate potential transfers of political power to the regional level', they really only represent 'the emergence of a regional level of public administration, with limited responsibilities.'<sup>20</sup> Others argue against the Whitlam regional initiatives on the grounds that they have :

". . . really been designed to centralise decision-making power by decentralising the administrative process. Regional government requires not the decentralisation of the administrative process but the decentralisation of the executive or decision-making process."<sup>21</sup>

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- 18 For a press account of the conflict between DURD and the Social Welfare Commission over their work in the outer suburbs of Melbourne which locates the problem in DURD's pretensions as an 'umbrella' co-ordinating agency see G. Davidson, 'The vital art of learning to talk', *Canberra Times*, December 12, 1973, p. 2. For DURD's overview of the Whitlam Government's regional initiatives which discerns four forms of regionalism underlying them - functional, administrative, co-ordinative and co-operative - see DURD, *Issues in Regionalism - The Australian Government Experience*, Strategy Division Working Paper two, Canberra, DURD, 1975.
- For general accounts of the DURD and the Social Welfare Commission regional initiatives see R.L. Wettenhall, J.M. Power and M.A. Jones, 'The Australian Government's Regional Programs - A Perspective From Below', *Local Government Administration*, 17, 14 (September 1975), pp. 35-42 ; J.M. Power and R.L. Wettenhall, 'Regional Government versus Regional Programs', *Australian Journal of Public Administration*, 35, 2 (1976), pp. 114-129 ; C.P. Harris, 'Regional and Local Government Policies in Australia', *Australian Journal of Public Administration*, 35, 2 (1976), pp. 101-113 ; C.P. Harris, 'Regional Organisations and Policies', in R.L. Mathews (editor), *Making Federalism Work*, Canberra, CRFFR, ANU, 1976 ; A. Graycar and J. Davis, 'Coordination in Urban Settings', *Australian Journal of Social Issues*, 12, 2 (1977), pp. 83-99 ; A. Graycar and J. Davis, 'Regionalism : Some General Issues in Australian Social Development', *Royal Institute of Public Administration Bulletin* (SA Regional Group), 2 (1975), pp. 40-48 ; A. Logan, 'Recent Directions of Regional Policy in Australia', *Regional Studies*, 13 (1979), pp. 153-160.
- 19 'Regionalism : Centralist Menace or Administrative Commonsense?', *Community*, 2/4 (October 1975), p. 1. The title of another article on regionalism expresses the same tension - A. Woods, 'Regionalism - power play or missing link?', *Advertiser*, June 14, 1975.
- 20 P.N. Troy, 'Towards a System of Regional Government?', in R.L. Mathews (editor), *Fiscal Federalism : Retrospect and Prospect*, Canberra, CRFFR, ANU, 1974, pp. 179, 181. This ambivalence in Troy's arguments is highlighted in C.P. Harris, 'Commentary on Local and Regional Government', in R.L. Mathews (editor), *Fiscal Federalism : Retrospect and Prospect*, Canberra, CRFFR, ANU, 1974, p. 185.
- 21 Harris, *op.cit.*, p. 186.

They defend the approach to regionalism which works through the existing levels of government taking heed of the strengths of each.

Others argued that increasing interdependence in the Australian federal system make such arguments limited. A new concept of federalism - 'responsibility sharing' - offered hope of resolving some of the bigger conflicts about regionalism.<sup>22</sup>

Some within DURD emphasised the benefits of regional administration in strengthening the role of local government.<sup>23</sup> DURD's secretary, Bob Lansdown, defended this view :

"The regional groupings of councils are not seen as a fourth tier of government, but as a practical way for local government to make its voice heard clearly and strongly."<sup>24</sup>

By mid 1975, the Whitlam Government's emphasis on regionalism was the subject of much dissension. State and local government proposed that a general revenue-sharing arrangement be introduced.<sup>25</sup> A major review of the federal/local financial relationship was established.<sup>26</sup> This review was completed in late 1975 but the report was not released until mid 1976.<sup>27</sup>

The Whitlam Government also asked the Grants Commission to consider means by which base grants may be extended to all local governing bodies. The Commission proposed a two-part system of grants. General revenue assistance would be provided to

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22 R.L. Mathews, 'The Future of Fiscal Federalism in Australia : Political and Financial Issues', in R.L. Mathews (editor), *Fiscal Federalism : Retrospect and Prospect*, Canberra, CRFFR, ANU, 1974.

23 J. Mant, 'Regions and Local Government Development', *Local Government in South Australia*, 9 (January-March 1974), pp. 27-29, 31.

24 R.B. Lansdown, 'Urban Past - Urban Future' : 1974 Walter Burley Griffin Memorial Lecture', unpublished, p. 15.

25 For state criticism of the Whitlam reforms and the suggestion of a revenue-sharing alternative see L. Punch, 'Blackmail' the Federal way to dominate the States : Independence key to strong local government', *Australian Financial Review*, 'Local Government Feature', June 9, 1975, pp. 4-5. On the unease about the Whitlam reforms in local government see G. Miles, 'Is the Honeymoon with Labor over? Well, both partners know each other better now', *Australian Financial Review*, 'Local Government Feature', June 9, 1975, pp. 10-11. See also N.T.G. Miles, 'Local Government and the Federal Initiatives', in R.L. Mathews (editor), *Making Federalism Work*, Canberra, CRFFR, ANU, 1976. Miles was seconded to DURD from his position as secretary of the Local Government Association of New South Wales in the early period of the Whitlam Government to work on the local government reforms.

26 For a background article on this review see G. Negus, 'Local Government', *Australian Financial Review*, 'Local Government Feature', June 9, 1975, p. 1.

27 I. McPhail, *Joint Study into Local Government Finances - Australia and New Zealand*, Canberra, AGPS, 1976.

all local authorities. This would produce a substantial degree of equalisation. It was also proposed that local authorities could apply for annual equalisation grants in addition to those provided in the general assistance. This scheme was not acted upon before the dismissal of the Whitlam Government. Some Whitlam ministers continued to argue that the government's overriding policy was equalisation and that federal assistance should not go to local authorities which 'were clearly in a superior financial position to the standard as determined by the Commission.'<sup>28</sup>

The Grants Commission powers in this area were changed by the Fraser Government in 1976 through the Local Government (Personal Income Tax Sharing) Act. Reflecting that government's 'new federalism' policy, this act sought to devolve both responsibilities and resources to the States and local government. Local government was guaranteed a 1.52% share of personal income tax collections under the new provisions. This was increased to 1.75% in 1979/80 and to 2.0% in 1980/81. \$140 million was allocated for the year 1976/77 and nearly \$170 million in 1977/78.

The new act enabled the establishment of State grant commissions which were created by State legislation over the following few years. Per capita and equalisation grants would be made under the new scheme. The Commission recommended that :

"... to avoid giving per capita grants in excess of those justified by fiscal equalisation requirements, no more than 30 per cent of each State's allocation should be distributed on a per capita basis."<sup>29</sup>

The Commission also argued that because equal per capita distribution would favour metropolitan councils at the expense of rural, per capita grants should be differentially weighted for each category of councils.

The Commonwealth Government set no upper limit on the amount to be distributed on a per capita basis. Across the States, the per capita component of the grants varied between 30% and 80% in the late 1970s. One commentator argued that the changes made by the Fraser Government involved :

"... a significant shift in emphasis in the distribution criteria . . . from horizontal adjustments concerned with equalisation to vertical adjustments

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28 Commonwealth Grants Commission, *op.cit.*, pp. 111-112.

29 *ibid.*, pp. 113-114.

concerned with the supplementation of local government revenues generally."<sup>30</sup>

Or, in the view of another,

"Under the Labor government's arrangements, grants were not to be used for the purpose of reducing rates but for the improvement of facilities and services which those councils receiving substantial grants could not provide out of their own resources. The present government's policy envisages that grants are to be used to stabilise rates and to relieve the burdens on ratepayers, without any incentive being given to councils to initiate programs for the improvement of facilities and services."<sup>31</sup>

The federal role in local government strengthened somewhat with the election of the Hawke Government in early 1983. A local government portfolio was established and the role of the fledgling Office of Local Government (OLG) was extended. The Hawke Government also established the National Inquiry into Local Government Finance (the Self Inquiry) in May 1984 to review and make recommendations on the relationship between federal and local government. This inquiry reported in October 1985.

The main conclusion of the Self report is that the principle of the present legislation is 'a desirable expression of the Commonwealth's interest in local government' which has aided the effectiveness and vitality of local government. The report argues that Commonwealth general purpose support for local government should be continued for several reasons. The local rate base is narrow and regressive and local government has a growing role in the provision of 'human services'. The Commonwealth is the only level of government with the resources to address the major inequalities in revenue raising capacities and basic expenditure needs which exist between local councils. After ten years of innovation in this area, the Commonwealth

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30 R.L. Mathews quoted in *ibid*, p. 114.

31 R. Else-Mitchell, 'Local Government Finance : Commentary', in R. Mathews (editor), *Local Government in Transition*, Canberra, CRFFR, ANU, 1978, p. 75. For general discussions of the changes made to Grants Commission involvement in local government finance over the Whitlam and Fraser years see I. McPhail, 'The Commonwealth role in local government', in P.F. Ryan (editor), *Urban Management Processes : Proceedings of the Seminar held in Adelaide 22-25 August 1977*, Canberra, AGPS, 1978 ; I. McPhail, 'Federal Financial Assistance to Local Government through State Grants Commissions and Specific Purpose Grants', in R. Mathews (editor), *Local Government in Transition*, Canberra, CRFFR, ANU, 1978 ; P.J. Carters, 'Local Govt : A National view', *Royal Australian Planning Institute Journal*, 19, 3 (1981), pp. 121-123 ; R. Else-Mitchell, 'Devolution of power and money', *Australian Planner*, 20, 2 (1982), pp. 64-69 ; D.J. Walmsley, 'Australian local government in the 1970s', *Australian Geographical Studies*, 22 (April 1984), pp. 88-99.

has developed a legitimate interest in the effectiveness of local government which should not be abandoned.

The Self Inquiry made a number of recommendations. First, future federal allocations should be maintained at their present size and should be subject to the same 'real terms' guarantee that applies to general revenue grants to the States. Secondly, the per capita and equalisation components of the allocation criteria should remain but the level of the former should be treated as a constraint on the level of the latter. Grants should remain untied and the State Grants Commissions should continue. Thirdly, specific purpose grants for local roads should be absorbed into the general revenue sharing grants. Specific purpose grants for human services should be replaced with block grants. Finally, the Commonwealth should encourage innovation in local government, in particular in rating systems, and should encourage more consultation between the three levels of government.<sup>32</sup>

Tom Uren, as Minister for Local Government and Administrative Services, announced in April 1986 that the Hawke Government would continue with a program of untied grants to local government with a 'real term' guarantee. Grants would have a strong horizontal equalisation objective but would also comprise a 30% per capita component to ensure that all local councils have a stable financial base. The State Grants Commissions would continue and the Commonwealth will not make grants conditional upon the States maintaining their level of assistance to local government. Nor would the Commonwealth interfere with State policies limiting rate increases.<sup>33</sup>

DURD's concern for area improvement and regionalism have also found some expression in the work of the OLG. The major initiatives in this area are the Natural

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32 National Inquiry into Local Government Finance, *Report*, Canberra, AGPS, 1985.

33 T. Uren, 'General Purpose Financial Assistance for Local Government : Ministerial Statement', House of Representatives, *Debates*, 10 April 1986, pp. 2021- 2023. For the Chairman of the National Inquiry into Local Government Finance, Peter Self's reflections on the outcome of the inquiry see P. Self, 'The Federal Government's Role in Local Government Finance', in G. Brennan (editor), *Local Government Finance*, Canberra, CRFFR, ANU, 1987. Self highlights the difficulties of the equalisation principal in federal grants to local government and the political problems which face the general federal role in this area but concludes that ". . . ultimately the basic argument for the (Commonwealth general purpose) grant must be that the Commonwealth has some legitimate interest in the existence and welfare of a democratic tier of local government system such as equalisation which the States have failed to satisfy." (pp. 13-14)

Areas Enhancement Scheme (NAES) and the Local Government Development Program (LGDP), of which the Regional Community Development Program (RCDP) is the major component.<sup>34</sup>

In addition to these specific initiatives, the Hawke Government established the Community Employment Program (CEP) which works through local government and regional organisations. The Commonwealth-State Bicentennial Commemorative Program is also based upon local government. The NAES is a joint initiative with Willis' Employment and Industrial Relations ministry and is funded through the CEP.

These programs have a number of overlapping objectives - employment generation, the provision of needed social and physical services in deprived areas, environmental improvement, the development of local government's role in the Australian federal system, and the preservation of Australia's heritage as part of the Bicentennial celebrations.

The CEP follows the Regional Employment Development Scheme (REDS) which operated between 1974-76, the Special Youth Employment and Training Program (SYETP) of 1976, and the Wage Pause Program (WPP) which ran between 1982 and 1984. The CEP was formally launched on August 1, 1983 and was to operate over three years at a total cost of \$1.3 billion. Projects funded by the program provide short-term employment for periods between 3 and 12 months through Commonwealth and State Government departments, local government authorities and community organisations. The CEP aims to alleviate the impact of unemployment and to provide facilities and services of social and economic benefit to the community. The projections were for 40,000 jobs to be created in 1983/84 and 70,000 in the remaining two years. Almost 17,000 projects creating more than 93,000 jobs at a cost of \$968 million were approved under the program to March 1986.<sup>35</sup> \$300 million was allocated to the

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34 For an account of the work of the OLG which highlights the connections to DURD's area improvement and regionalism initiatives see R. Jones, 'Son of DURD or Nobody's Child? Urban Policy Aspects of Federal-Local Government Relations', *Urban Policy and Research*, 4, 4 (1986), pp. 3-6.

35 National Media Liaison Service, *Record of Government, no.4, March 1983 - March 1986*, Canberra, AGPS, 1986, p.42. See also Department of Employment and Industrial Relations, *Community Employment Program: The First Year*, Canberra, AGPS, 1984.

program in 1983/84, \$390 million in 1984/85, \$290 million in 1985/86 and \$200 million in 1986/87. The program was abandoned in the May 1987 mini-budget, although funding for projects already commenced will continue in 1987/88.

The NAES, announced in November 1984, aims to improve the parks and environs of the major waterways in the capital cities and is concentrated in those regions of the capital cities disadvantaged in both employment and recreational opportunities. \$17.6 million was committed to the scheme over the period 1984 to 1987. Projects have been funded in all the mainland capital cities except Darwin.

The role of regional organisation through local government has also been extended through the activities of the OLG. This emphasis goes together with the extension of the role of local government in economic development. Two of the initiatives of the Hawke Government are important in this regard. The LGDP is essentially a 'seeding' program funding a variety of pilot studies and demonstration projects whose aim is to strengthen local economies and to facilitate the provision of community services. It also provides information, research and training programs for local government.<sup>36</sup>

Some regional organisations of councils have enjoyed a continuity through the Whitlam, Fraser and Hawke years.<sup>37</sup> The Hawke Government's RCDP is designed to assist the economic and social development of deprived regions defined as having large concentrations of low income earners, high levels of unemployment, rapid population growth and serious deficiencies in social and community facilities. The RCDP was initially confined to west Sydney, and north west and west Melbourne but, in 1984/85,

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36 Some important research on this topic has been undertaken by a task force established by the Local Government Ministers' Conference. See Department of Local Government and Administrative Services, *Developments in Local Government 3. The Role of Local Government in Economic Development - Discussion Paper*, Canberra, AGPS, 1987.

37 Most importantly, in the western suburbs of Sydney and Melbourne but also in Adelaide. Among the strongest of these organisations is the Western Sydney Regional Organisation of Councils (WSROC). For a recent overview of the structure and operation of regional organisations of councils throughout Australia see Department of Local Government and Administrative Services, *Developments in Local Government 1. Regional Organisations of Councils in Australia*, Canberra, AGPS, 1987. On the history and ongoing role of regional organisations of councils in Adelaide see D. Taylor and J. Thornley, 'Planning in Metropolitan Sub-Regions: An Adelaide Comment', *Urban Policy and Research*, 5,1 (1987), pp. 19-23.

was extended to south west Perth and the Kimberley region in Western Australia, Bendigo in Victoria, the western, southern and northern regions of Adelaide and the Riverland region in South Australia, Cairns and the Moreton region in Queensland, and Hobart and rural regions in Tasmania. A national 'Regions in Transition' workshop was funded through the RCDP in September 1984.<sup>38</sup> \$1.5 million was allocated to the RCDP in 1983/84 and \$5 million to the expanded LGDP in 1984/85. Funding for the program was cut to \$2 million in 1986/87. The first national local government and community development conference was held under the federal auspices in July 1985.<sup>39</sup>

The Bicentennial program, while having historical preservation intentions, will generate many jobs and can be viewed as an area improvement program even if it does not have a redistributive intent. \$48 million has been allocated to the program. Local museums and recreational facilities will be upgraded and new facilities and historic monuments developed across the country. Major NSW projects include the development of a regional museum in Newcastle (\$1 million), the Illawarra herbarium in Wollongong (\$700,000), the conservation and preservation of the Trades Hall building in Sydney (\$1 million), and a number of regional museums, art centres and theatres in major rural cities each costing between \$300,000 and \$500,000.<sup>40</sup> Local government is encouraged to participate in community bicentennial activities through the Local Government Initiative Grants Scheme which was established in May 1985. The scheme was allocated \$17.5 million, and provides a base grant of \$2,000 for each local council plus \$1 per capita.<sup>41</sup>

The Hawke Government's local government and community development initiatives have been criticised and reviewed from a number of perspectives. Some criticise the CEP for eliminating many jobs funded under the previous WPP. In their view, some programs require ongoing government commitment, for example those

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38 Department of Local Government and Administrative Services, *Regions in Transition Workshop, Melbourne, 2-3 September 1984*, Canberra, AGPS, 1985.

39 Department of Local Government and Administrative Services & Australian Council of Local Government Associations, *Local Government and Community Development: First National Conference, Canberra, 18th & 19th July 1985*, Canberra, AGPS, 1985.

40 P. Bailey, 'Bicentennial grants announced', *Sydney Morning Herald*, July 20, 1985.

41 National Media Liaison Service, *op. cit.*, p.5.



providing home care for the aged and child care. This expresses the more general problem of the short term nature of the employment available through schemes like the CEP.<sup>42</sup> There is much conflict between this aspect of the CEP and longer term development aims of community organisations which seek funding under the scheme. The CEP is well geared to facility construction and improvement projects but does not encourage the development of longer term community organisations necessary to viable local employment generation.<sup>43</sup> For others, the CEP is limited as a permanent solution to the unemployment problem because it does not provide the job training and retraining necessary for any longer term solution to unemployment. Nevertheless, some CEP schemes have been geared to job training.<sup>44</sup> The CEP is an advance over previous employment schemes because it is targeted to deprived regions and generates employment that would otherwise not be available. Nevertheless, it "... should be turned into a long term training and employment programme for an economy of rapid structural change and high structural unemployment."<sup>45</sup> Finally, some suggest that the CEP overrides local needs. It is too centralist. The spirit of intergovernmental cooperation engendered by the Whitlam government's policies, in particular DURD's AIP, has been lost in the CEP.<sup>46</sup>

These criticisms of the unplanned and short-term nature of the CEP themselves express limits. For example, the view that the CEP is too centralist does not recognise that this may be the price which has to be paid, in the short term at least, to achieve employment objectives. Neither does it recognise that many CEP projects have essentially the same area improvement objectives as DURD's programs but with the added concern to address the unemployment problem. Nevertheless, these arguments

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42 W. Bacon, 'Thousands face unemployment again as job schemes end', *National Times*, June 29 to July 5, 1984, pp.10-11.

43 P. Melser, 'Wollongong Community Organisations and CEP', unpublished paper, Centre for Environmental and Urban Studies, Macquarie University, 1985.

44 J. Burgess, 'An evaluation of the Community Employment Programme', *Australian Quarterly*, 56, 3 (1984), pp.239-248 ; J. Freeland, 'Job Training For Survival', *Australian Society*, 3, 12 (December 1984), pp.19-22.

45 Burgess, *op. cit.*, p.240.

46 C. Lloyd and P.N. Troy, 'Duck Creek revisited? The case for national urban and regional policies', in J. Halligan and C. Paris (editors), *Australian Urban Politics : critical perspectives*, Melbourne, Longman Cheshire, 1984.

expose the Hawke Government's failure to address the unemployment problem in a more systematic and planned way. The CEP is set firmly within the full employment assumptions of the Hawke Government's overall economic strategy. Training programs have been given a higher profile in the second Hawke Government but are not integrated with the CEP.

The Hawke Government's local government and community development initiatives are of relatively minor significance both in terms of its own conception of its priorities and the problems which need to be addressed in Australia in the late 1980s. The Australian Council of Local Government Associations (ACLGA) made this point cogently in its analysis of the RCDP contained in its submission to the 'Regions in Transition' workshop. It argued that the objectives of the RCDP - to help regions with community service deficiencies, high rates of unemployment and population growth, and large concentrations of low income earners - were rather grandiose given the small amount of money spent on the program. The RCDP paled into insignificance next to the \$19 billion spent on employment programs, social security and welfare payments, and federal grants to local government in 1984/85. The latter have a major regional impact without being allocated on a regional basis. In this light, ACLGA questioned the 'selective' regionalism embodied in the RCDP in the absence of a more central regional emphasis in federal decision making.<sup>47</sup> While the RCDP does sponsor important research into regional problems, this comparison does show how marginal regional policy is to the Hawke Government. This program was wound down in 1986/87 and now faces a bleak future.

It is also interesting that the letter of transmittal for the report of the Self Inquiry notes that, while federal assistance for local government is highly important to the future health of the Australian federal system and the role of the Commonwealth therein, the Inquiry involved a considerable amount of research and analysis into a relatively small program in budgetary terms. In fact, the Self Inquiry is the only major

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47 Australian Council of Local Government Associations, unpublished background paper for the 'Regions in Transition' workshop, Canberra, ACLGA, 1984.

public inquiry of this type undertaken by the Hawke Government. Seen in the context of the procrastination over the Wealth Inquiry, this again shows just how uninterested the Hawke Government is in fundamental reform. It has encouraged very limited debate about the major changes and forces operating on Australian society in the late 1980s. What debate there has been has occurred in economic and tax summits that, in their search for immediate 'consensus', cannot push forward the cause of reform.

While regionalism and the development of local government do have a progressive role to play, they are limited as the basis for more general reform.<sup>48</sup> Meanwhile, Whitlam continues to highlight the need for a stronger relationship between federal and local government, and to advocate the constitutional recognition of local government.<sup>49</sup> It is also significant that one of Tom Uren's last major acts as a minister in the Hawke Government was to review the Whitlam/Hawke achievements with regard to local government. He highlighted the facts that general revenue assistance to local government was now well established, that the federal government was still implementing specific programs to assist in the development of deprived regions and that constitutional recognition of local government was now firmly on the national agenda.<sup>50</sup> None of these things are small achievements.

## 2. DURD's IMPACT ON THE STRUCTURE OF THE CITIES : INNER URBAN REHABILITATION, ALTERNATIVE CENTRES AND TRANSPORT POLICY

DURD was centrally involved in the development of the idea that the rehabilitation of inner city housing was economically and socially more efficient than its demolition and redevelopment. Through DURD, the Whitlam Government bought areas of old, run-down housing in Woolloomooloo, Glebe and Emerald Hill. The primary

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48 For this argument made in the context of a review of recent regional initiatives in Melbourne which highlights the limits of regionalism from a socialist perspective see J. Wiseman, M. Considine, P. Christoff, T. Dalton and R. Watts, 'Regional Policies : Critique and Alternatives', *Regional Journal of Social Issues*, 15 (1984), pp. 32-41 ; J. Wiseman, R. Watts, T. Dalton, M. Considine and P. Christoff, *Regional Policy - Who Benefits? Some implications of recent Regional Policy Developments in the Western Region of Melbourne*, Melbourne, Phillip Institute of Technology and Western Region Council of Social Development, May 1985.

49 'Fight for rights, Whitlam tells councils', *Advertiser*, 13 November 1986, p. 19.

50 T. Uren, 'Local Government : Ministerial Statement', House of Representatives, *Debates*, 4 June 1987, pp. 3968-3974.

aims of these decisions was to show, by demonstration, the advantages of rehabilitation and to preserve inner city housing in public hands for low income tenants.

In 1969, NSW SPA proposed a large office development to house some 35,000 office workers in the Woolloomooloo basin. The proposal created much controversy mainly over the capacity of the transport facilities in the area to handle the huge increase in office workers.<sup>51</sup> In late 1972, the Public Works Committee of the Federal Parliament refused to approve a second Commonwealth Centre in the area on the basis of evidence of the likely transport problems which would be created. It suggested that the public interest would be better served by 'a significant initiative towards the principle of decentralisation.' Editorial opinion praised this decision and argued that the area be purchased for open space and that the SPA's plan which proposed the office development in the area be reviewed.<sup>52</sup>

Tom Uren, as opposition spokesman on urban affairs, supported the open space proposal and also suggested that some of the area be used for housing.<sup>53</sup> Some Sydney alderman supported Uren's arguments.<sup>54</sup>

In early 1973, the original proposals for private offices in the area were reduced significantly and some residential development was proposed. Uren was still concerned about the overall commercial thrust of the development proposals for the area. Editorial opinion welcomed the changes and was critical of Uren's concerns.<sup>55</sup>

Development of the area was delayed for some years by resident protests and trade union 'green bans.' The private developers abandoned the plans for the area in mid 1973 and suggested that the land owned by them should be publicly acquired. In late 1974, the Whitlam Government agreed to resume about one-third of the area for residential development. The scheme would be financed by the federal and state

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51 Editorial '\$400 million proposed redevelopment scheme at Woolloomooloo' *Sydney Morning Herald*, May 11, 1972, p. 6 ; J. Harris (Chairman, Works Committee, Sydney City Council), 'The Sydney City Council and the development of Woolloomooloo' (letter to the editor), *Sydney Morning Herald*, May 15, 1972, p. 6.

52 Editorial 'Woolloomooloo', *Sydney Morning Herald*, September 2, 1972, p. 6.

53 T. Uren, 'Woolloomooloo', *Sydney Morning Herald*, September 4, 1972, p. 6.

54 G.B. Draper, 'Problems of Woolloomooloo', *Sydney Morning Herald*, September 9, 1972, p. 6.

55 Editorial 'Woolloomooloo', *Sydney Morning Herald*, February 22, 1973, p. 6.

governments with the development being supervised by the NSW Housing Commission.<sup>56</sup>

The scheme formed part of DURD/Uren's overall strategic thinking about the need to preserve low income housing in inner Sydney as a counter to both the intrusion of commercial development and the 'gentrification' of the inner suburbs.<sup>57</sup>

Agreement was reached between the federal, state and local government for the rehabilitation and redevelopment of Woolloomooloo in mid 1975. There was some delay in the final signing of the documents which caused Uren some concern because of the need to spend the money before the end of the 1974/75 financial year in view of likelihood of budgetary cutbacks for 1975/76 financial year.<sup>58</sup> The plans for the area were finalised in mid 1976 but funding for the rehabilitation and redevelopment was less than anticipated.<sup>59</sup> The project proceeded over the late 1970s.<sup>60</sup>

An important aspect of the Woolloomooloo story was the legal battle between the planners and the private developers over whether the former were negligent in the original commercial plans for the area. Some of the developers eventually sued the NSW Government over this.<sup>61</sup> The Supreme Court ruled in favour of the developers<sup>62</sup> but an appeal against this decision was upheld on the grounds that the original plan was not a statutory document and that the furtherance of the public interest through plans

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- 56 'Scheme near to bring the Loo back to life', *Sydney Morning Herald*, October 31, 1974, p. 3.
- 57 For an account of this thinking see A. Clark, 'Sydney historic areas may escape developer's hammer', *National Times*, October 28 - November 2, 1974, p. 28.
- 58 For Uren's concern at this possibility see T. Uren, 'Woolloomooloo redevelopment' (letter to the editor), *Sydney Morning Herald*, May 28, 1975, p. 8 and C. Jay, 'Federal Budget hatchet hangs over new-look 'Loo'', *Australian Financial Review*, June 12, 1975, p. 17.
- 59 C. Jay, 'At last, Woolloomooloo gets final plan - but lacks funds', *Australian Financial Review*, August 27, 1976, p. 25.
- 60 For an account of the approach taken in the rehabilitation and redevelopment of Woolloomooloo see J. Devendish, 'Inner area housing can blend old and new', *Australian Planner*, 20, 2 (1982), pp. 79-81.
- 61 M. Southern, 'Woolloomooloo - A Dream that Faded : The rise and slide of Sid Londish', *Australian Financial Review*, September 1, 1976, pp. 1, 10-11 ; R. Ackland, 'Developer Tries Again on Woolloomooloo', *National Times*, July 5 to 11, 1981, p. 3.
- 62 Editorial 'Woolloomooloo plans', *Sydney Morning Herald*, May 15, 1982 ; M. Wilson, 'How Harry, Paul, Sid and Frank lost their shirts in Woolloomooloo', *Sydney Morning Herald*, May 15, 1982, p. 34. For an overview of the history of the Woolloomooloo case and for a commentary on the planning implications of the court's decision see P. Harrison, 'The 'Woolloomooloo Case' : The duty of careful planning', *Royal Australian Planning Institute Journal*, 21, 2 (1983), pp. 48-49.

should not be inhibited by the obligation to exercise care to protect the interests of those who might be adversely affected financially.<sup>63</sup>

The Woolloomooloo project, as an area of sensitive and well-located public housing, has always had to fight for its economic and political legitimacy. The redevelopment came in for criticism in the mid 1970s because of its low density and its cost. One commentary noted that the proposed redevelopment :

"... is going to amount to some of the most expensive low cost housing in Australia . . . In short, it won't be a low cost inner city residential area at all. It will be a high cost area, containing a relatively small group of selected low income residents, heavily subsidised from public funds. The NSW Housing Commission, always under pressure from long waiting lists, would privately prefer to spread the funds concerned in other areas, where they would provide a lot more accomodation."<sup>64</sup>

This line of argument has recently been repeated amid suggestions of a proposed private marina development in the Woolloomooloo Bay. Some have suggested that the NSW Housing Commission reap the benefits of the likely increase in real estate values in the area by selling off its property in the area. A real estate agent argued that this would allow the Housing Commission to :

"... buy in an area which is not so expensive and create more housing for more people, without occupying a prime piece of real estate such as this."<sup>65</sup>

The original aim of the project to preserve low income housing in inner city areas is totally lost in these commentaries. As it has been noted by the advocate for the Woolloomooloo residents appointed by the Whitlam Government :

"There is no way any responsible State Government would sell off such a public asset in such a strategic location . . . after the heavy investment by all levels of government over many years. Residents were given assurances in 1975 . . . that Woolloomooloo had a public housing life of at least 30 years."

The need for the agreement of the federal government before the public housing in the area could be sold is likely to thwart any plans to this end.<sup>66</sup>

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63 P. Harrison, 'The Woolloomooloo Case : Part Two', *Royal Australian Planning Institute Journal*, 22, 4 (1984), p. 24.

64 C. Jay, 'Doubts set in over renovation planning for Woolloomooloo', *Australian Financial Review*, July 1, 1976, p. 14.

65 J. Hills, 'Maggie Thatcher haunts our 'Loo', *Sydney Morning Herald*, October 10, 1987, p. 121.

66 C. James, ' 'Loo deal' (letter to the editor), *Sydney Morning Herald*, October 16, 1987.

The Glebe estate, an area of over 700 mostly terrace, low-income and dilapidated housing owned by the Church of England, was offered for sale in early 1973 because the church could not afford the upkeep. The church was also of the view that it 'was not its task to subsidise low-cost housing but rather the responsibility of governments.'<sup>67</sup> The offer was taken up by the Whitlam Government through DURD. The decision to buy Glebe served two purposes. First, it would preserve historically important working class housing for low income people. Secondly, it would stop the development of the major freeway west out of Sydney's CBD. The purchase of the Glebe estate represented a major challenge to the DMR in NSW.<sup>68</sup>

Planning for the renovation proceeded through 1974 and 1975.<sup>69</sup> In the course of this planning, DURD developed some of the economic arguments supporting rehabilitation rather than redevelopment of inner urban housing.<sup>70</sup>

The future of the project was in doubt on the election of the Fraser Government.<sup>71</sup> This uncertainty continued through the late 1970s and early 1980s while concern was expressed over the way in which much of the housing lay vacant.<sup>72</sup> In

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67 Quoted in 'Serving both God and Mammon', *Bulletin*, May 5 1973, pp. 26-27.

68 Jackson Teece Chesterman Willis, *The Church of England Lands - Glebe: A Report to the Department of Urban and Regional Development*, July 1973. On the background to the decision to buy the Glebe estate see D. Minogue, 'A village will be reborn', *Age*, April 4, 1974, p. 9. On the challenge to the DMR see 'Defiant move by DURD in inner Sydney suburb', *Australian Financial Review*, August 1, 1975, p. 26.

69 'Government's priority is reroofing Glebe', *Australian Financial Review*, October 17, 1975, p. 20 ; J. Edwards, 'Glebe is 'off the ground' - even if it loses a bit of its backyards', *National Times*, October 20-25, 1975, p. 26. For detailed accounts of the approaches taken in the rehabilitation of the Glebe estate see C. Wagner, 'Sydney's Glebe Project: An essay in urban rehabilitation', *Royal Australian Planning Institute Journal*, 15, 1 (1977), pp. 2-24 ; Department of Housing and Construction, *Glebe Project*, Canberra, AGPS, 1980.

70 See D. Beattie, 'Economic Evaluation of the Proposal to acquire and rehabilitate residential property in Glebe', in J.C. McMaster and G.R. Webb (editors), *Australian Project Evaluation: Selected Readings*, Sydney, ANZ Book Co., 1978. For other arguments supporting rehabilitation rather than redevelopment during the DURD years see H. Stretton, *Housing and Government: 1974 Boyer Lectures*, Sydney, Australian Broadcasting Commission, 1974 ; H. Stretton, 'Let's keep the inner city alive for residents: without demolition', *National Times*, February 17 - 22, 1975, p. 32 ; C. Pugh, 'Older Urban Residential Areas and the Development of Economic Analysis: A Comparative Study', in J.C. McMaster and G.R. Webb (editors), *Australian Urban Economics: A Reader*, Sydney, ANZ Book Co., 1976.

71 'Budget cuts kill hopes of restoring Glebe', *Australian Financial Review*, September 24, 1976, p. 42.

72 'Glebe: Another Fraser sellout?', *Royal Australian Planning Institute Journal*, 17, 4 (1979), pp. 231-232 ; 'Concern on Glebe', *Royal Australian Planning Institute Journal*, 19, 2 (1981), p. 75.

1981, the Fraser Government wanted to sell the area to the NSW Government but the latter was unenthusiastic.<sup>73</sup>

By 1984, squatters were occupying the vacant housing in the area<sup>74</sup> while others noted the demise of the vision for Glebe.<sup>75</sup> A battle ensued between the squatters, the residents of the area and the Federal Department of Housing and Construction. The NSW Government agreed to acquire the area from the Commonwealth Government at a cost of \$28 million after extensive negotiations. The transfer was effected in February 1985. The Commonwealth Government agreed to provide grant funds for rehabilitation.<sup>76</sup> Another fight ensued over the removal of squatters from the area.<sup>77</sup>

The purchase of Emerald Hill in Melbourne had a twofold purpose. First it gave the opportunity for a demonstration project in inner urban rehabilitation in Melbourne. Secondly, federal purchase of the area on behalf of the State government was agreed on the condition that the Victorian Government establish an urban land council. Emerald Hill was bought in 1974 but not rehabilitated until 1978. The main reason for this delay was that the housing commission did not want the estate. An outside consultant was brought in 1978 to recommend an approach to the rehabilitation of the area. The rehabilitation was undertaken between 1978 and 1980 using external architects. It was the first rehabilitation project in Melbourne and the first project to involve tenants. A sensitive, comparatively cheap approach to rehabilitation was adopted. Rather than major internal changes to the mainly terrace houses, the approach was based upon the addition of new 'lean-to' wet areas on the back of each unit.

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73 'PM asked to stop Glebe sale', *Sydney Morning Herald*, May 18, 1981, p. 11 ; 'For sale : one historic inner Sydney townscape', *Sydney Morning Herald*, May 19, 1981, p. 7 ; 'Minister rejects Glebe Estate free transfer', *Sydney Morning Herald*, May 19, 1981, p. 3. See also J. Glascott, 'Glebe : the on-off resurrection of the 80s', *Sydney Morning Herald*, July 27, 1981, p. 7.

74 'Squatters at Glebe ready to do battle', *Sydney Morning Herald*, October 8, 1984.

75 'Working class vision that became a slum', *Sydney Morning Herald*, October 8, 1984.

76 Housing Commission of New South Wales, *Annual Report 1985*, p. 6.

77 'Glebe squatters to fight eviction', *Sydney Morning Herald*, February 9, 1985 ; 'Squatters firm on a battle for Glebe', *Sydney Morning Herald*, February 11, 1985 ; 'Shouts, struggles, but the Govt overcomes', *Sydney Morning Herald*, March 1, 1985.



The project was the subject of a comprehensive audit in the mid 1980s. This concluded that :

". . . the project was inadequately planned and at times inadequately administered, with consequent delays and cost over-runs which should have been avoided. Of particular concern are the \$7.2 million interest costs to the Ministry (of Housing) which may have been reduced had the estate been managed in full accord with the objectives set out in the Agreement (between the Commonwealth and State Governments)."<sup>78</sup>

The Emerald Hill project was an important catalyst in the reform of public housing policy in Victoria. Rehabilitation and tenant participation expressed a more sensitive approach in the provision of public rental housing. A major review of housing policy in Victoria in the late 1970s and early 1980s expressed some of these themes.<sup>79</sup>

DURD was concerned to develop an 'inner urban strategy.' It did not get very far with this task before the dismissal although its general work on a national urban strategy reflected the department's concern to preserve housing in inner suburbs for low income people.<sup>80</sup> This work continued in EHCD.<sup>81</sup> The general conclusion was that the urban consequences of government decisions at all levels should be more consciously recognised. Later commentary on inner city gentrification in Australia, some of which refers to DURD's initiatives, tends to see public activity in inner city housing markets as marginal. It analyses this intervention in essentially marxist terms. In this, it misses the point of the worth of the DURD actions.<sup>82</sup>

DURD also sought to influence federal expenditure on offices and transport to foster the establishment of alternative commercial centres and to decentralise places of work within the big cities. In this, DURD wanted to curtail the development of the

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78 *Fourth Report of the Auditor-General for the Year 1983-84*, Melbourne, Government Printer, 1985, p. 111.

79 Ministry of Housing, *Green Paper on Housing in Victoria*, Melbourne, Ministry of Housing, November 1980.

80 DURD, *Towards a Strategy for Urban and Regional Development*, Canberra, DURD, October 1974, p. 53.

81 EHCD, *Urban Renewal : A Report on the Consultations of the Urban Renewal Task Force of the Department of Environment, Housing and Community Development*, Canberra, AGPS, 1978.

82 R. Horvath and B. Engels, 'The residential restructuring of inner Sydney', in I. Burnley and J. Forrest (editors), *Living in Cities : Urbanism and society in metropolitan Australia*, Sydney, Allen and Unwin, 1985.

CBDs and the freeways focussing upon them. The preservation of inner city housing also formed part of DURD's thinking in this context.

Early in the Whitlam years, Uren expressed concern at the level of office investment in the CBDs of the major cities by insurance companies and foreign investors. The close relation between office and transport investment was reflected in his argument :

"The longer there is any encouragement for the central growth of the major cities, the more uneconomic will public transport become and the greater the fare increase imposed on office workers who are forced to travel to the centre of each major capital. If the Commonwealth is going to subsidise two thirds of the cost of improving the State urban transport services, then one of our objectives will be to increase the transport efficiency to create a balanced load along the transport corridors."<sup>83</sup>

The government established an interdepartmental committee 'to investigate and report upon Australian Government office space in the major cities.' The committee found that despite the glut of private office buildings, the needs of the Commonwealth Government for office space would continue to increase.<sup>84</sup> The government faced some major choices over its approach to the provision of office accommodation for its growing workforce. In the short term, it would have to lease the space it needed from the private sector. The office boom ensured an adequate supply from this source. Nevertheless, the government faced a daunting rental bill and most of the offices available for lease were in the CBDs, locations which Uren and DURD wanted to avoid. In mid 1973, the government decided to buy land at Parramatta for a major Commonwealth office development.<sup>85</sup>

Despite this initiative, the growing rental bill led some commentators to note that:

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83 'Uren orders urgent probe of office glut', *Australian Financial Review*, February 27, 1973, p. 1.

84 R. Ackland, 'Despite glut, Govt office space needs to rise', *Australian Financial Review*, April 6, 1973, pp. 1, 50-52 (1973a) ; R. Ackland, 'Rapid Public Service growth lifts office space demand', *Australian Financial Review*, September 6, 1973, pp. 1, 20 (1973b).

85 'Federal office complex goes to Parramatta', *Australian Financial Review*, May 11, 1973, p. 51 ; 'Govt office plan for Parramatta unfolds', *Australian Financial Review*, September 14, 1973, p. 41.

"... there is little the Commonwealth can do other than to embark on a building campaign that is much more extensive and expensive than the Government has anticipated to date."<sup>86</sup>

A building program would take years to have any effect because of the long lead times. Two shorter term measures were suggested. The government could buy buildings from private developers. Nevertheless, this might conflict with DURD's office decentralisation objective. The other suggestion was that :

"... in an attempt to speed up the process of housing government workers in government-owned space the Commonwealth could get private developers to build office blocks on behalf of the Commonwealth and to Commonwealth specifications."<sup>87</sup>

In December 1973, the government adopted a policy to build and buy offices in order to reduce its burgeoning rental costs. Buying offices from the private sector would be heavily emphasised because of the time lags involved in establishing a large scale public building program. Uren saw the decision as an 'ideal opportunity' to implement the government's office decentralisation objectives.<sup>88</sup>

Some commentators had earlier warned the private developers to take seriously the Commonwealth's plans for the decentralisation of offices :

"When the new Commonwealth policy does take hold, it can be expected to radically alter, over a decade or so, the spatial pattern of tertiary employment growth in the capital cities and to lead to changes in the wider market for leasehold space."<sup>89</sup>

Nevertheless, the lack of alternatives meant that the Government continued to take office space in the Sydney CBD and in North Sydney.<sup>90</sup> There were also tensions between DURD and the Department of Services and Supply over the office decentralisation objective. Services and Supply had argued that, while there was a need for the construction of major Commonwealth offices in suburban and country areas,

"... there will always remain a need for substantial numbers of public servants to be located near the central city areas."<sup>91</sup>

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86 Ackland, 1973a, *op.cit.*, p. 51.

87 *ibid*, p. 51.

88 R. Ackland, 'Govt Office Boom : Drive to slash \$30m rental bill', *Australian Financial Review*, December 18, 1973, pp. 1, 6.

89 John Paterson's comments reported in 'Housing a growing CPS army', *Australian Financial Review*, July 12, 1973, p. 37.

90 C. Jay, 'Sydney greets more Govt office tenants', *Australian Financial Review*, September 6, 1973, p. 6.

91 Quoted in Ackland, 1973b, *op.cit.*, p. 20.

This conflict surfaced in SIDCURD over the proposal that new Commonwealth offices be built in Spring Street in Melbourne's CBD.<sup>92</sup> In mid 1974, the government announced the development of a Commonwealth office block at Ringwood in Melbourne.<sup>93</sup>

In early November 1975 just before the dismissal of the Whitlam Government, Uren announced a major plan for office development in the suburbs of Melbourne and Sydney, and in the growth centres of Albury-Wodonga, Bathurst-Orange and Geelong. This proposal grew out of a statement by Treasurer Cairns early in 1975 that :

" . . . there were few avenues open to government where it could take initiatives to stimulate the economy, restore the confidence of the private sector and reduce unemployment without adding to the budget deficit."<sup>94</sup>

The proposal was for private developers to build offices in the knowledge of guaranteed rental by the federal government. The plan also gave the government an option to buy the buildings at the end of the lease period. While there was oversupply of offices in the CBDs, it was likely that this would be taken up by the early 1980s. In this context, it was important to decentralise. The proposal was to build offices housing 5,000 personnel in four suburban locations in Melbourne, 2,500 personnel in two suburban locations in Sydney, and 2,500 personnel divided between the three growth centres. The proposal was in addition to the Parramatta and Ringwood developments.<sup>95</sup> Some were concerned that the plan would exacerbate the problem of office over-supply. The plan met bureaucratic resistance and did not survive the change of government.<sup>96</sup>

The Whitlam Government exercised greater control over grants to states for transport than had hitherto been the case.<sup>97</sup> Both DURD and the Department of

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92 For an account of this conflict see M. Painter and B. Carey, *Politics Between Departments : The fragmentation of executive control in Australian government*, St. Lucia, University of Queensland Press, 1979, pp. 57-59.

93 'Govt office block for marginal Victorian seat', *Australian Financial Review*, April 26, 1974.

94 Lloyd and Troy, *op.cit.*, p. 208.

95 R. Ackland, 'Govt Boost for Office Building', *Australian Financial Review*, November 6, 1975, pp. 1, 10 ; '\$80 million stimulus to industry', *Canberra Times*, November 6, 1975, p. 1.

96 For an account of the emergence of the plan over the course of 1975 and of the resistance to it see Lloyd and Troy, *op.cit.*, pp. 208-211.

97 M. Walsh, 'States' \$500 Error : Transport aid to have strings attached', *Australian Financial Review*, February 19, 1973, pp. 1, 7 ; Editorial : 'Not quite transports of delight', *Australian Financial Review*, February 20, 1973, p. 2 ; M. Walsh, 'Commonwealth wants voice in State transport - the strings to the no strings attached grants', *Australian Financial Review*, February 20, 1973, p. 14.

Transport were concerned to achieve this although DURD's arguments about the need for transport and urban policy to be more closely related was the strongest influence on arguments for a greater federal role. As Lloyd and Troy note :

"DURD . . . refused to countenance the separation of transport investment from other aspects of urban and regional development investment. Transport could no longer be regarded as an end in itself ; it was an investment tool which should be used to achieve the policy objectives of the government."<sup>98</sup>

In particular, DURD and Uren wanted to curtail and check the development of inner city freeways focussing on the CBDs. Uren had been an opponent of freeways during his time as opposition spokesman on urban affairs and he took this up in his ministerial role. DURD sponsored a study by the Bureau of Roads on the impact of freeways, particularly in inner city areas.<sup>99</sup> The debate about the issue continued in late 1973 and into 1974. The House of Representatives Select Committee on Road Safety reported in mid 1974. The report argued against freeways radiating out from the CBDs because of their high cost. It argued that :

". . . if existing urban arterials were upgraded, with ring roads around inner-city areas, and a significant proportion of commuters switched back to much-improved public transport, the arterials should be adequate to cope with commercial traffic."<sup>100</sup>

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- 98 Lloyd and Troy, *op.cit.*, p. 93. This view was also expressed in relation to DURD's view that it should have had responsibility for the major transport policy agencies, the Bureau of Roads and the Bureau of Transport Economics. "For the urban economist the argument is simple : the Government simply cannot afford the luxury of a bureau looking at road policy and another looking at the economics of transport operations located in one department while it has a new department looking at the economics and distribution of urban investment generally. The separation does not make sense." F. Brenchley, 'A new role for Charlie Jones' super department : fare collector for DURD', *National Times*, August 6-11, 1973.
- 99 T. Uren, 'Getting the facts on freeways' (letter to the editor), *Sydney Morning Herald*, June 11, 1973. Uren's letter was a response to an editorial which stressed the need for balance between public and private transport in inner city areas. Editorial : 'A matter of balance', *Sydney Morning Herald*, June 8, 1973. For other opposition to Uren's arguments from the Australian Automobile Association see 'Expressway ban 'would bring chaos'', *Canberra Times*, June 13, 1973. For a later account of Uren's views, particularly his opposition to inner city freeways, see T. Uren, 'Are freeways necessary?', *Community*, 1 (July 1974), pp. 4-5.
- 100 C. Jay, 'The anti-freeway movement crosses party lines', *Australian Financial Review*, April 26, 1974, pp. 2-3. This article summarises the main arguments of the Select Committee report. For a report of DURD evidence to the committee see 'Little need for city freeways', *Sydney Morning Herald*, December 5, 1973, p. 13.

The Bureau of Roads five year roads program was also doubtful of the advantages of freeways.<sup>101</sup> In the upshot, federal grants to the states carried many stipulations. Improvement of the existing road system was emphasised.<sup>102</sup> Work did stop on some expressways, particularly in inner Sydney.<sup>103</sup> DURD also sponsored spending on local roads. It saw the 'urban local roads program' as part of its area improvement initiatives.<sup>104</sup> The debate about freeways continued into 1975.<sup>105</sup>

DURD's work on transport and office investment has informed thinking since 1975 but only to minor extent. The extension of inner city freeways remains taboo. On gaining office, the Hawke Government decided to go ahead with the Parramatta Centre.<sup>106</sup> Nevertheless, into the mid 1980s, there is ongoing concentration of office development within the CBDs of the major cities.<sup>107</sup> The potential over-supply of office floor space in the building boom of the mid 1980s echoes the concerns expressed in the early 1970s.<sup>108</sup> Unfortunately, there is less pressure now to counter the centralising trend than there was in the DURD years.

### 3. THE NATIONAL SEWERAGE PROGRAM

In the early 1970s, it was estimated that over a half a million homes in Australia's capital cities or some 30% of houses were unsewered.<sup>109</sup> On the backlog in Sydney, it has been noted that :

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- 101 P. Samuel, 'A showdown looms over freeways', *Bulletin*, January 12, 1974, pp. 22-23 ; 'Tied Federal grants question renewed by freeways report', *Australian Financial Review*, April 4, 1974, p. 9 ; 'Report prefers ring roads to freeways in cities', *Canberra Times*, April 5, 1974, p. 3.
- 102 'Hard Federal line on big road and transport grants', *Australian Financial Review*, June 5, 1974, p. 11. On the new arrangements see DURD, *Urban and Regional Development 1973-1974 : Second Annual Report*, Canberra, AGPS, 1974.
- 103 'Work to halt on city expressways', *Sydney Morning Herald*, October 2, 1974.
- 104 'Urban Local Roads', *Community*, 3 (September 1974), p. 1.
- 105 'The argument against freeways', *Sydney Morning Herald*, June 17, 1975, p. 7 ; Editorial : 'Freeway is not just a boo word', *Age*, November 6, 1975.
- 106 R. Macey, 'Governments are shifting to the developing west' *Sydney Morning Herald*, August 14, 1984, 'Western Sydney in Focus' feature, p. 4 ; K. Legge, 'The \$115m government office tower no-one wants', *National Times* on Sunday, September 28, 1986, p. 5.
- 107 M. Dickinson, 'Downtowns Look Up : But is the revitalisation of Australia's city centres putting business before people?', *Bulletin*, June 30, 1987, pp. 50-57. See also P.W. Daniels, 'Office location in Australian metropolitan areas : centralisation or dispersal?', *Australian Geographical Studies*, 24, 1 (1986), pp. 27-40.
- 108 J. Gray, 'Building binge is headed for bust', *Times on Sunday*, October 11, 1987, p. 17.
- 109 'Unsewered Suburbia', *ipa Facis*, 19, 5 (August-September 1970).

"By the end of the first decade of the twentieth century over 30,000 watered properties were unsewered. The number increased dramatically into the 1930s and despite the pause of the 1940s, increased to a peak of 208,910 in 1960-61. The 1960-61 sewerage backlog represented 33.6 per cent of improved properties within the MWSDB area."<sup>110</sup>

The original aim of the Whitlam Government's National Sewerage Program was to eliminate the backlog by 1978. Eligibility was restricted to residential buildings and vacant lots not connected to sewerage at 30th June 1973. Whitlam had announced that grants to the States would be made available for the purpose. It was intended that the program would be confined to the centres above 100,000 population.

As planning for the program got underway, many of these aims and objectives were changed. The deadline for the elimination of the backlog was extended to 1982 when it was realised that the initial target date could not be reached. The financial basis of the program also changed. The allocations to the States would comprise 30% grants and 70% loans at the long term bond rate of interest. The population limit was reduced to 60,000 then 20,000 on equity grounds. Some sewerage authorities argued that addressing the backlog was not just a matter of reticulation but also of dealing with inadequacies in the overall sewerage system. The program was also extended to address these aspects. The improvement of Adelaide's water quality was also funded under the program.<sup>111</sup> Some saw this as an ad hoc extension of the program.<sup>112</sup> Over the period 1973/74 to 1976/77, over \$330 million was spent on the program.

The program faced a number of problems. The complexities of inter-governmental co-operation were principal among them. In the Victorian case, myriad responsible authorities presented special problems.<sup>113</sup> Differences between federal and state administrative and budgetary procedures also made for difficulties :

"Federal . . . procedures are based on project evaluation, selection and implementation, while state government policies are more incremental, consisting of stages in decades-long developmental programs. . . . the National Sewerage Project found itself involved in the allocation of funds

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110 C. Adrian, 'Response to Post-War Suburbanisation : Sewerage Services in Sydney', unpublished seminar paper, Urban Research Unit, RSSH, ANU, 1983, p. 7.

111 'Better water for Adelaide', *Community*, 6 (December 1974), p. 1.

112 Lloyd and Troy, *op.cit.*, pp. 170-171.

113 For an account of the operation of the program in Victoria see J.M. Power, *The National Sewerage Program in Victoria : A Case Study in Intergovernmental Relations*, Canberra, Canberra College of Advanced Education, 1978.

under rolling programs . . . instead of administering project type programs."<sup>114</sup>

By 1984, Sydney's sewerage backlog had been reduced to some 40,000 houses. By 1986, Melbourne's sewerage backlog was estimated to be 24,000 houses and vacant lots, down from 160,000 in 1972/73.

In Sydney, the MWSDB had been addressing the backlog since the early 1960s when the Warragamba Dam in the Blue Mountains was finished. Through the 1960s, the MWSDB addressed the backlog largely on the basis of economic criteria :

"In making decisions on when and where sewerage services were provided, a critical factor was that of cost relative to the rate of return. Thus the favoured areas were those where servicing costs were low, which had gravity drainage to existing headworks, and where dense, contiguous development was guaranteed. As a consequence dispersed housing in more prestigious locations, especially in the difficult terrain of the North Shore was bypassed in favour of middle-distance, western suburbs."<sup>115</sup>

It is therefore rather ironical that when the Whitlam Government embarked on the National Sewerage Program in the early 1970s, most attention was being given to the sewerage backlog in the more expensive North Shore suburbs. Some have pointed to the equity consequences of this.<sup>116</sup>

In general terms, the National sewerage program was successful as an intergovernmental exercise. It has made a positive contribution to reducing the sewerage backlog and in sponsoring research and change in the agencies providing sewerage.

#### 4. CONCLUSION

The local government reforms sponsored by the Whitlam Government have had an ongoing and progressive impact, particularly in the big cities. Regional organisations of councils operate in the regions where it matters - on the deprived fringes of the big cities. The role of local government in Australian federalism has been expanded despite the demise of a direct federal role in area improvement and community development. The revenue sharing programs are the most important long-term federal initiative in this

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114 J. Holmes and C. Sharman, *The Australian Federal System*, Sydney, Allen and Unwin, 1977, pp. 202-203.

115 Adrian, *op.cit.*, pp. 32-33.

116 *ibid.*



area. Nevertheless, in terms of the problems which Australian society faces in the 1980s, the cultivation of the federal-local government relationship is not central.

The DURD reforms have not had a dramatic impact on city structure. This could not be expected given the short time period when DURD's 'alternative centre' logic enjoyed political support. There has been some long term impact in Western Sydney but ongoing CBD concentration and public actions necessary to cater for that growth far outstrip any good which has come from the DURD reforms.

## CHAPTER FIVE

THE LAND COMMISSION PROGRAM : THE FAIR TRIAL VERSUS A  
FAIR PRICE

The reform of land markets in the major cities was one of DURD's principal concerns. The reason for this was that the problems of land price inflation and land speculation in Australian cities in the late 1960s and early 1970s were serious and drew much political and public attention.<sup>1</sup> In response to the visibility of the issue, Whitlam's urban policy incorporated major elements of land reform.<sup>2</sup>

Over the course of the 1960s and early 1970s, many of the capitalist democracies were experiencing similar problems and were introducing programs and policies to deal with them. In Britain, for example, a national Land Commission was established in the mid 1960s and the Community Land Act was introduced in the early 1970s.<sup>3</sup>

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- 1 The press coverage of the issue in the late 1960s and the early 1970s, particularly in Sydney, gives a flavour of this concern. See, for example, the series on the Sydney land crisis in the *Sydney Morning Herald* by Joseph Glascott in November 1969 - 'Wanted : Land to build on', November 5, 1969, p. 8 ; 'This hemmed-in city', November 6, 1969, p. 8 ; 'Can the price spiral ever be arrested', November 7, 1969, p. 8. There were a number of newspaper editorials on the issue throughout 1970 - 'Land prices', *Sydney Morning Herald*, March 10, 1970 ; 'Soaring land prices', *Sydney Morning Herald*, November 28, 1970 ; 'Finding the answer to land prices', *Australian*, December 9, 1970. See also 'Sydney land prices up 60pc in 3 years', *Sydney Morning Herald*, August 26, 1971, p. 2.  
Two important reports on the 'price of land' were prepared under the auspices of the Australian Institute of Urban Studies in the early 1970s - the *First Report of the Task Force on 'The Price of Land'* in 1971 and the *Second Report of the Task Force on 'The Price of Land'* in 1972. In general terms, they concluded that greater public intervention in urban land markets was required for the land price problem to be adequately addressed.
  - 2 For an account of origins of the land commission program see P. Troy, *A fair price : The Land Commission Program 1972-1977*, Sydney, Hale and Iremonger, 1978, chapter 2 'The birth of a reform policy', pp. 6-13. Troy's discussion of the origins of the program focuses primarily on the general program of urban reform articulated by Whitlam and Uren in the 1960s. Land reform is mentioned primarily in the context of other work which highlighted the land price problem in the late 1960s and early 1970s - the 1968 report of the Western Australian Royal Commission into Land Prices (the McCarrey Report), Hugh Stretton's *Ideas for Australian Cities* first published in 1970 and the AIUS reports referred to in note 1. The details of the land commission program were worked out after the Whitlam Government gained office. As Troy later noted with Clem Lloyd, ". . . the government came to office with only vague ideas of how this program was to be formulated or implemented." C.Lloyd and P.N. Troy, *Innovation and Reaction : The life and death of the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981, p. 164.
  - 3 For critical accounts see G. Hallett, *Housing and Land Policies in West Germany and Britain : A Record of Success and Failure*, London, Macmillan, 1977, pp. 124-141 ; J. Ratcliffe, *Land Policy : An exploration of the nature of land in society*, London, Hutchinson, 1976 ; J. Short, 'Urban Policy and British Cities', *Journal of the American Planning Association*, 48, 1 (Winter, 1982), pp. 39-52. For general accounts of public involvement in land development in Britain, Australia, USA and some of the European democracies see N.A. Roberts (editor), *The*

On gaining office, the Whitlam Government established the Commission of Inquiry into Land Tenures to investigate and report on ways to deal with the land problem in Australian cities. DURD undertook research into land price inflation in Australian cities and produced a policy paper on urban land reform.<sup>4</sup>

The Whitlam Government, through DURD, also pursued the establishment of land commissions in each of the major cities. This chapter is concerned with the impact and legacy of the land commissions and urban land councils that were established - the South Australian Land Commission (SALC), the New South Wales Urban Land Council quickly replaced by the Land Commission of New South Wales (Landcom) in 1976, the Western Australian Urban Lands Council (WAULC) and the Victorian Urban Land Council (VULC).

One of the major ironies of the history of these commissions and councils is that in the period in which they were establishing themselves - from the mid 1970s to the early 1980s - the land markets in which they operated were all fairly depressed after the boom years of the late 1960s and early 1970s. As we shall see, this was to have a major bearing on the longevity of the SALC, the commission which most clearly reflected the model that DURD had in mind. These market conditions were also to exercise an important influence on the approaches of the other commissions and councils.

This chapter is divided into four main sections. The first summarises the objectives of the land commission program and the way in which it was thought the program should be implemented to achieve those objectives. The second looks at the history of the 'fair trial' of the program, the South Australian Land Commission. The third looks at the histories of the three other commissions and councils as 'unfair trials' of the program. The conclusion summarises the arguments of the chapter and assesses

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*Government Land Developers : Studies of Public Land-Ownership in Seven Countries*, Massachusetts, D.C Heath, 1977.

4 Department of Urban and Regional Development, *Urban Land Prices 1968-1974*, Canberra, Australian Government Publishing Service, 1974a ; Department of Urban and Regional Development, *Urban Land : Problems and Policies*, Canberra, Australian Government Publishing Service, 1974b. The latter report was written by Max Neutze.

the impact and legacy of the land commission program in the light of existing accounts of the program and some of the theoretical debates about the land problem in the capitalist democracies.

## 1. THE LAND COMMISSION PROGRAM : OBJECTIVES AND STRATEGY <sup>5</sup>

The land commission program had a number of objectives : better coordinated and more equitable urban development ; lower priced residential allotments ; the retention of some of the 'unearned increment' in land value for the community ; to aid the provision of better information and more open debate about urban development ; and to provide the basis for a more cooperative approach between governments on urban development issues.<sup>6</sup>

While it was recognised that "... all States were involved in minor programs of land development through their housing authorities, the object was to induce them to think in terms of a higher order of activity."<sup>7</sup> DURD argued that new land development agencies were required because existing State agencies were inadequate to the task. Existing town planning agencies lacked experience and status, were not 'production' oriented and were heavily influenced by the traditional zoning approach to urban planning. Public housing authorities had a generally low standing in the community. In particular, DURD wanted to avoid associating the Land Commission program with the old welfare housing agencies and their "... large scale homogeneous developments of low income housing."<sup>8</sup>

It was against this background that new agencies - the Land Commissions - were to be empowered to establish publicly owned broadacre land banks and to develop and market residential estates in each of the major cities.

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5 This account of the objectives and strategy of the land commission program draws on Troy, *op.cit.*, chapters 3 and 4, pp. 14-48. Troy, as an academic at ANU and Deputy Secretary of DURD, was the chief architect and advocate of the Land Commission program. His is therefore an 'insiders' account which is being used here as a primary source.

6 *ibid*, pp. 14-24.

7 *ibid*, p. 37.

8 *ibid*, p. 26.

The program had a number of important strategic elements. First, enough broad acre land for future urban development should be acquired for the Land Commissions to capture the 'unearned increment' and to give the Commissions the basis for a long term involvement in the land markets of the various cities. Acquisition of 30% of each city's foreseeable requirement of broadacres was thought necessary for this. Secondly, the development activities of the Land Commissions were to be large enough to influence the total residential land market in the city in question and to achieve economies of scale. The exact extent of the involvement in the development of residential allotments was the subject of much debate. The appropriate market share to achieve the objectives of the program was not resolved. Opinion ranged between 20%, limiting the program to low income families, 50%, the level thought necessary to change general expectations and 80% to be reached over five years, the target Uren directed negotiators to have the States accept.<sup>9</sup>

Further, while it was agreed that, for maximum impact and visibility in the market, "... the Land Commissions should concentrate their activities in a small number of locations rather than spread themselves widely throughout each urban area ..."10, there were two views about the early involvement of the Land Commissions in the land markets of the various cities. These are best summarised as the 'longer term' view and the 'interim' view.

The advocates of the 'longer term' view argued that the Land Commissions should initially acquire land a little ahead of the development fringe to avoid the political odium involved in disturbing existing private development activity and to give the Commissions time to become established.<sup>11</sup>

Troy describes the 'interim' view in the following terms :

"It was vitally important for the success of the Land Commissions that there be no collapse in the (private) land market. . . . The Commonwealth therefore proposed that a significant part of the early program should be directed to land which could be quickly serviced and brought on to the market. The possibility of taking over partly-serviced subdivisions from

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9 *ibid*, p. 37.

10 *ibid*, p. 38.

11 *ibid*, p. 38.

willing sellers was canvassed and it was suggested that provided the projects did not produce losses (and the longer-term program was not ignored), this might be appropriate . . . "12

The other major strategic element of the program was the theoretical thinking behind its economic viability and its method of finance. Two theoretical arguments were important to this aspect of the program's strategy. First, for many, the principle cause of land price inflation in Australian cities was lack of coordination in the subdivision process and in the provision of infrastructure. This resulted in diseconomies, in particular the increasing cost, of urban development and imbalances between supply and demand of urban land and services. The land commission program was seen as one way in which these problems could be overcome. The principal assumption here was that coordination would reduce the costs of, and lead to more equitable, urban development.<sup>13</sup> Secondly, there was a close link between the 'unearned increment' captured through broad acre acquisition and the financial and marketing strategies for the Land Commissions. "Some of (the) unearned increment would be needed to service the debt on loan funds to purchase the land, and some would be passed on to purchasers by selling land below the prices private developers would charge, thus exerting a downward pressure on land prices."<sup>14</sup>

These arguments were related to another aspect of the economic strategy for the Land Commission program - its method of finance. Troy describes this thinking in this way :

"Because it was believed that with a reasonable degree of political commitment and sound management the program would be successful (and financially self-supporting), it should be able to operate with loan funds. Using loan funds as distinct from non-repayable grants would place a useful constraint on the Land Commission to operate prudently . . . It would also mean that those obtaining their land from private developers would not be substantially disadvantaged by comparison."<sup>15</sup>

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12 *ibid*, p. 43.

13 *ibid*, pp. 14-15. See also P.N. Troy, 'Origins and Objectives of the Land Commission Program', unpublished paper presented to ANZAAS Congress, January 1975.

14 *ibid*, p. 30. As Troy argues, the magnitude of the unearned increment would be determined by the ability of the Land Commissions to buy land without any expectation value as well as their own land pricing policies.

15 *ibid*, p. 44.

This confidence was not shared by the States. They argued that since they were to carry all of the risks of a program which they did not initiate and since the Commonwealth would merely advance loans at the 'not particularly attractive' long term bond interest rate, the Commonwealth should underwrite any losses that the States might experience. The Commonwealth agreed to this. It also agreed to defer, for ten years, the interest repayments on the thirty year loans. This would enable the Commissions to establish themselves without creating further pressures on State finances. Nevertheless, the interest would be capitalised and would attract interest at the long term bond rate over those ten years.<sup>16</sup>

There were, therefore, two major sources of tension and inconsistency in the strategy behind the Land Commission program. The first was between the imperative to avoid getting private developers offside and the imperative to get the program up and running. The second was between the social objective of providing fairly priced and cheaper residential allotments than were available in the private market and the 'market' economic criteria used to justify the program's method of finance and to measure its likely success.

The history of the four Land Commissions and Urban Land Councils over the past ten years has highlighted these tensions and inconsistencies in various ways. It is to that history that we now turn.

## 2. THE SOUTH AUSTRALIAN LAND COMMISSION : THE FAIR TRIAL

Adelaide land prices were steady throughout the 1950s and 1960s and presented no real problem to policy makers. This was so for a number of reasons. First, since its establishment in 1936, the South Australian Housing Trust (SAHT), acquired and developed land, and built houses on a large scale throughout the state. The SAHT had constructed an average of 3,200 dwelling units per year from 1951 to 1967 on land which it developed.<sup>17</sup> Much of this activity was within the Adelaide metropolitan area.

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16 *ibid*, pp. 45-46.

17 South Australian Housing Trust, *Annual Report : Year Ending 30 June 1986*, Adelaide, Government Printer, 1986, p. 44.

The SAHT constructed dwellings for direct sale, sale through the 'rental purchase' scheme and for rent. One commentator argues that this level of public development had a restraining effect on land prices in Adelaide. The SAHT " ... supplied a big enough proportion of new urban land to keep all land prices comparatively low, with advantage to rich as well as poor costs of living."<sup>18</sup> Into the 1970s, the SAHT was clearly intent on continuing its large role in Adelaide's development. In April 1973, it had a broadacre landbank of some 2,400 hectares on the northern and southern fringes of the metropolitan area. At that time, most of this land was designated for future urban development.<sup>19</sup>

The other main reasons for the general stability of Adelaide land prices were the general lack of demand in the private market throughout the 1960s and the existence of a large pool of vacant residential allotments created during the 1958/1960 subdivision boom.<sup>20</sup>

By the early 1970s, these factors had undergone significant change. In 1967, the SAHT's output was decreased by one third by a decision of the newly elected Walsh Labor Government that the SAHT not build houses for direct sale. Together with the fact that the private sector had expanded its output significantly over the course of the 1960s, this reduced the SAHT's role in stabilising land and housing markets in Adelaide.<sup>21</sup> Secondly, the supply of private allotments was being depleted and private housing demand was increasing rapidly. Thirdly, the process of land subdivision and

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18 H. Stretton, *Ideas for Australian Cities* (Second Edition), Melbourne, Georgian House, 1975, p. 140.

19 See *report of the working party on the stabilisation of land prices*, Government of South Australia, April 1973, p. 70 for a map showing the location and size of the SAHT's broadacre land holdings in late 1972/early 1973.

20 B. Bentick, Land Market Legislation in South Australia, *Australian Economic Review*, 25 (1974), p. 45. On the place of the subdivision boom of the late 1950s in the perspective of the period 1950 to 1986 see Figure One, Appendix to this chapter.

21 The SAHT's proportion of all dwellings completed in South Australia fell from 40% per annum over most of the 1950s to 30% per annum in the early 1960s to around 25% per annum over the mid to late 1960s. By the early 1970s, the figure had fallen to 15% and in 1974 fell to 10%. The proportion has since recovered to around 20%. See South Australian Housing Trust, *Thirty-Second Annual Report : Year Ended 30th June 1968*, Adelaide, Government Printer, 1969, Figure 3, p. 7 ; South Australian Housing Trust, *op. cit.*, 1986, p. 44 ; T. Burke, L. Hancock and P. Newton, *A roof over their heads : Housing issues and families in Australia*, Melbourne, Institute of Family Studies, 1984, Table 3.2 : Houses and flats completed by State housing authorities, 1950 to 1981, p. 82.



land release for urban development was further regulated through planning legislation enacted in the mid 1960s. In particular, this legislation required higher servicing standards for residential subdivisions. These factors coalesced to produce severe land price inflation in Adelaide in the early 1970s. In 1972/73, land prices in Adelaide rose by 42% and, in 1973/74, by 58% against increases in the CPI of 6.5% and 13.0% in those years.<sup>22</sup>

In response to the emerging problem, the Dunstan Labor Government established a working party on the stabilisation of land prices in September 1972. The working party recommended the introduction of land price control on individual allotments below half an acre in size, an emergency subdivision program on the fringes of metropolitan Adelaide, an increase in subdivision and construction by the SAHT and the establishment of a land commission with the power to acquire broad acre land on a large scale. This land would then be made available to private developers for subdivision.<sup>23</sup>

The working party argued strongly against the direct involvement of the Land Commission in land subdivision and development. If this did occur, the report argued, the private sector may vacate the field because the Land Commission would control the supply of broad acres. This was considered undesirable given the substantial experience and knowledge within the private sector. The working party warned against a public sector monopoly.<sup>24</sup>

The working party presented its report to the Dunstan Government in April 1973, noting the interest of the newly elected Whitlam Government in establishing and financing Land Commissions in each of the States. Despite its strong arguments against a public land-banker having development powers, the working party recognised that the 'details and extent' of the Land Commission's involvement in the Adelaide land market

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22 Department of Environment and Planning, *Long-Term Development Options for Metropolitan Adelaide*, Adelaide, Prepared by Kinhill Stearns, 1985, Table 5, Housing cost indices, p. 40.

23 *report of the working party on the stabilisation of land prices*, Adelaide, Government of South Australia, 1973, pp. 66-69.

24 *ibid*, para. 8. 4. 11., p. 58.

" ... should be considered in conjunction with further negotiations with the Commonwealth."<sup>25</sup>

In November 1973, the SALC was established by agreement between the Australian and South Australian Governments. The agreement gave SALC land banking, development and marketing powers, despite the recommendations of the working party on the stabilisation of land prices.<sup>26</sup> The finance for SALC's operations was to come primarily from the Australian Government in the form of loan funds. The agreement gave the Australian Government power to provide loans to the SALC at the long term bond rate of interest for both land acquisition and development over five financial years to June 1978. It also provided the ten year 'holiday' on repayments of interest and capital, and the six monthly capitalisation of interest noted above.

From its inception, SALC embarked upon a large program of broadacre acquisition. In accordance with the five year agreement, that is, up until June 1978, SALC borrowed \$52.7 million from the Australian Government for land acquisition and development.<sup>27</sup> SALC established that it would have to buy broad acre land seven years ahead of demand in order to avoid the payment of urban expectation value and decided that it should acquire ten years supply of broad acre land in order for the program to avoid changes in federal financing in its operations.<sup>28</sup> By June 1978, SALC's program of broadacre acquisition for future development had been substantially completed. 4,950 hectares of land had been purchased on the fringes of metropolitan Adelaide at a cost of approximately \$45 million.<sup>29</sup> The principal jewel in

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25 *ibid.*, para. 8. 4. 16., p. 59.

26 South Australian Land Commission, *First Report to 30th June 1974*, Adelaide, SALC, 1974. The Urban Land (Price Control) Act was also enacted by the South Australian Parliament in November 1973. It implemented the recommendations of the working party on the stabilisation of land prices, limiting the resale price of individually owned allotments of under .2 hectare to an inflation index. It operated until early 1978.

27 To place this figure in some perspective, the total cash received by SALC from all sources - loans, grants and revenue - for its operation up until June 1978 was \$82 million. See South Australian Land Commission, *Annual Report 1977-1978*, Adelaide, Government Printer, 1978, pp. 19-21.

28 Reported in R. Roddewig, 'Australia : Land Banking as an Emerging Policy', in N.A. Roberts, *op. cit.*, p. 142.

29 This fell short of the initial proposal that the SALC spend \$70 million on broadacre acquisition over a five year period - see Troy, *op.cit.*, p. 70. For the detail of SALC's broadacre acquisition over the five years to 30 June 1978, see Table One, Appendix to this chapter.

this land bank was 1,300 hectares of gently undulating land at Golden Grove on the north eastern fringe of metropolitan Adelaide. About 60 additional hectares were acquired in 1978/79 and 1979/80 at a cost of approximately \$0.9 million.<sup>30</sup>

SALC also embarked on a rapid program of development of residential allotments. Its first subdivision was taken over from a private development company and released for sale in April 1975. During its short six and a half year existence, SALC produced about 6,600 lots. Its peak production of just over 3,000 lots in 1976/77 comprised approximately 43% of the total allotment production in metropolitan Adelaide for that year. The sale of SALC allotments were important within the Adelaide market from 1975 to 1984. These sales took place in a generally depressed market. Whereas nearly 1,000 sales in 1975/76 and 1976/77 represented only 10% of the market in those years, annual sales of between 750 and 450 for the years 1978/79 to 1982/83 represented 25% of the market. Nevertheless, SALC's sales exercised an important influence over the Adelaide land market particularly in the early 1980s.<sup>31</sup>

## 2.1 The thorn in SALC's side : relations with the private sector

SALC quickly established its legitimacy within the South Australian public sector despite the potential that existed for corporate infighting between the new agency and other organisations. SALC's mandate covered areas already the responsibility, at least in part, of other agencies. There were a number of minor conflicts between SALC and other public agencies. SALC was criticised by some agencies for its unimaginative approach to community planning in its early developments. SALC also argued with the State Planning Authority (SPA) over the latter's approach to the control of development. SALC saw the land use zoning system being implemented by the SPA as a crude and insensitive device when applied to major developments of the type with

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30 See Table One, Appendix to this chapter.

31 For an overview of SALC's development and sales activity see Table Three, Appendix to this chapter. For the relation of SALC's sales, in both level and price, to the total market within the major growth areas of Adelaide, see Table Four and Figure Two, Appendix to this chapter.

which SALC was involved.<sup>32</sup> Finally, SALC came into conflict with the SAHT when it suggested that, for coordination and efficiency reasons, it should administer the latter's land bank. The SAHT argued that it was not necessary to have all land banking power concentrated in one authority. Nevertheless, the SAHT agreed to sell one fifth of its landbank to the SALC at market value. The SAHT argued that its internal financial arrangements would be detrimentally effected if it did not receive any payment for the land. This view eventually prevailed after much disagreement within the federal bureaucracy.<sup>33</sup>

In contrast to its generally cordial relations with other public agencies, SALC's relations with the private sector were always ones of conflict and suspicion. In general terms, the problems arose because the private sector, facing a depressed market, did not like the competition provided by the SALC. It thought that the SALC was not sympathetic enough to the problems which private developers faced in the changed conditions. The history of the conflict between the private sector and the SALC will be discussed in some detail because the criticisms advanced by the private sector were instrumental in the demise of SALC.

In late 1975, the South Australian Division of the Urban Development Institute of Australia (UDIA) released a report on the respective roles of SALC and the private sector in land development in South Australia. The report was prepared by B.L.

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32 SALC's general manager criticised the South Australian planning system in these terms in 1977. See E.J. Phipps, 'Land, the South Australian Experience', in L. Kilmartin (editor), *Cities without Cash*, Melbourne, Centre for Urban Studies, Swinburne College of Technology, 1977, pp. 4-5.

33 Treasury and DURD conflicted over this. Treasury questioned the double funding that the sale of SAHT land to the SALC would involve. The SAHT had borrowed Commonwealth funds to acquire its land bank. The Treasury argued that the Commonwealth was again being asked to fund the sale of part of this land to the SALC. It suggested that the land be transferred to the SALC if the South Australian Government wanted the land developed by the later. DURD and the SAHT prevailed. Treasurer Crean described the arrangement as 'unreal'. See Troy, *op.cit.*, p. 71.

The arrangement involved double funding only in a strictly limited sense. Two Commonwealth payments were made to the South Australian Government for the same land. Nevertheless, loan funds were employed in both cases. Presumably, the money payed to the SAHT for land sold to the SALC would find its way back to Commonwealth coffers sooner than it otherwise would have. The only point in the Treasury's favour on this issue was that these arrangements would have placed short term limits on the availability of Commonwealth loan funds for other purposes.

Bentick on behalf of the UDIA.<sup>34</sup> It argued that, while few would disagree that the state should appropriate and dispose of the unearned increment in land value that occurs through the process of converting land from rural to urban use, SALC's activities, in particular its high level of broadacre acquisition, were cause for concern. In the report's view, SALC's level of activity gave it the capacity to "... transform the building industry in any way it thinks fit." The report also noted that SALC received a number of advantages not enjoyed by the private sector, in particular tax concessions and preferential treatment by planning and servicing agencies. The general conclusion was that the Commission "... be put under greater influence of the market place." Recommendations were made to this end : the private building and land development industries should be represented on the Commission ; SALC should begin to release its broadacres for private development by invitation at a nominated price rather than by tender ; and the advantages enjoyed by SALC should be taken away.<sup>35</sup>

SALC responded that the report implied that there was no cooperation between it and the private sector when in fact there was plenty. The Commission engaged many private professional and construction services in the course of its development operation. Major inputs of private sector goods and services were involved in Commission developments. The Commission was sensitive to the needs of the market because it had a commercial relationship with a number of private builders. SALC took heed of their present and future requirements in its decisions.<sup>36</sup>

The Government's substantive response to the report's recommendations, in particular to the view that the Commission's land bank should be opened to private developers, was to establish an Urban Development Advisory Committee (UDAC) reporting to the Minister of Planning. This committee comprised representatives of the

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34 Bentick , a conservative economist at the University of Adelaide, was a member of the 1972 working party on the stabilisation of land prices whose report was discussed above. His role in drafting and redrafting the working party's report is acknowledged in the preface.

35 B.L. Bentick, *The Respective Roles of the Land Commission and the Private Sector in Land Development in South Australia*, Adelaide, UDIA (SA Division) and B.L. Bentick, November 1975, pp. 3-5.

36 South Australian Land Commission, *Third Report for the Financial Year Ended 30th June 1976*, Adelaide, Government Printer, 1976, p. 4 ; G. Nihill, 'Hard task for SA Land Commission', *Advertiser*, March 26, 1976, p. 4.

UDIA (SA Division), the Housing Industry Association, the Master Builders Association, the Chairman of SALC, the General Manager of the Monarto Development Commission and the Consultant to the Minister of Planning. One of the first tasks of the Committee was to resolve the terms and conditions under which land owned by SALC might be made available to private developers.<sup>37</sup>

The private sector criticisms continued into 1977. The advantage of cheap loans with deferred payments was added to the advantages noted in the 1975 report. Private critics also began to focus upon what they saw as poor decisions by SALC. They highlighted, in particular, the bad location of some of the Commission's broadacre acquisitions and the Commission's over development of allotments at a time of low demand. The 'Craigmore' subdivision adjacent to Elizabeth on the northern fringes of metropolitan Adelaide came in for particular criticism. This subdivision consisted of some 1,300 allotments. It was developed over a short time.

The Commission responded that it had to operate on a commercial basis in order to repay the Commonwealth loans. It also noted that the interest on the loans was being capitalised over the ten year period in which repayments had been deferred. It indirectly acknowledged the criticisms of some of its development decisions by indicating that it was now spending more energy on the objective of better quality community development through its subdivision work.<sup>38</sup>

The pilot for the Commission's new approach would be the Golden Grove development. Planning of the Golden Grove project proceeded through 1977 and 1978. The 'Tea Tree Gully (Golden Grove) Act' was enacted in April 1978. It provided the framework for the implementation of a project which was planned to house 30,000 people over a ten year period.<sup>39</sup>

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37 Reported in R.K. Kent, 'The South Australian Land Commission : A Case Study in Objective Achievement', Unpublished Master of Town and Country Planning Thesis, University of Sydney, 1980, pp. 60-61.

38 M. Southern, 'SA Land Commission : a model for all States', *Australian Financial Review*, March 4, 1977, pp. 16-17 ; G. Nihill, 'Development debate : The Land Commission has one philosophy ; the private developers, another', *Advertiser*, March 14, 1977, p. 5.

39 For accounts of the early plans for the Golden Grove development see Southern, *ibid*, p. 17 and G. Nihill and T. Anderson, 'Building around the rules : the Golden Grove development will house 30,000 people over the next 10 years . . .', *Advertiser*, December 23, 1978, p. 18.

The negotiations of the UDAC were slow and another UDIA report on the relation between SALC and the private sector was released in December 1977. Many of the arguments of the 1975 report were repeated but with more vehemence. The Commission was now seen to be competing unfairly with the private sector in its subdivision activity. The report noted that the Commission's rate of production of allotments in 1977 was close to 80% of the total.<sup>40</sup> The advantages conferred by the 'artificially low interest rates' for the Commonwealth money lent to the Commission was again highlighted.

The second UDIA report also contained an analysis of the changing economic and social context of SALC's operation. It argued that, on the one hand, the inflation and high growth of the early 1970s were no longer problems while most broadacre land for future urban development was now in public hands thereby ensuring that the 'unearned increment' was captured by the state. On the other, it suggested that the plentiful availability of public funds to undertake development work in the early 1970s had given way to a 'critical shortage' of public funds in the late 1970s. On the basis of this analysis, the report argued that it was imperative for the Commission to attract the cooperation and capital of the private sector. It argued that this could only be done by giving the latter the opportunity to participate in the development of land owned by the Commission on a negotiated profit basis.<sup>41</sup>

In 1979, the UDAC reached agreement on the terms and conditions upon which land might be transferred or sold to the private sector. Nevertheless, SALC's internal arrangements were subjected to further investigation and criticism. Critics extended the above analysis into a general argument purporting to show that the whole basis of the Commission's operation was deeply flawed. An article published in April 1979

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40 In Gough Whitlam's account, a figure of 70% is quoted. This is seen as one expression of SALC's success for him ; see G. Whitlam, *The Whitlam Government, 1972-1975*, Ringwood, Viking, 1985, p. 389. For others, the proportion is closer to 50% ; see Kent, *op. cit.*, Table 4.11, p. 44. The proportion is about 43% on the basis of the figures in Tables Three and Five, Appendix to this chapter.

41 B.L. Bentick, *An Evaluation of the Relationship between the South Australian Land Commission and the Private Sector*, Adelaide, UDIA (SA Division) and B.L. Bentick, December 1977.

highlighted the land price implications of the Commission's development program and debt structure. It suggested that the Commission had embarked on a large program of subdivision development for which there was now no demand. It also argued that the Commission's debt was mounting rapidly and that, because of the lack of demand, the Commission was not generating the returns to repay it. The holding costs of the Commission's unsold allotments exacerbated this problem. The article concluded that the production and sale of allotments 'at cost' by the Commission can be very expensive and questioned how the Commission's approach is better than the private enterprise one.<sup>42</sup>

The Commission's operations and problems were subjected to further criticism and much press coverage throughout August 1979, the month leading up to the State election. Editorial opinion suggested that SALC's problems showed how badly timed political decisions had jeopardised large amounts of public money.<sup>43</sup> The leader of the Liberal opposition, David Tonkin, argued that the Commission's main problem was that it owned more land than it could afford. He suggested that the worst feature of the Land Commission saga were the loan arrangements in which the State Government had entered with the Whitlam Government to fund the Commission's operations. In view of impending loan repayments, Tonkin asked the question : "How could the Land Commission trade its way out of (its) massive debt while discharging its basic obligation to contain land prices ?"<sup>44</sup>

A culminating critical assessment of the role and performance of SALC was prepared and released by the three associations representing the private building and land development industries in South Australia in late August. This report argued that the Commission faced problems in repaying its debt, that it had over-produced allotments and that the value of its broadacre land was overstated. It also argued that

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42 S. Cockburn, 'Looking to the land', *Advertiser*, April 5, 1979, p. 5. This article built upon the 1977 UDIA report and was part of a series of five articles by Cockburn published under the general title 'The Government and Private Enterprise'.

43 Editorial : 'Land fever', *Advertiser*, August 9, 1979, p. 5 ; E. Nash, 'Landing in trouble', *Advertiser*, August 9, 1979, p. 5.

44 'Tonkin attacks SA Land Commission', *Advertiser*, August 23, 1979, p. 38.



private enterprise was providing lower priced allotments than the Commission. It suggested that while the Commission had acknowledged the need for joint ventures with the private sector, there would not be a private industry left without radical change to the procedures and practices of the Commission. It concluded strongly that "A necessary but *not* sufficient condition for joint-venturing is the ability of the private development industry to buy broad acres from the Commission. The Commission still does not allow such sales." Upon the release of this report, the Liberal Opposition suggested that SALC's loan repayments would eventually cost the state more than \$200 million.<sup>45</sup>

In the light of the strength and persistence of these criticisms, it was now clear that SALC was in political trouble. The response of the Labor Government and the Commission was to stress its financial viability. More than enough liquid assets were on hand to make the first loan repayments in 1983/84. The Commission acknowledged that it had misjudged the market in some of its development decisions and that some of the prices for its allotments were higher than adjacent private allotments. The Commission had adjusted its development program to take heed of the depressed market and noted that higher prices for its product reflected its higher quality. The Commission stressed the long term nature of its operation and suggested that, on the basis of its financial modelling, it would easily meet its repayment commitments especially on the return of healthier market conditions.<sup>46</sup> While it was no longer true that SALC still did not allow the sale of its broadacres to the private sector, no sales of broadacre land to the private sector had occurred by this time.<sup>47</sup>

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45 Housing Industry Association, Master Builders' Association, Urban Development Institute of Australia, *The South Australian Land Commission : A Critical Assessment of its Role and Performance*, Adelaide, the Authors, pp. 5-6. For a press account of this report with quotes from Liberal politicians about SALC's \$200 million loan repayment figure see 'Big payout by SA land body - report', *Advertiser*, August 28, 1979, pp. 1, 3. For further criticism of the Commission around this time see B. Langridge (President, UDIA), 'Land development costs' (letter to the editor), *Advertiser*, August 27, 1979, p. 5.

46 Nash, *op.cit.* ; 'Govt. retaliates over land gibe', *Advertiser*, August 24, 1979, p. 8 ; 'Land Commission sound - Minister', *Advertiser*, August 29, 1979, p. 10.

47 Kent, *op. cit.*, p. 61.

## 2.2. SALC's demise and the creation of the South Australian Urban Land Trust

SALC's assurances did not have the desired political affect. They were swamped in the wave of opposition. The criticisms of SALC played some role in the election of the Tonkin Liberal government in September 1979. The new government placed SALC's operations under review in October 1979. In April 1980, it stopped SALC's development operation and announced that SALC would be restructured into the South Australian Urban Land Trust (SAULT).<sup>48</sup> Editorial opinion praised this as 'a practical decision'.<sup>49</sup> An important irony was noted in other commentary. The decision limited the capacity of the Commission to generate surpluses through the sale of developed allotments and thereby, the capacity to repay its debts.<sup>50</sup> The Labor Party, now in opposition, accused the Tonkin Government of disinformation in its argument that SALC faced a debt of over \$200 million and agreed that the changes to the role of the Commission would limits its capacity to repay its debts. The Tonkin Government was, through this decision, deliberately cutting short what had always been a long term venture.<sup>51</sup>

SALC continued to defend itself against criticisms that it had a monopoly over land for future urban development in metropolitan Adelaide. It only owned a third of such land. The Commission also began to argue that if its debt was waived and reconstituted as equity capital, then it would now be showing a surplus and the market value of its land holdings would be greater than the price paid for them.<sup>52</sup> SALC recorded trading losses of \$1.2 million in 1979/80 and nearly \$800,000 in 1980/81. It blamed the generally depressed market and its increasing interest burden for these results and noted that it had been forced to write down the value of its land assets. On

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48 G. Kelton, 'SA Land Commission to change : Role reduced to 'land bank' ', *Advertiser*, April 9, 1980, p. 3.

49 Editorial 'A practical decision', *Advertiser*, April 10, 1980, p. 5.

50 E. Nash, 'Landed with 'hindrance' ', *Advertiser*, April 10, 1980, p. 5.

51 'No lands debt - Bannon', *Advertiser*, May 1, 1980, p. 11.

52 K. Taueber, 'An Evaluation of the South Australian Land Commission : The Commission's View', in Urban Development Institute of Australia, *Proceedings of the Ninth Annual Congress*, Adelaide, UDIA, 1980. For a press account of this address see D. Moncrieff, 'SA commission denies urban land monopoly', *Advertiser*, April 30, 1980, p. 38. For the Commission's argument that the restructuring of its debt would dramatically improve its financial position see also Nash, 1980, *op.cit.*

this basis, the SALC had an accumulated deficiency on its balance sheet of some \$16.8 million as at June 1981. The financial agreement with the Commonwealth needed to be renegotiated in order to alleviate the problems of SALC's mounting debt.<sup>53</sup>

The private sector continued to criticise the Commission. It suggested that were it not for the Commission's 'monopoly' and land price increases well above the rate of inflation, it could not reach a break even situation.<sup>54</sup>

Despite the SALC's continued defence of its operations - that it had a large deficit on the balance sheet which could be addressed through the re-negotiation of the financial agreements with the Commonwealth and that it had more than enough cash assets on hand to make its repayments when they became due - the decision of the Tonkin Government had sealed its fate. The legislation establishing the SAULT was enacted in November 1981. This legislation gave the SAULT three main functions : to maintain the broadacre land bank acquired by the SALC ; to sell portions of it to the private development industry for development as it is required ; and to sell the stock of allotments developed by SALC without upsetting the balance in the market.<sup>55</sup> The SAULT has no powers of development.

The Tonkin government also negotiated with the Fraser Government over SALC/SAULT's debt in 1981. By June 1981, the accumulated debt had grown to \$89 million. In November 1981, the Fraser government agreed to settle for a \$36 million repayment in lieu of this debt, \$25 million to be paid in the financial year 1981/82 and \$5.5 million in each of the financial years 1982/83 and 1983/84.<sup>56</sup> This repaid the interest bill only. In effect, through this decision, the \$52.7 million in loans were converted to Commonwealth grants to the State Government.

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53 South Australian Land Commission, *Annual Report 1981*, Adelaide, Government Printer, 1981, p. 3.

54 B.P. Martin, 'An Evaluation of the South Australian Land Commission : The Developers' View', in Urban Development Institute of Australia, *Proceedings of the Ninth Annual Congress*, Adelaide, UDIA, 1980. This address is also reported in Moncrieff, *op. cit.*

55 South Australian Urban Land Trust, *Annual Report 1983*, Adelaide, Government Printer, 1983, p. 3.

56 South Australian Urban Land Trust, *Annual Report 1982*, Adelaide, Government Printer, 1982, p. 3 ; Note 7, p. 15.

The private sector criticisms of SALC had achieved their purposes. The competition provided by SALC's development activity had been eliminated. The first chairman of SAULT was one of the biggest private developers in Adelaide, J.J. Roche. The membership of the Trust was increased to five with private sector representation. Given these changes, SAULT was likely to be more sympathetic to the interests of the private development industry. It controlled and administered a land bank of some 4,000 hectares over which there was no debt. It was also responsible for the orderly sale of 2,500 allotments created by SALC which remained unsold at the end of 1981.

The impact of these changes, in particular stopping public involvement in the development of residential lots, was to be dramatic even though for the next two years or so there was no manifest change in the Adelaide land market. Through the years 1980/81, 1981/82 and 1982/83 land prices were stable with demand and consumption of lots remaining relatively low.<sup>57</sup> The major (and largely invisible) change which took place through these years was a dramatic decline in the new development activity with a consequent decrease in Adelaide's allotment stock. Over the five years from June 1979 to June 1984, the creation of new residential lots in Adelaide averaged just over 1,300 per financial year while lot consumption averaged nearly 4,300.<sup>58</sup>

By 1984, a recovery in demand and a shortage of supply of developed allotments resulted in severe land price inflation in Adelaide's fringe growth areas.<sup>59</sup> The shortage of lots was, by this time, cause for concern. The local real estate institute highlighted the problem and the Bannan Labor Government began to consider options to open up new areas for development.<sup>60</sup> Others argued that the problem was the result

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57 See Tables Four and Five, Appendix to this chapter.

58 See Table Five and Figure One, Appendix to this chapter. The main reason for this decline was that private developers were unwilling to supplement land stocks until land prices rose to reflect the costs of new development. For this view expressed in a government report compiled with the assistance of the Urban Development Institute of Australia (SA Division), see M. Bell and I. McQueen, *Vacant Land in Metropolitan Adelaide : An Investigation of the Availability of Allotments in Private Ownership*, Adelaide, Forecasting Unit, Department of Environment and Planning, 1984, p. 6.

59 Land prices on the fringe growth areas of Adelaide increased by a massive 48% in the year 1983/84 and by a further 45% in the year 1984/85. The CPI increase in 1983/84 was 6.7%. See Table Four and Figure Two, Appendix to this chapter for the increase in lot sales and prices in the growth areas of Adelaide in these years.

60 'Adelaide to face land shortage', *Australian*, August 1, 1984. The Bannan Labor Government was elected in late 1982.

of the Tonkin Government's curtailment of the SALC's role in residential lot development. This decision had reversed the long standing and bipartisan South Australian tradition of enabling the public sector to compete directly with the private sector in Adelaide's land and housing markets. The SAHT, under the tutelage of the Playford Liberal Government, had fulfilled this role from the late 1940s to the late 1960s while SALC continued its land banking and development aspects through the decade of the Dunstan Labor Government. The Bannon Government's unwillingness or political inability to restore that role meant that, in this area at least, the Tonkin Liberal Government 'ruled from the grave.'<sup>61</sup> In the light of the evidence presented above that the private sector had failed to maintain the supply of residential lots throughout the early 1980s, there was a very strong case for the reintroduction of a direct public role in land development on Adelaide's fringes.

The response of the Bannon Labor Government to this crisis was to emphasise the need for an additional supply of residential allotments on the fringes of Adelaide, in particular on the north eastern fringes. It even floated the idea of large scale acquisition of broadacre land on the northern and southern fringes of Adelaide to overcome the shortage.<sup>62</sup> Nevertheless, it was not really prepared to undertake a strong public role in

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61 H. Stretton, 'Land supply ruled from grave' (letter to the editor), *Advertiser*, October 9, 1984, p. 5. For critical responses to this argument to the effect that SALC had created the land shortage by making private development unprofitable and that the SALC experience showed all the limits of a socialist and bureaucratic approach to urban land development see W.L. Stokes, President, S.A. Division, Urban Development Institute of Australia, 'Land question' (letter to the editor), *Advertiser*, October 10, 1984, p. 4 and J. Chappel, 'Land supply : historic side of coin exposed', *Advertiser*, October 26, 1984, p. 6. Later, the Minister of Environment and Planning in the Bannon Government, Don Hopgood, also criticised Stretton's letter for conflating the approaches of Playford's Housing Trust and Dunstan's Land Commission. Hopgood's comment was made in the Parliamentary Select Committee hearings on the Golden Grove Indenture. Hopgood is right, up to a point. The SAHT engaged in broadacre acquisition, land development *and* house building through the 1950s and 1960s whereas the SALC was only engaged in land acquisition and development. The success of the SAHT and the failure of the SALC suggest that those differences are important with lessons for future land and urban policy in Adelaide. But Hopgood's comments were intended only to undermine the status of Stretton's critique of the Golden Grove Indenture not to learn anything about the significance of the differences between the Playford and Dunstan approaches. Hopgood's comments reflect the fact that the SAHT's 'Playford taint' still haunts Labor politicians. The significance of the Golden Grove Indenture in the continuum of urban land policy in Adelaide will be discussed shortly.

62 R. Jory, 'Operation house blocks : Govt may acquire large areas for building sites', *Advertiser*, October 10, 1984, p. 1.

these terms as it was locked into another approach to new development - the establishment of joint ventures with private developers using the SAULT's landbank.

In March 1984, the Government amended the SAULT Act to enable the Trust to enter into joint ventures. It did not seek to give the SAULT development powers like those of the former SALC because of the likelihood that such an amendment to the SAULT Act would have been blocked by the Australian Democrats in the upper house of the South Australian parliament.<sup>63</sup>

Throughout 1984, under the new powers given to it by this amendment, SAULT negotiated a joint venture agreement with the Delfin Property Group Limited for the development of the Golden Grove land on the north eastern fringe of Adelaide. This land was originally acquired by the SALC and, as noted earlier, was the jewel in its crown being the largest contiguous piece of land which it had acquired. This land was also some of the most attractive acquired by the Commission.

The resulting Golden Grove Indenture - as the joint venture agreement for the development of the Golden Grove land is known - was signed by the joint venture partners - the State Government and Delfin - in late October 1984 amid great controversy. The significance of the Golden Grove Indenture in the continuum of public policy for land development in Adelaide will be discussed in the context of that controversy. Debate centred on two main areas. First, there were questions related to the actual agreement. Secondly, there are the more general considerations of the long term impact of the Indenture on the Adelaide land market.

On the question of the actual agreement, the most general criticism was that it gave the Delfin Group a protected monopoly position. An annual profit level of 32% for the project is built into the Indenture. While the State Government shares in the profits of the development, it has been estimated that for an initial investment of \$3 million, the Delfin Group will make up to \$75 million over the fifteen year lifetime of the project. Further, the level of guaranteed public involvement in the project is high. The SAULT will carry all the holding costs of the land. The joint venture will pay for

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63 Reported in C. Milne, 'Chocks away at Golden Grove?', *Advertiser*, December 4, 1984, p. 5.

the broadacre land as it is required for development at a fixed 1983 price and only after the lots developed on the land have been sold. The Indenture also guarantees that the SAHT will buy at least 25% of the developed lots from the joint venture at market prices, that is, development costs plus profit. Given this level and style of public involvement, many saw the high level of return built into the project as unwarranted.<sup>64</sup>

The long term impact of the Golden Grove Indenture on the Adelaide land market is the other area of debate. In one critic's view, the Golden Grove project is likely to become the price setter in the Adelaide land market because of its size. Also, the government will have an increasing interest in seeing that the venture is profitable because its return on broadacre land will decline in real value over the lifetime of the project. Both of these factors are likely to fuel the inflationary pressures in the Adelaide land market and undermine what should be the Government's overriding objective of ensuring that land prices in the metropolitan region are restrained.<sup>65</sup>

The Golden Grove deal shows how a public landbank whose acquisition has captured some of the unearned increment in broadacre land values and which should thereafter afford the opportunity to keep the cost of urban land development to a minimum can become a resource for the generation of private profit and government revenue which effectively eliminates those advantages.

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64 The full story of the Golden Grove Indenture is yet to be written. It involved initial negotiations between the SAULT and the Delfin Group, a review of these negotiations which curtailed some of the advantages accorded to the Delfin Group, the resignation of the General Manager of the SAHT from the SAULT on the grounds that even the revised arrangements did not sufficiently protect the public interest and that the SAULT had been wilfully concealing significant information from its Board members, the resignation of the SAULT's inaugural Chairman, J.J. Roche, when the Government established a steering committee for the Golden Grove project whose membership was not to his liking, hearings of a parliamentary select committee on the Indenture, and a select committee report which totally dismissed the critics of the deal. Major articles in the press about the Indenture include K. Tilbrook, 'Row brews over land deal', *Advertiser*, October 31, 1984, p. 1 ; C. Pearson, 'Bannon's \$1,300m land deal queried', *National Times*, November 2 to 8, 1984, p. 22 ; C. Pearson, '\$1,300m land deal critics silenced', *National Times*, November 9 to 15, 1984, p. 38 and C. Milne, 'Chocks away at Golden Grove?', *Advertiser*, December 4, 1984, p. 5. For the estimate of the Delfin Group's return on the project, in the context of an argument that the Indenture represents 'a bit of pure Thatcher-style privatisation', see H. Stretton, 'Private or public: a false choice', *Australian Society*, 5, 11 (November 1986), p. 4.

65 Hugh Stretton's evidence to the Parliamentary Select Committee on the Golden Grove Indenture, 14 November 1984.

The long term consequences of the Golden Grove Indenture on the price of land may be at least partially offset by the opportunities which exist, in the future, for a greater public sector role in urban land development in Adelaide. Those opportunities are not miniscule. The SAULT has a landbank of some 2,000 hectares excluding the 1,100 hectares involved in the Golden Grove development. The SAHT also has a landbank of about 900 hectares on the southern and northern fringes of metropolitan Adelaide. The development of most of this land is somewhat off, but structure plans are currently being prepared for areas of land owned by both the SAULT and the SAHT on Adelaide's southern fringes. The SAULT was given power to add to its land bank in June 1985.<sup>66</sup> It purchased 104 hectares in 1985/86 at a cost of \$1.6 million under the new power.<sup>67</sup>

Despite these opportunities, the principal function of the SAULT remains the disposal of the broadacre landbank acquired by the SALC. The SAULT has been active on this front since 1980. Over the past six years it has sold some 1,150 hectares for a return of some \$30 million.<sup>68</sup> This represents a return of about \$25,770 per hectare or about \$3,220 per lot, assuming a yield of 8 lots per hectare. SALC originally acquired its 5,000 hectare land bank at a cost of some \$45 million, that is, at a cost of \$9,054 per hectare or about \$1,130 per lot. SAULT's disposal program therefore represents a nominal return of some 300% to the State government and is further evidence that the activities of the SAULT are inflating the eventual price of developed lots in metropolitan Adelaide. When seen in the context of the financial deal that the Tonkin Government made with the Fraser Government in relation to the SALC's debt, this profiteering becomes even more evident. The landbank acquired by SALC, an asset which now costs the State Government nothing, is being used to generate a high rate of return to the State coffers. Any administration and maintenance costs involved with the landbank are recoverable through leasing arrangements.

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66 South Australian Urban Land Trust, *Annual Report 1985*, Adelaide, Government Printer, 1985, p. 3.

67 See Table One, Appendix to this chapter.

68 See Table Two, Appendix to this chapter.



While prices in the Adelaide land market are stable and lot supply in the private market has improved through 1985 and 1986<sup>69</sup>, severe damage has been done to Adelaide's land market by the events of the early 1980s. The decline in lot supply caused by the elimination of the SALC's development activities and the market blackmail of the private sector in the early 1980s caused the dramatic land price increases of 1983/84 and 1984/85. The new land price plateau has all but destroyed Adelaide's traditional land price advantages vis-a-vis Sydney and Melbourne.

The Golden Grove Indenture and the SAULT's disposal of its broadacre land continue the inflationary pressures in the Adelaide land market. The Golden Grove Indenture would be difficult to change, but the SAULT's disposal program could be easily stopped. It should be stopped so that the public land development that will be necessary in the future can proceed without the need for costly land acquisition. This is the main purpose of a public landbank. It is a purpose which seems to have been lost on the Bannon Government. This purpose may yet be rediscovered in the light of the ongoing imbalance between supply and demand in Adelaide's land market.<sup>70</sup>

### 2.3. The lessons of the SALC experience

Existing accounts of the lessons of the SALC experience arise, in a fairly straight forward manner, from their theoretical and philosophical premises. The left focuses on the structural constraints on reform within a capitalist democracy. The

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69 Land prices in the growth areas of Adelaide increased by only 3% in 1985/86 while lot production increased to around 5,000 lots per year in the financial years 1984/85 and 1985/86 - see Tables Four and Five, Appendix to this chapter. On the relation between price increases and the improvement in allotment supply in 1985 see I. McQueen, M. Bell and I. Motley, *Estimated Production and Usage of Residential Allotments for Private Purposes : Metropolitan Adelaide 1985/86 and 1986/87*, Adelaide, Forecasting and Land Monitoring Unit, Department of Environment and Planning, 1985, p. 26.

70 A recent report has noted "... that the ability of the present stock of allotments to absorb a surge in demand is quite limited. If such a surge occurs, it will place considerable pressure on stocks and prices." While the report suggested that such a surge was unlikely, it noted the long lead times for land development and highlighted the need for the planning and design of new subdivisions. The report did not address the question of the public sector's role in this. I. McQueen, M. Bell and H. Janssan, *Forecast Production and Usage of Residential Allotments for Private Purposes : Metropolitan Adelaide 1986/87 and 1987/88*, Adelaide, Forecasting and Land Monitoring Unit, Department of Environment and Planning, October 1986, p. 30. This report was prepared with the assistance of the Urban Development Institute of Australia (SA Division).

SALC was established and embarked on large scale land development at a time when it was not really needed.<sup>71</sup> If it had been favoured with better market conditions, it would have been better able to fulfill its mandate and to cope with the criticisms of the private sector.

The right argues that the SALC experience shows all of the limits and problems of public enterprise undisciplined by the marketplace. This is the popular view which continues to be fostered by the private development industry in Adelaide. As this view has it, SALC had a monopoly and engaged in unfair competition with the private sector. It did not seek to develop close relations with the private sector. It made some irresponsible development decisions. Further, it was financed on very favourable terms in relation to the private sector principally through cheap loans from the Commonwealth Government. Even then, the prices of its lots were not much below and, in some cases were above, land prices in the private sector. Despite these advantages, it made losses through the late 1970s. The only conclusion one can draw from this, so this line of criticism goes, is that the operating principles and administration of SALC was irresponsible, particularly as it made private development activity almost impossible.

There is some truth in both views. Market conditions did change just as SALC was established and this did undermine the program's assumptions and aims. The worsening economic and social conditions also engendered increasingly strident criticism from a defensive private sector. And there were flaws in the implementation of the program.

However, as they stand, neither view is adequate. The arguments of the right are primarily ideological and self-interested. There is no concern to learn from SALC's mistakes so that a more coherent and stronger approach to public land development may emerge in the future. But the left ignores the problems in the conception and implementation of the land commission program in South Australia. An adequate

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71 B. Badcock, *Unfairly Structured Cities*, Oxford, Basil Blackwell, 1984, p. 304. Hugh Stretton also argues that the SALC was established at the wrong time but does not draw any strong conclusion from this. See his evidence to the Parliamentary Select Committee on the Golden Grove Indenture, 14 November 1984.

response to the right requires some acknowledgement of its basic point that there were flaws and problems in both the principles upon which the SALC was established and the way in which SALC went about its task. That is, the left needs to recognise that SALC's problems were *internally induced as well as externally imposed*.

First, SALC did not make enough effort to defend itself in the public arena against the criticisms made of it nor did it introduce changes to its practices to meet some of those criticisms. For example, it was not true that the SALC had a monopoly of Adelaide's broadacre land. At its peak, SALC's landbank was only a third of the metropolitan total. Neither did it have a monopoly in the market for residential lots. Its sale of lots averaged only 15% of the Adelaide market per annum over the nine years to June 1984. It had cheaper loan money than private developers had - but unlike them, it had no equity capital, so its per hectare debt-service costs were probably higher than theirs. SALC did not consistently make these arguments. Also, SALC did not respond quickly enough to the pressure for it to release some of its landbank for private development. This pressure started in 1975 but was not conceded until 1979, by which time the private sector had decided that its best interests were served by seeing the SALC dismantled.

However, the main internal problem with the SALC centres on the principles of its establishment and the arrangements made for the implementation of the program on the basis of those principles. As described earlier in this chapter, the aims of the land commission program were basically to beat the private sector at its own game using the normal market criteria of profitability and to achieve the important social objective of fairly priced residential lots in the process. The financial arrangements for the program reflected the confidence that both of these objectives could be achieved.

In retrospect, those financial arrangements were very tough even by market standards, contrary to the views of the private critics. The General Manager of SALC made this point strongly during the 1979 crisis.<sup>72</sup> As already indicated, SALC had no equity base. It was funded almost exclusively with Commonwealth loan funds

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72 E.J. Phipps quoted in Nash, 1979, *op.cit.*

borrowed at the long-term bond interest rate. This rate rose steeply through the early 1970s. While repayments of these loans were waived for ten years, interest was capitalised every six months over those years. The result was that SALC's debt on its balance sheet mounted rapidly. This severely limited SALC's capacity to argue that it was financially responsible. In retrospect, it would have been better to establish the SALC with some equity.

The general point, though, is that the SALC was too dependent upon the health of the Adelaide land market for its success. When the market went through a depressed period, so too did the SALC. It did not have enough autonomy to enable it to establish itself on its own terms and to ride through the low periods. When the private sector goes through difficult market conditions, it faces the consequences in the usual market way. But when a public enterprise goes through difficult times, especially one established to compete with the private sector on the latter's terms, it must face both the economic consequences *and* general political odium. This difference suggests that public enterprise should not seek to emulate private sector principles too closely.

#### 2.4. SALC's legacy

Hugh Stretton has recently argued that ". . . by four steps over the last twenty years federal and state Liberal and Labor governments have stopped or sold out (Adelaide's) public land suppliers."<sup>73</sup> In 1965, the Walsh Labor Government stopped the sale of houses by the SAHT. This decision cut the SAHT's house building and land development programs by one third. In 1973, the Whitlam Government curtailed and, in 1978, the Fraser Government abolished the SAHT's rental purchase scheme. This also cut its output by a large amount. In 1981, the Tonkin Liberal Government abolished SALC and created SAULT. This decision, as we have seen, stopped the development activities of the SALC and thereby drastically cut the supply of residential lots in the Adelaide land market through the early 1980s. Finally, the Bannon

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73 H. Stretton, 'Private or public : a false choice', *Australian Society*, 5, 11 (November 1986), p. 3-4. See also H. Stretton, 'Market management : from radical success to orthodox failure', in H. Stretton, *Political Essays*, Melbourne, Georgian House, 1987.

Government signed the Golden Grove Indenture in 1984. This agreement exploits the SAULT's landbank for private and public profit. It does little to protect the public interest in land development in Adelaide.

Stretton's continuum can be added to in one important respect. The establishment of the SALC in 1973, while adding significantly to the public presence in landbanking and development in Adelaide, undermined the role of the SAHT in this area. This does not constitute 'selling out' of public land development, but it added to the overall change in the character of public involvement in urban development in Adelaide. Stretton has since argued that an important effect of these changes was to transfer the control of the public land bank from people with welfare concerns to people with chiefly commercial concerns.<sup>74</sup>

The main effect of these changes was to disaggregate what had been, until that time, the SAHT's very successful meshing of housing and land programs.<sup>75</sup> Whereas the SAHT was engaged in broadacre acquisition, land development *and* house building on a large scale, the SALC was only engaged in the land acquisition and development.

The significance of this difference is twofold. First, it may partly explain the success of the SAHT and the failure of the SALC. The former's engagement in the total development process gave it great power to shape the market<sup>76</sup> whereas the narrower role of the SALC exposed it more to the pressures of the private market. Further, the SAHT had always been funded with grant money and cheap loans in line with its 'welfare housing' functions while the SALC was funded without any equity base and at the higher long term bond rate of interest in line with its more market oriented

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74 Stretton, 1987, *op.cit.*, p. 166.

75 This is not to say that there were no criticisms of the SAHT. However, the main opposition did not come from the private sector but from Labor politicians and ideologues suspicious of its conservative credentials. As we saw above, Don Hopgood's response to Stretton's criticisms of the Golden Grove Indenture indicates that this suspicion continues into the 1980s.

76 In the context it is important to note that the SAHT is not just a house developer. It also develops and sells industrial land and property. In the mid 1960s, this meant that it sold *almost half* of its output. The British New Town Corporations also engage in this range of residential and industrial development. They have been similarly successful because of this holistic approach to development.

approach.<sup>77</sup> Together, these factors gave the SAHT greater power, when compared with the SALC, to shape the overall market rather than just respond to it.

The other significant point about this difference concerns the unearned increment or 'expectation' value in broadacre land. During its peak years, the SAHT's capacity to shape the overall land and housing market allowed it to determine the size of the unearned increment, in fact whether there was to be an unearned increment at all. Since the early 1970s, urban land policy in Adelaide has been designed to exploit the unearned increment. The SALC exploited it in order to lower land prices in the public interest but also to make sufficient return to repay the loans used to buy its landbank. As outlined earlier, the SAULT has exploited it more single mindedly to generate high returns for both private developers and the state government.

The success of the SAHT and the failure of the SALC suggests that public land development by itself may be a limited approach. Land development is but one part of the urban development chain. If the whole urban development process is dominated by private interests and market pressures, then a radical land policy built upon market premises may be doomed. The SALC experience certainly suggests so.

SALC's activities in the Adelaide land market were important. The land bank which it acquired captured at least some of the unearned increment in broadacre land value and has made the planning of new urban development on the fringes of Adelaide much easier. That part of its land bank which remains in public hands may yet prove to be important in controlling land prices in Adelaide despite the way in which it has been exploited and disposed of over the past few years.

The 6,600 lots which SALC developed fulfilled an important need and had a stabilising influence on land prices in Adelaide, particularly in the early 1980s. The

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77 In this context, it is interesting to compare the financial arrangements the Whitlam Government struck for the land commission program with those in the 1973 Commonwealth State Housing Agreement. Commonwealth loan funds for the state housing authorities were one per cent below the prevailing long term bond interest rate through the 1950s and 1960s. That rate rose rapidly to 8% in 1974 and 10.5% in 1975. As Roddewig notes, "State housing authorities complained that to (continue to) peg their loan interest rates to the bond rate made it impossible for them to provide low cost housing. So the Whitlam Government set a 4% ceiling on Commonwealth loan funds (in the 1973 Commonwealth State Housing Agreement), a significant advantage when the long term bond rate climbed into double figures." Roddewig, *op.cit.*, p. 133.

2,500 unsold SALC allotments which remained when the SAULT was established in 1980 provided an important source of price stability in the Adelaide land market over the next four years as they were sold off. The sale of lots created by SALC comprised about 25% of the Adelaide market over the period 1978/79 to 1983/84.

But, to conclude, it is rather ironic that the former General Manager of the SALC should claim, in mid 1985, that SALC's lasting achievement has been to establish bipartisan support for public landbanking in Adelaide.<sup>78</sup> This ignores the SAHT's landbanking activities over the previous twenty years. But perhaps more significantly, it ignores the different purposes of the SAHT and the SALC in acquiring a broadacre land bank. It also ignores the way in which the land bank acquired by the SALC has been exploited in the 1980s.

The SAHT's land bank fitted into a 'public' urban development strategy which held down Adelaide's land and house prices for twenty years. It may be compared with the equally successful comprehensive ownership and development functions of the British New Town Corporations. The SALC's land acquisition and development strategy was more closely allied to the logic of the private market and, as we have seen, SALC paid dearly for that. Now that the landbank acquired by the SALC has been placed on a more viable financial footing, it is being used, by both private and public interests, in a way which fuels land price inflation in the Adelaide market. The logic and direction of these changes indicates a far more regressive trajectory than the General Manager's comment suggests.

The SALC was one in a series of changes which curtailed the SAHT's successful holistic approach to urban development. SALC's memory continues to discredit the cause of public land development in Adelaide and is used to legitimate deals like the Golden Grove Indenture. From these perspectives, the conventional view that the SALC fits into a continuum of progressive public policy for urban development in Adelaide needs to be strongly questioned.

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78 E.J. Phipps in interview with the author, August 1985.

### 3. THE UNFAIR TRIALS

In all states except South Australia, conservative governments were in power during the Whitlam years. The Tonkin Labor Government in Western Australia was in office for only the first year of the Whitlam Government. Relations between the Whitlam Government and the conservative State governments were particularly strained. The process of negotiating the establishment of land commissions in these states demonstrates this well.

Queensland was the most hostile and cynical about the idea. The farce of that government wanting to acquire 5,000 acres of flood-prone land under the scheme is only the most obvious expression of this.<sup>79</sup> The Queensland Government did not reach agreement with the Whitlam Government on the establishment of a land commission before the latter fell.

In the other States - New South Wales, Western Australia, Victoria and Tasmania - the Whitlam/Uren offer of federal funds to establish land commissions was ignored for a long period. However, by mid 1975, the political costs to these State Governments of continuing to turn down what was generally recognised as a lucrative offer of federal funds led them to accept a watered down version of the program - the idea of a non-statutory urban land council.<sup>80</sup>

The Tasmanian version, established within the state planning bureaucracy, did not meet. In 1976, the Fraser Government withdrew the offer of federal funds.<sup>81</sup> But in the other three states, non-statutory urban land councils were established and still exist in one form or another. Some of the changes to the urban land councils have significantly strengthened the public sector role in urban land development in the cities in which they operate. It is with the impact of these urban land councils and their descendants that this part of the chapter is concerned.

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79 Troy, *op.cit.*, p. 107.

80 See Troy, *op.cit.*, second part of chapter 5 and whole of chapter 6, pp. 76-134 for an account of the negotiations with the Western Australian, New South Wales, Queensland, Victorian and Tasmanian Governments.

81 C.J. Lloyd and P.N. Troy, *Innovation and Reaction : The life and death of the Federal Department of Urban and Regional Development*, Sydney, George Allen and Unwin, 1981, p. 166.



### 3.1. Land Commission of New South Wales

The New South Wales Urban Land Council (NSWULC) was established in April 1975 as a Standing Committee of the New South Wales Planning and Environment Commission. It was not until the 1975/76 financial year, with nearly \$12 million in federal loans, that it made any real headway with its program of land acquisition. In November 1976, the newly elected Wran Labor Government replaced the NSWULC with the Land Commission of New South Wales (Landcom). Landcom was allocated \$10 million of State loan funds and attracted another \$5 million in Commonwealth loan funding in the financial years 1976/77 and 1977/78. Its first subdivision, taken over from a private development company, was released for sale in April 1977.<sup>82</sup>

Landcom's history and approach has been very different from that of the SALC. It did not attract large amounts of finance to establish itself quickly. Further, by the time Landcom was operating at a reasonable level,

". . . the boom which had inspired the original proposal for land commissions had collapsed and the Commission found itself competing in a depressed market in which many developers and financiers were desperate to reduce their overstocked position."

Nevertheless, Landcom argued that the depressed market may be followed by land shortages and price increases unless more land was made available for urban development on Sydney's fringes and the availability of lots was maintained. Demand for developed lots was very heavy in the period 1979-1981. In response, Landcom boosted production significantly in 1981 and was to increase production even further in the following three years. However, the housing market in Sydney contracted dramatically in 1982 due to rising interest rates and the general deterioration in the economy. Landcom responded to this change by adopting a 'market-led' approach in which land supply and demand were closely monitored.<sup>83</sup> This approach continues into the mid 1980s.

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82 Land Commission of New South Wales, *Annual Report 1976-1977*, Sydney, Land Commission of New South Wales, 1977.

83 For a review of Landcom's operations between 1976 and 1982 see Land Commission of New South Wales, *1982 Annual Report*, Sydney, Land Commission of New South Wales, 1982,

Through all of these changes, Landcom has been careful to ensure peaceful relations with the private sector. House commencements in the Sydney region exceeded lot production by some 40,000 units over the period 1970 to 1980.<sup>84</sup> While Landcom urged an increase in the production of lots to redress this imbalance, it has sought to complement rather than replace the private sector. To paraphrase a paper produced by Landcom in 1980 :

'the complexity of the residential land market in the major urban centres of New South Wales is such that there is great danger in giving one authority the responsibility to provide all the housing and land requirements for the population. Unfortunately the corporate failures which accompanied the economic and financial collapse of the mid 1970s removed many of the major land developers from the business. As a consequence there have been few partners in the land development industry to supplement and complement the activities of the Land Commission. It is hoped that by adopting policies which are not anathema to the private sector, the Land Commission will be instrumental in encouraging private developers into the industry. While recognising that the Commission has a responsibility to moderate the price of land, its prices are tailored to avoid forcing private developers out of business. Any approach which ignored the financial realities of private developers could lead to a situation in which the Land Commission was 'chasing its tail' as it was forced to increase production to meet the demand previously satisfied in part by private developers.'<sup>85</sup>

This basic orientation is reflected in Landcom's approach to broadacre acquisition and involvement in the land market, both in terms of absolute level of lot production and the marketing of its product.

### 3.1.1. Broadacre acquisition

Prior to the establishment of the NSW Urban Land Council, a working group was established to make recommendations on the Council's land acquisition program. It reported in December 1974. It recommended a broadacre acquisition program within the Sydney, Illawarra and Hunter Regions in two parts. An 'immediate' program would acquire 1563 hectares of land at an estimated cost of just over \$41 million. This land could be serviced and made available for development within five years. A 'later'

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p.2. See Table Seven, Appendix to this chapter, for Landcom's development activity, including the production estimate for 1986/87.

84 See Table Nine, Appendix to this chapter, for the imbalance between the creation and consumption of residential lots in the Sydney region over the period 1973 to 1985.

85 Land Commission of New South Wales, *Role and Activities of Land Commission*, unpublished paper, Sydney, Land Commission of New South Wales, 1980.

program would acquire 1796 hectares of land at an estimated cost of nearly \$25 million. This land could be developed within ten years.

This level of acquisition was thought necessary to ensure some continuity in the program and because it would take some considerable time for it to gain sufficient momentum to reach a desired level of expenditure. The strategy reflected the basic aim of the land commission program to bring lots onto the market in the shortest possible time but also to ensure that broadacre land was acquired for development in the longer term.<sup>86</sup>

As it turned out, the continuity in Commonwealth funding was not forthcoming after the election of the Fraser Government. The NSWULC/ Landcom attracted only \$17 million in federal loans. There was also concern that the price of broadacre land on Sydney's fringes was overinflated due to the property boom of the late 1960s and early 1970s. The NSWULC/Landcom exercised some caution in its early approach to land acquisition in the knowledge that broadacre prices might come down.<sup>87</sup>

In many respects, this caution was justified for at least the first six years of the organisation's life. Whereas the price of the land to be acquired in the 'immediate' program of the December 1974 report averaged some \$3,200 per lot<sup>88</sup>, the price paid by NSWULC/Landcom for its broadacre land for the period ended 30 June 1981 averaged \$2,500 per lot.<sup>89</sup> As Landcom noted later, it turned the depressed market of the mid 1970s to its advantage ". . . by acquiring a substantial portfolio of undeveloped land at favourable prices."<sup>90</sup> Nevertheless, only 3,000 hectares of broadacre land had been acquired in the six years to June 1981. This did not represent landbanking to capture the unearned increment, especially in a land market of Sydney's size, but lack

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86 NSW Urban Land Council, Report of Working Group on Land Acquisition Programme for 1974-75, unpublished.

87 Land Commission of New South Wales, 1977, *op.cit.*, p.8.

88 Assuming 8.3 lots per hectare, the average lot yield per hectare of all the broadacre land actually acquired by the NSWULC/Landcom during its life to 30 June 1986. See Table Six, Appendix to this chapter.

89 See Table Six, Appendix to this chapter. This calculation assumes that \$16.7 million was paid for the 663 hectares of land acquired during the years 1975/76 and 1976/77. The \$16.7 million figure has been derived from unpublished NSWULC reports.

90 Land Commission of New South Wales, 1982 *Annual Report*, Sydney, Land Commission of New South Wales, 1982, p.2.

of capital funds did not allow Landcom the flexibility to acquire broadacres at a level which would have had a long term impact on this front.

By the early 1980s, the cost of Landcom's broadacres was rising steeply. The price per lot almost doubled in 1981/82.<sup>91</sup> At the time, Landcom noted that the :

" . . . increasing cost per lot is due to the Commission's current policy of acquiring residentially zoned land capable of early development rather than rural land with the potential for residential zoning. High interest rates and other uncertainties in the market make it imprudent for the Commission to purchase holdings which cannot be developed for sale within a relatively short time."<sup>92</sup>

The increase is also partly explained by Landcom's increased involvement in the higher end of the residential land market in Sydney over the 1980s, an aspect of its operations to which we will come back later.

By 1984, the rapidly increasing price of broadacre land was seen to be a problem. Landcom began to reassess its approach, in particular to look at ". . . the opportunities for purchasing larger holdings with subdivision potential in the medium-term so that the land assembled can be developed at a lower final price."<sup>93</sup>

In the two years since 1984, there is not much evidence that any fundamental change of direction has taken place. The average price per lot of broadacre land acquired by Landcom rose steeply in 1984/85, doubling the price paid in 1981/82, and the land area acquired was still small.<sup>94</sup> In 1985/86, the area acquired increased significantly in comparison with previous years and the average price per lot fell. Nevertheless, the area acquired fell below that originally planned for the year. Landcom's 1984/85 annual report indicates that land with the potential of 8,200 lots was to be acquired in 1985/86, a target later revised to 8,900. An area having a potential of some 4,500 lots was actually acquired.<sup>95</sup>

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91 See Table Six, Appendix to this chapter.

92 See Land Commission of New South Wales, *1982 Annual Report*, Sydney, Land Commission of New South Wales, 1982, p.12 and Land Commission of New South Wales, *1983 Annual Report*, Sydney, Land Commission of New South Wales, 1983, p.12 for similar versions of this quote. The version reported here is taken from the 1983 annual report.

93 Land Commission of New South Wales, *1984 Annual Report*, Sydney, Land Commission of New South Wales, 1984, p. 11.

94 See Table Six, Appendix to this chapter.

95 Land Commission of New South Wales, *Annual Report 1984/85*, Sydney, Land Commission of New South Wales, 1985, p. 26 for 8,200 lot target. Department of Housing, *The First Report*

There was some attempt to rationalise Landcom's acquisition strategy in the 1984/85 Annual Report. Stress was again placed upon the timing of broadacre acquisition in order to keep holding costs to a minimum. A three year supply of serviced and zoned land would be adequate to meet Landcom's development program. Landcom had increased its purchases of smaller land holdings in the 'release areas' of Sydney over recent years in order to consolidate areas which have been serviced at government expense. It was recognised, nevertheless, that such areas are more expensive than larger unzoned properties. Cooperation between planning, servicing and development agencies was equated with the original aim of the land commission program to capture the unearned increment in broadacre land value. Finally, it was argued that Landcom's program of 'wholesaling' broadacres to the private sector for development expands supply and depresses prices within the overall land market during periods of peak demand.<sup>96</sup>

This series of arguments raises more questions than it gives reassurances about the coherence of Landcom's broadacre acquisition strategy into the late 1980s. Landcom's landbank is geared more to the economic efficiency of the organisation than it is to retaining the unearned increment in broadacre land value, the main purpose of a landbank. This purpose is spuriously connected with coordination in government. Finally Landcom buys expensive land and 'wholesales' it to the private sector. Landcom's broadacre strategy is as much about institutional survival as it is about implementing the original purposes of the land commission program.

In January 1986, Landcom was incorporated as a division of the new Department of Housing. This department brings together all housing related activities of the New South Wales Government. The changes were required for the government to

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1986, Sydney, New South Wales Government, 1986, p. 54 for revised 8,900 target. Table Six, Appendix to this chapter, for the actual area acquired.

96 Land Commission of New South Wales, *Annual Report 1984/85*, Sydney, Land Commission of New South Wales, 1985, pp. 23-25.

develop a coherent and progressive response to recent economic changes in Australia as they influence housing.<sup>97</sup>

Nevertheless, Landcom's minor and incremental program of broadacre acquisition seems likely to continue. The efficient use of resources seems to be the main reason. As the first report of the new department notes, the 1985/86 acquisition targets for Landcom were ". . . not warranted given the decline in house purchases, the deterioration in the economic climate, the need to reduce the Department's financial exposure and its existing land bank."<sup>98</sup> Landcom held the broadacre equivalent of some 19,000 lots at 30 June 1986. With the land stock of the NSW Housing Commission - also absorbed into the new department - the total land stock at the Department of Housing's disposal was the broadacre equivalent of some 40,000 lots at 30 June 1986.<sup>99</sup>

It was probably impossible for Landcom to implement the landbanking aspects of the original land commission idea. The sheer size of the Sydney land market would make that very difficult even if resources were plentiful. Landcom's problems were exacerbated by the fact that it did not attract large amounts of capital funding for this purpose. So it was perhaps inevitable that Landcom's approach to landbanking has evolved in the way it has.

Nevertheless, it is interesting to compare the approaches of the SALC and Landcom to broadacre acquisition. SALC acquired nearly 5,000 hectares of broadacre land on Adelaide's fringes over four and a half years from November 1973 to June 1978 at a cost of about \$45 million. It was about equally divided between land for current development and land for future development. Landcom has acquired about the same area (5,011 hectares) over eleven years from April 1975 to June 1986 at a cost of nearly \$155.5 million.

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97 Department of Housing, *The First Report 1986*, Sydney, New South Wales Government, 1986, 'Message from the Minister', pp. 2-3.

98 Department of Housing, *ibid*, p. 54.

99 Department of Housing, *ibid*, p. 16.

This difference is only partly explained by the higher cost of broadacre land in Sydney. Indeed, it is interesting to note that in the years 1976/77 and 1977/78 broadacre prices paid by the SALC were about the same as the prices paid by Landcom through the period 1977 to 1981. The real source of the difference was SALC's quick acquisition of a large area compared with Landcom's incremental approach. Although the figures are not available, it is probably also true that Landcom has concentrated on buying land capable of early development. This has certainly been the case through the 1980s. The prices paid by Landcom would comprise a larger proportion of unearned increment than those of the SALC. So, while Landcom is wary of acquiring land too far ahead of need through the fear that it may be caught with holding costs it cannot afford, the strategy it has followed is probably just as expensive to it and far more expensive to the ultimate purchasers of the lots it develops. Considerations of economic efficiency and institutional preservation have restrained Landcom from long term landbanking.

### 3.1.2. Lot Production and Market Strategy

During its eleven year life to 30 June 1986, Landcom has produced nearly 25,000 lots and sold nearly 22,000. This level of activity far outstrips the production and sales of the SALC, the WAULC and the VULC/ULA. Nevertheless, as Landcom's general rationale suggests, its lot production and sales activity is market-led. It is very much 'market complementing' rather than 'market replacing' activity.

As described above, Landcom set itself an early aim to maintain lot production at a high level in order that recovery in the land market not be accompanied by lot shortages and land price inflation. To this end, the organisation set itself an initial production target of 3,000 lots per year in the Sydney region. This target was reached in 1980. In response to the demand for Landcom lots in the period 1979 to 1981, the Government directed that a target of 26,000 lots be achieved in the three years 1981/82, 1982/83 and 1983/84. The target of 4,000 for the year 1981/82 was achieved but, as already described, the depressed housing market in Sydney in the early 1980s led

Landcom to adopt a 'market-led' approach.<sup>100</sup> Lot production fell to about 1,700 in 1982/83 before recovering to 3,100 in 1983/84 and 5,500 in 1984/85. The poor sales performance of 1984/85 - down to 2,600 lots sales from a level in the two previous years of 3,500 - left Landcom with a large stock of unsold lots at 30 June 1985. Lot production reached just 720 lots in 1985/86 in response to the slump in the market. Projected production for the year 1986/87 is only 620 lots.<sup>101</sup> It is estimated that Landcom will produce about 18,700 allotments over the period 1985/86 to 1989/90 in the 'release areas' of the Sydney region. This comprises some 37% of the total requirement of some 50,000 allotments over this period.<sup>102</sup>

Landcom's lot prices were significantly below those in the private market, particularly in the lower priced markets of Sydney, through the late 1970s and early 1980s. Nevertheless, by 1983/84, Landcom's prices in these areas had converged with prices in the private sector.<sup>103</sup> The average price of Landcom lots increased by between 15% and 20% per year from 1978/79 to 1983/84, with an average increase of 28% in 1982/83.<sup>104</sup>

The general increase in Landcom's prices reflects the general inflation in the overall Sydney market and the fact that Landcom became increasingly involved in the higher priced land sub-markets in Sydney over this time. But it also seems as though Landcom is not exercising the restraint on land prices that it did early in its life. It may be that the revenue generation potential of Landcom sales is replacing land price

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100 Land Commission of New South Wales, *1982 Annual Report*, Sydney, Land Commission of New South Wales, 1982, p.2.

101 See Table Seven, Appendix to this chapter, for Landcom lot production and release data. For a press report on the imbalance between Landcom's production and sales in 1984/85 see J. Saunders, 'Sharp slump leaves Landcom with lots worth \$48.45m', *Australian Financial Review*, October 3, 1985, p. 18.

102 Department of Environment and Planning, *Sydney Region Urban Development Program 1985-1989*, Sydney, Department of Environment and Planning, 1986, p. 29.

103 Land Commission of New South Wales, *1984 Annual Report*, Sydney, Land Commission of New South Wales, 1984, Figure 3 : Comparison of Average Prices Paid for Land Commission and Privately Produced Lots, p. 23. This figure compares prices in Penrith and Campbelltown, suburbs on Sydney's western fringe. This figure is also included in Landcom's 1982 and 1983 annual reports.

104 See Table Eight, Appendix to this chapter, for Landcom sales and price data.



restraint as the most important objective of the organisation.<sup>105</sup> This is difficult to establish in the absence of better data.

Nevertheless, it is certainly the case that the balance in Landcom's operation is changing. Whereas almost all of its activities through the early years were confined to the lower priced sub-markets, in the mid 1980s more of its activities take place within higher priced sub-markets. Landcom justifies this involvement on the grounds that it maintains the economic viability of the organisation, that it exercises a moderating influence on the lower priced market, and that it has a responsibility to provide a reliable stock of land for the building industry in all land sub-markets.<sup>106</sup>

### 3.1.3. Conclusion

Landcom's activity has been an important source of stability in the Sydney land market. It has been financially successful.<sup>107</sup> By consistently selling land at less than market prices, at least until the early 1980s, it has helped many Sydney land buyers. Nevertheless, there have been many lost opportunities in the Landcom operation since its inception, particularly in the acquisition of a broadacre landbank ahead of Sydney's development fringe. It also seems that Landcom's history in the 1980s has been more about the health of the private development industry and higher priced land sub-markets in Sydney than it is about restraining land prices for lower income earners and first home buyers. Landcom's recent incorporation into the Department of Housing may further undermine the original objectives of the land commission program. Whatever

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105 Revenue from sales grew from \$5 million in 1977/78 to \$32 million in 1980/81 to \$73 million in 1983/84 before declining to \$57.5 million in 1984/85. See Land Commission of New South Wales, *Annual Report 1977-1978*, Sydney, Land Commission of New South Wales, 1978, p. 16 for 1977/78 figure and Land Commission of New South Wales, *Annual Report 1984/85*, Sydney, Land Commission of New South Wales, 1985, p. 49 for other figures.

106 Land Commission of New South Wales, 1985, *op.cit.*, p. 18.

107 Part of that financial success stems, ironically enough, from the fact that Landcom was established without heavy borrowing from the Commonwealth. And, as Table Fifteen in the Appendix to this chapter shows, Landcom successfully negotiated with the Commonwealth Government to forgive the interest bill on \$17 million borrowed to establish the NSWULC. It used the concessions given to South Australia and Victoria in arguing its case. In 1983/84, the NSW Government accepted the Commonwealth offer that the capital only be repaid. Landcom made an extraordinary capital gain of \$21.1 million as a result of this deal. See Land Commission of New South Wales, *1984 Annual Report*, Sydney, Land Commission of New South Wales, 1984, p. 29.

may develop in the future, Landcom's activities take place within a land market in which price inflation continues to be a problem.

### 3.2. Western Australian Urban Lands Council

The Western Australian Labor Government under Premier John Tonkin was unable to establish a land commission because of the opposition of the conservative majority in the upper house of the Western Australian Parliament to the enabling legislation. The Tonkin Labor Government lost office in 1974. It was replaced by a conservative coalition government under Premier Charles Court. The Court Government agreed to the establishment of the Western Australian Urban Lands Council (WAULC) in April 1975. The WAULC used the powers of the Western Australian Rural and Industries Bank. It embarked on a rapid program of broadacre acquisition, spending nearly \$10 million in the last two months of the 1974/75 financial year to buy over 5,000 hectares of land for future urban development and a further \$3 million to buy nearly 2,700 hectares of land for open space within the Perth region.<sup>108</sup> There was some debate about the sense of these purchases, particularly as it would be some time before the land would be developed. Most of the land was purchased quite cheaply from private companies which found themselves with liquidity difficulties. The Bond Corporation figured large in the deals.<sup>109</sup> Over the course of the next five years, another \$14 million was spent on nearly 3,000 additional hectares of land.<sup>110</sup>

As a consequence of this pattern of acquisition, WAULC's broadacre landbank falls into two main categories. First, there is a large area acquired early in WAULC's life a long way ahead of Perth's development fringe. By early 1987, the area of land for long term development remaining in Landbank's<sup>111</sup> hands was just over 2,200

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108 From a statement made by Tom Uren reviewing progress made in implementing the land commission program in the various states and reported in 'Land prices slow to stabilise in eastern states', *Australian Financial Review*, October 7, 1975, p. 5.

109 'Bond wins in \$13 million land spree', *Australian Financial Review*, June 19, 1975, pp. 1, 10; 'The Bond land-deal puzzle', *Bulletin*, July 26, 1975, pp. 23-24, 27.

110 See Table Eleven, Appendix to this chapter.

111 The WAULC became the Landbank of Western Australia in June 1986.

hectares.<sup>112</sup> Secondly, some 1,000 hectares has been acquired over the WAULC's life for its ongoing program of development. The average price paid for the latter was about \$2,300 per lot assuming 8 lots per hectare.<sup>113</sup>

The imbalance in the WAULC's landbank has left it with the problem of finding sufficient land for its ongoing development program. In its early reports, the WAULC linked this problem to the unavailability of zoned and serviced land in the development corridors in which it was operating.<sup>114</sup> Later, changes to the Perth Planning Scheme corrected this situation to some extent.<sup>115</sup> By June 1985, the WAULC's land bank for short term development comprised an area capable of division into about 3,400 lots.<sup>116</sup> Given a yearly production level of between 300 and 700 lots over the last few years, this land bank will last into the 1990s.

The WAULC's development and sales levels have never been high. Its level of lot production peaked at 1,084 in 1976/77, declined to 74 lots in 1980/81 before recovering to 789 lots in 1984/85. WAULC's sales have never exceeded 10% of the Perth land market.<sup>117</sup> Its development activity is set so as not to interfere with the operations of the private sector. As it noted in a review of its operations in 1983,

"Council's level of activity declined (through the late 1970s and early 1980s) to reflect the reduced demand over those years and ensure that its sales did not adversely affect the private industry."<sup>118</sup>

Nevertheless, the WAULC has also been keen to show that the purchasers of its lots are predominantly young and lower income people who intend to build their first home

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112 Personal communication with J.S. Shinnars, Landbank of Western Australia, April 1987.

113 Estimated from the figures in Table Eleven, Appendix to this chapter.

114 Western Australian Urban Lands Council, *Review of Operations 1976-77*, Perth, Western Australian Urban Lands Council, 1977, p. 5 ; Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1978*, Perth, Western Australian Urban Lands Council, 1978, p. 4 ; Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1979*, Perth, Western Australian Urban Lands Council, 1980, p. 4.

115 Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1980*, Perth, Western Australian Urban Lands Council, 1981, p. 5.

116 Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1985*, Perth, Western Australian Urban Lands Council, 1986, Table 2 : Stage of Development Reached at 30. 6. 85., p. 12.

117 See Table Eleven, Appendix to this chapter, for a summary of WAULC's development and sales activity.

118 Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1983*, Perth, Western Australian Urban Lands Council, 1984, p. 3.

on the lots they buy. In the early years, the WAULC sold most of its lots through an auction system but, in 1983/84, introduced sale by private treaty to assist applicants to the Federal Government's First Home Owner Scheme unable to buy at auction.<sup>119</sup> While there is no information available, the prices of the WAULC's lots are probably some way below the market rate. Nevertheless, the WAULC's small level of activity in the Perth land market suggests that it plays a minor role in price setting in the overall market.

In the light of similar renegotiations in South Australia and Victoria, the Western Australian Government sought to have the financial agreement with the Commonwealth Government for the establishment of the WAULC reviewed through 1983 and 1984. In 1985, agreement was reached that the Western Australian Government repay \$23.5 million over four years for an accumulated debt of over \$50 million.<sup>120</sup>

While there has been no overt change of function accompanying the change of name from the WAULC to the Landbank of Western Australia, the new name seems to better describe the overall Western Australian approach to the original land commission idea.

### 3.3. Victorian Urban Land Council

Land price inflation was just as serious in Melbourne as it was in other Australian cities over the late 1960s and early 1970s. In particular, the supply of

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119 For socio-economic profiles of the people who buy WAULC lots, see the questionnaire information provided at the back of each yearly review of the WAULC's operations. For private treaty sales, see Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1984*, Perth, Western Australian Urban Lands Council, 1985, p. 10.

120 Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1983*, Perth, Western Australian Urban Lands Council, 1984, p. 4 ; Western Australian Urban Lands Council, *Review of Operations for the Financial Year Ended June 30, 1984*, Perth, Western Australian Urban Lands Council, 1985, p. 4. See Table Fifteen, Appendix to this chapter for the WAULC loans and debt and the schedule of repayments.

serviced land for new development in Melbourne reached crisis proportions in the early 1970s.<sup>121</sup>

Despite the seriousness of the problems, the land commission idea was not taken up by the Victorian Government. Indeed, the Victorian Government went out of its way to discredit the land commission idea by embarking on a land buying spree of its own through the Victorian Housing Commission. These activities led directly to the Victorian land scandals of the late 1970s.<sup>122</sup>

Nevertheless, the Victorian Urban Land Council (VULC) was established in May 1975. The VULC worked as an agency of the Housing Commission of Victoria until it was replaced by the Urban Land Authority (ULA) in March 1980. The change gave the new authority legislative autonomy. The land and cash reserves of the VULC were vested in the ULA. In 1981, the land holdings of the Housing Commission were transferred to the ULA in the light of the decision that the former would cease its construction activities.<sup>123</sup>

The VULC/ULA have played a minor and circumscribed role in the Melbourne land market. The VULC purchased the least broadacre land of any of the four land commissions and councils and paid the most per unit for it, even including the high cost of Landcom's recent purchases.<sup>124</sup> The VULC early development activity took place at three main sites to the west and north of Melbourne - the Gardenia estate at Thomastown, Westerngate estate at Deer Park, and Keilor Downs estate at St. Albans North. The potential yield of these estates was some 4,100 lots. Later, the Kings Park

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121 See, for example, 'City land crisis : Developer expects building property to vanish in year', *Australian*, May 6, 1973, p. 19 ; 'City that's desperate for a cure : The land price spiral : it's a monster feeding on itself', *Age*, October 3, 1973, p. 9 ; 'The outlook is bleak for land and home buyers in Melbourne', *Australian Financial Review*, September 5, 1974, p. 34 ; 'Bungling led to land boom', *Bulletin*, October 5, 1974, pp. 64-66 ; 'Melbourne's land problem', *Australian Financial Review*, February 14, 1975, p. 36.

122 For an account of the Victorian land scandals see L. Sandercock, *The Land Racket : The real costs of property speculation*, Silverfish, 1979. See also G. Whitlam, *The Whitlam Government 1972-1975*, Melbourne, Viking, 1985, pp. 388-391.

123 Urban Land Authority, *Report on Operations to June 30, 1981*, Melbourne, Urban Land Authority, 1981. See Table Thirteen, Appendix to this chapter.

124 For the land actually acquired by VULC to 30 June 1986, an area of about 740 hectares, an average price per lot of \$4500 was paid, assuming 8 lots per hectare. The WAULC average is \$374 per lot while the SALC/SAULT average is \$1130 per lot and the NSW Landcom average is \$3741 per lot.

estate at St. Albans West and the Altona estate in Altona were developed. Together, these estates had a potential yield of nearly 2,000 lots. Sale of the lots produced in these developments has proceeded steadily over the late 1970s and early 1980s. In the mid 1980s, the ULA is developing lots in the more expensive land sub-markets in Melbourne.

While the Melbourne land market was depressed through the late 1970s and early 1980s, prices were stable and new development activity was low. Lot supply decreased through this period. When demand recovered in the mid 1980s, Melbourne land prices rose steeply because of the shortage of supply. In a similar way to the Adelaide experience of the mid 1980s, private development activity picked up in response to the greater opportunities for profit.<sup>125</sup>

The activities of the VULC and the ULA have done nothing to stem the inflationary pressures in the Melbourne land market. Indeed, given its increasing involvement in the higher priced land sub-markets in Melbourne, the ULA seems to be more interested in exploiting the opportunities for economic gain than it does in ensuring cheaper lots in the overall market. Prices for VULC and ULA lots remained static until the early 1980s after which they began to climb steeply in line with the overall Melbourne land market.<sup>126</sup>

In the light of the establishment of the ULA and the depressed market for residential land in Melbourne through the late 1970s and early 1980s, the Victorian Government sought to have the financial agreement for the VULC reviewed in 1981. In 1982, the Commonwealth agreed that \$23.7 million be repaid over six years in

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125 See Table Fourteen, Appendix to this chapter, for an overview of the creation and consumption of residential lots in Melbourne through the late 1970s and early 1980s. The median price of lots in Melbourne climbed from \$19,500 in 1983/84 to \$28,500 in 1985/86. This increase is reported in the reports of the ULA.

126 For example, prices at Keilor Downs hovered around \$14,500 per lot between 1976 and 1982. They increased to \$18,000 in 1983, to \$21,000 in 1984, to \$28,000 in 1985 and to \$34,000 in 1986. Lot prices at Kings Park remained steady at around \$12,500 over the period 1980 to 1983 before climbing to \$16,000 in 1984 and to \$25,500 in 1986. These figures have been taken from the reports of the Victorian Urban Land Council and the Urban Land Authority. See Table Thirteen, Appendix to this chapter, for the overall movement in the VULC/ULA prices.

settlement for the outstanding loans. In effect, this meant that the accumulated interest on the original loans was waived.<sup>127</sup>

In 1984, the ULA Act was amended to give it a wider role in urban planning within Melbourne, specifically to allow it purchase land and act as an agency for the land needs of the Victorian Government. These changes facilitated the Government's decision that the ULA ". . . should have a modest, but significant, on-going role providing residential allotments in the extended metropolitan area . . ."<sup>128</sup> 70 hectares of land were acquired under the new powers in 1985/86.<sup>129</sup>

In the lead up to the March 1985 state election, the Cain Government proposed that the ULA's role be greatly extended. Specifically, it was proposed that the ULA be able to buy and develop land in competition with commercial developers. It would use its \$11 million reserve fund to build up a land bank buying up to 20% of available land in high demand areas. It would then develop and sell lots at cost to try to keep prices down.<sup>130</sup> This idea is yet to be acted upon.

## 4. CONCLUSION

### 4.1. Synopsis

After the boom years of the late 1960s and early 1970s, the property markets of major Australian cities went through a depressed period until the early 1980s. Demand was low and land prices were stable. It was during this time that the four land commissions and urban land councils were established and began operating.

The SALC was a fair trial of the land commission program. It involved both the 'long term' and 'interim' views on the involvement of a land commission in urban land markets envisaged by DURD. It came the closest to the amount of Commonwealth borrowing that DURD thought would be necessary for the land commissions to

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127 Urban Land Authority, *Report on Operations to June 30, 1980*, Melbourne, Urban Land Authority, 1980 ; Urban Land Authority, *Report on Operations to June 30, 1982*, Melbourne, Urban Land Authority, 1982. See Table Fifteen, Appendix to this chapter, for the schedule of repayments.

128 Urban Land Authority, *Annual Report 1984*, Melbourne, Urban Land Authority, 1984.

129 Urban Land Authority, *Annual Report 1986*, Melbourne, Urban Land Authority, 1986.

130 'Labor aims to set up 'land bank' to contain prices', *Age*, January 30, 1985, p. 5.

adequately establish themselves. It undertook large scale acquisition of broadacre land for both current and future urban development in about equal proportions. It embarked on large scale development of residential lots on land which it had acquired.

The SALC played a central role in Adelaide's land market during its short life. It acquired a large broadacre landbank at prices which captured at least some of the 'unearned increment' in land values. Its sale of lots over nine years to June 1985 made up about 15% of the Adelaide land market. The price of SALC lots hardly increased at all between 1976/77 and 1981/82. Unfortunately, SALC's centrality and visibility in the Adelaide land market coincided with a downturn in that market. This coincidence meant that the SALC attracted much criticism from the private sector. As we have seen, this criticism played a central part in the downfall of the SALC. Since the demise of SALC, the role of the public sector in the Adelaide land market has diminished. On the return of healthier market conditions in the early 1980s, a shortage of allotments led to severe land price inflation. The memory of the SALC still prevents the Bannan Labor Government from attempting to re-establish a strong public presence in the Adelaide land market to stabilise lot supply and prices.

In New South Wales, Victoria and Western Australia, the strategy in establishing Land Commissions and Councils was one of caution. The program was not viewed enthusiastically by these State Governments. Nevertheless, in all of these states, the organisations established through the program are still operating and have played *some* role in subjecting the land markets in Sydney, Melbourne and Perth to control in the public interest. None of them have engaged in broadacre landbanking in the way initially envisaged in the plans for the land commission program although the WAULC has a large landbank for development in the long term. Landcom has developed by far the largest number of lots, but the price of its lots increased by an average of nearly 17% per year between 1977 and 1984. The lots developed by the VULC and the WAULC play only a minor part in the Melbourne and Perth land markets. Prices for the VULC/ULA's lots were quite stable between 1976 and 1983 but



rose rapidly in 1984/85 and 1985/86 reflecting the price movements in the overall Melbourne land market.

This history is rather ironical. It is in those States where the land commission program was not given a fair trial or not implemented as the Commonwealth Government would have liked, that it was needed the most and achieved the least. This applies, in particular, to the land markets of Sydney and Melbourne. Nevertheless, the Commissions and Councils established in Sydney, Perth and Melbourne have enjoyed longevity.

On the other hand, in the State where the program was given a fair trial, it was not needed to anywhere near the extent of other Australian cities, it lasted only five and a half years with its original mandate and its memory has fundamentally undermined arguments for the reintroduction of the public sector role in land development to deal with problems of lot supply and price inflation in the mid 1980s.

One of the principal reasons why Adelaide land prices were stable and cheap at least between 1950 and 1970 was the dominant role of the SAHT in landbanking and urban development over this period. The SAHT's strategy was fundamentally different from that of the SALC. Whereas the SAHT had no real policy interest in the unearned increment, the SALC exploited it in the public interest. The Golden Grove Indenture exploits the landbank acquired by the SALC for both public and private gain. The Golden Grove Indenture raises the question of the place of large scale broad acre acquisition, like that undertaken by SALC, in the ongoing history of urban development in Australian cities. The recent South Australian history does not sit well against the view that ". . . the real value of government purchases in the depressed period will become evident when market conditions become more buoyant."<sup>131</sup>

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131 M. Neutze, 'Urban land', in P. Scott, *Australian Cities and Public Policies*, Melbourne, Georgian House, 1978, pp. 83-84.

#### 4.2. General lessons for theory and practice

Theoretical opinion about the land question ranges from arguments against any public involvement in land markets - the neo-classical view - to arguments for 'middle of the road' public involvement in land markets to deal with externalities and other market imperfections - the liberal, social democratic view - to arguments that the land problem is but one manifestation of an underlying capitalist social structure which places severe limits on reform - the marxist argument.<sup>132</sup>

The various views about the Australian land commission reform fit into one of these categories. The neo-classical view has it that the land commission idea was based upon the 'supply side' argument about the operation of the land market when a 'demand side' paradigm is more relevant to an understanding of those markets.<sup>133</sup> The account presented in this chapter gives, on the surface at least, evidence to support this theoretical argument. Demand considerations have had a large bearing on the land commissions in operation. Nevertheless, the main point of this chapter has been to highlight the significance of variations in the public role in the land markets of Australian cities. The neo-classical perspective gives no real purchase on these variations except to say that the supply side should be more conscious of demand and market pressures. The question of an appropriate and progressive public role in urban land markets is not a central part of the neo-classical agenda.

Liberals and social democrats argue that, while there maybe debate about the exact nature of reform, some public role in land markets is necessary to smooth out fluctuations in the market. This public role can include landbanking to capture the

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132 For the view of a neo-classical economist see H. Richardson, 'On public ownership', *New Society*, 28 June 1973, pp. 748-749. For the social democratic view see M. Neutze, 'Urban Land Policy in Five Western Countries', *Journal of Social Policy*, 4, 3 (1975), pp. 225-242. For marxist views, some of which are more positive about the 'autonomy of the political' than others see R. Barras, A. Broadbent and D. Massey, 'Planning and the public ownership of land', *New Society*, 21 June 1973, pp. 676-679 ; D. Massey and A. Catalano, *Capital and Land : Landownership by Capital in Great Britain*, London, Edward Arnold, 1978; S.T. Roweis and A.J. Scott, 'The urban land question', in M. Dear and A.J. Scott (editors), *Urbanization and urban planning in capitalist society*, London, Methuen, 1981.

133 R. Cardew, 'Have we been operating under the wrong paradigm ? A reinterpretation of urban residential property markets', in I.H. Burnley and J. Forrest (editors), *Living in Cities : Urbanism and society in metropolitan Australia*, Sydney, Allen and Unwin, 1985.

unearned increment, and development by the public sector competing with the private sector.<sup>134</sup> Neo-marxists argue that the vagaries of the capitalist political economy place severe limits on reforms like the land commissions.<sup>135</sup>

The difference between the social democratic and marxist views are significant. The social democrats tend to focus on the internal rationality of reform itself abstracting it from the broader society into which it fits. Nevertheless, they are concerned with the external influences and pressures brought to bear on programs of reform. The neo-marxists place more emphasis on the broader social and economic influences on reform and tend to downplay the internal aspects of the reform itself. In many ways, the existing 'left' literature on the land commission reform has shifted from an emphasis on its 'internal' aspects to the 'external' forces which have worked to undermine it.

Early writing about the land commission program emphasised its progressive aspects and argued that it should be emulated in all Australian cities. It assumed that the land commission program was internally coherent.<sup>136</sup>

Later writing has focussed on the 'external' forces which have worked to undermine the reform. Some social democrats argue that while the land commission idea was coherent and progressive, it ran foul of reactionary state politics and the oppositions of the federal bureaucracy and private developers. General conclusions about the difficult path of federally sponsored reform in Australia are drawn on the basis of this analysis.<sup>137</sup>

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134 Neutze, *op.cit.* ; Department of Urban and Regional Development, *Urban Land : Problems and Policies*, Canberra, Australian Government Publishing Service, 1974.

135 L. Sandercock, 'A socialist city in a capitalist society ? Property ownership and urban reform in Australia', *Journal of Australian Political Economy*, 3 (1978), pp. 66-79 ; M. Daly, *Sydney Boom, Sydney Bust*, Sydney, Allen and Unwin, 1982 ; L. Sandercock's review of Daly's book 'How Sydney boomed and then went bust', *Sydney Morning Herald*, May 25, 1982, p. 7.

136 For some early accounts of the progressive potential of the SALC in particular, see H. Stretton, *Ideas for Australian Cities* (Second Edition), Melbourne, Georgian House, 1975, pp. 197-199 ; M. Southern, 'SA Land Commission : a model for all States', *Australian Financial Review*, March 4, 1977, pp. 16-17 ; R. Roddewig, 'Australia : Land Banking as an Emerging Policy', in N.A. Roberts (editor), *The Government Land Developers : Studies of Public Land-Ownership in Seven Countries*, Massachussetts, D.C. Heath, 1977 and G. Maguire, 'How SA kept land prices down', *Labor Forum*, 1,1 (1978), pp. 19-23.

137 P. Troy, *A fair price : The Land Commission Program 1972-1977*, Sydney, Hale and Iremonger, 1978. In the conclusion to this book, Troy notes that land price inflation will continue to be a problem in Australia and reviews some new ways in which it could be kept in check - through the deferral of the provision of services, the reduction of standards and by tighter planning. All of

Into the 1980s, Gough Whitlam advances essentially the same arguments. He compares the receptions of the land commission reform in South Australia and in Victoria. The establishment of the SALC is seen as a major achievement. In Victoria, on the other hand, Whitlam argues that conservative opposition to the land commission program led directly to the land scandals. He concludes about the Victorian experience that :

"... an ALP Government can damage its political opponents through the introduction of reforms which strike at the very nature of conservative values. . . Knowing full well that public opinion overwhelmingly supported my Government's program the conservatives sought to undermine its legitimacy through underhanded and secretive means which produced their own downfall."<sup>138</sup>

Other social democrats argue that the mid 1970s, a time of low demand for residential land, was the wrong time to establish land commissions. Also, some of the commissions acquired too much land. The commissions faced large holding costs and had to ensure profitability to meet those costs. As a result, they have had less impact in moderating land prices than may have been envisaged.

"The whole experience raises questions about the right time to commence a policy of this kind. The greatest political pressures to do something about urban land prices occur when prices are high and have been rising rapidly, but that is the worse time to buy the kind of land bank that is needed. Conversely the best time to buy is when prices are relatively low. But then the political support . . . is low."<sup>139</sup>

Some neo-marxists present the same line of argument in terms of the difficulties faced by the land commission program given the vagaries of a capitalist political economy.<sup>140</sup> For some, these vagaries account for the downfall of the SALC in the late 1970s.<sup>141</sup>

While there is some truth in these various analyses, the glaring absence in all of them is any reassessment, from within the left, of the 'internal' viability and coherence of the land commission idea itself. There are three main reasons for this absence. First,

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these are curiously conservative and reflect the dominant concerns of the Australian planning and land development professions in 1977 and 1978, the time at which Troy was writing.

138 G. Whitlam, *The Whitlam Government 1972-1975*, Melbourne, Viking, 1985, pp. 388-391. See also L. Sandercock, *The Land Racket : The real costs of property speculation*, Silverfish, 1979, Chapter 5 : Labor v Liberal : South Australia v Victoria, pp. 64-77.

139 M. Neutze, 'Urban Studies in Australia : Ten Years On', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, December 1985.

140 Sandercock, 1978, *op.cit.*

141 B. Badcock, *Unfairly Structured Cities*, Oxford, Basil Blackwell, 1984, p. 304.

many of those writing about the land commission program in operation were responsible for devising and implementing it. Their intellectual and political interest in defending the coherence of the land commission idea is fairly clear. Secondly, much of this work was written in the late 1970s when the SALC was still functioning smoothly and the 'political opposition' theme still had some force.<sup>142</sup> Thirdly, the neo-marxist 'external limits to reform' theme, which gained strength from the international resurgence of the marxist position within urban studies in the 1970s, was apparently enough to explain why reforms like the land commission program 'fail'.

The account of the land commission reform presented in this chapter challenges the conventional views both theoretically and substantially.

Theoretically, the account challenges the conventional dualism in much contemporary social and political theory between the constraints of capitalist structures and the opportunities for political intervention. The conventional 'left' view has it that public sector activity like the land commission program is either in the interests of ruling conservative groups or it challenges those interests. More theoretically, public activity either assists the accumulation of private capital through the provision of expensive but 'non-productive collective infrastructure' or it represent public intervention in the interests of poorer and less powerful groups.

There are two limits to this perspective. First, it applies a preconceived theoretical position to the analysis of a particular problem. As a result, it rides over many contingencies. These undermine the coherence and neatness of any theory. Secondly, this general theoretical orientation distracts attention away from the internal aspects of programs of reform and the general need for more subtle thinking about their coherence and potential problems.<sup>143</sup> A more viable theoretical perspective assumes that

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142 Although Gough Whitlam was still arguing the 'political opposition' theme in 1985. See Whitlam, 1985, *op.cit.*

143 The weakness of the structure/agency dualism was demonstrated well in comments the author received when an early version of the arguments about the SALC and the Golden Grove Indenture contained in this chapter were presented in a seminar. For some, my account showed how limitations are placed upon public activity and how politics has only 'relative autonomy' in capitalist society. The SALC ran foul of those limits and the provisions of the Bannon Government's Golden Grove Indenture may have been all that was possible in the political and economic context of the 1980s. But, by arguing that the 'structural constraint' model best

there will always be a need to balance public and private interests within the capitalist democracies and that public sector activity can, at least potentially, serve the interests of both powerful and less powerful groups at the same time. Its ability to do so depends as much upon the internal coherence and viability of public sector activity as it does on the social and economic pressures brought to bear on the state.<sup>144</sup>

Existing analyses of the land commission program and its problems put a number of views of relevance to an analysis which recognises the inevitable interaction between public and private interests. First, while conservative politicians were suspicious of the likelihood that the land commission program would involve large bureaucracy, they eventually accepted the program because they recognised that the public sector already provided most of the capital for infrastructure and that the process and standard of provision of reticulated services had, in any case, led to increasing concentration in private sector operations. Further, some of them saw the program as a way out of the political dilemmas which government regulation presented for them in an era of increasing standards for urban development. Some saw the land commission program as a logical extension of the market system, especially if it would ensure that there would always be blocks of land available for lower income families and address some of the demands for higher quality development and the consequent need for increased investment in infrastructural services.<sup>145</sup>

Secondly, in Troy's view, many private developers had contradictory attitudes to the program.

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explains this history, the point about what constitutes better public intervention is lost. The neo-marxist argument becomes an apology for the failure to subject private action to greater control in the public interest. Ironically, the social democratic argument for balance between public and private interests and its concern for the difficult issue of what constitutes better public action is more 'radical' because it is prepared to face such questions rather than simply let them emerge through the course of history. Underlying the difference between the marxist and social democratic perspectives is the 'grand' issue of positivist versus hermeneutic understandings of social life. Much neo-marxist argument is positivist. It believes that capitalism is amenable to scientific understanding. This orientation blocks the hermeneutic recognition of the muddy, uncertain and contingent questions of what constitutes cause in history and what constitutes better or worse public activity on the basis of what assumptions and interpretations.

144 The political lesson of the 'state centred' approach in contemporary political sociology versus the principal insight of the 'society centred' approach.

145 Troy, *op.cit.*, pp. 174, 178.

". . . the companies which were most extreme in their criticisms were typically the ones which importuned the Commonwealth Government to buy their land when they were faced with a liquidity problem during the 'credit squeeze' in late 1974 and later. They recited the litany of the social advantages of the private market in land speculation and development but when market conditions changed they were the first to put pressure on the governments to rescue them from the logical result of their own greed and rapacity."<sup>146</sup>

The conception and implementation of the land commission program, particularly in South Australia, did not reflect a similar opportunism on the part of the reformers.

On the conception of the land commission reform, two general points can be made in the light of the above account. First, reforms which seek to compete with the private sector using the criteria of the market are, on the basis of the SALC experience, likely to face more problems than they solve. Programs of reform should not seek to emulate the market too closely. They should be given enough autonomy to be able to establish themselves while being alive to the ongoing condition of those things which they seek to reform.

Secondly, the financial arrangements for the program were too tough. The need to renegotiate the various agreements with the states has quite considerably set back arguments for future co-operative arrangements between the federal and state governments on urban policy. While the original financial agreements for the establishment of the land commissions contained renegotiation provisions in case of loss, the states have made considerable mileage out of this. In all, the four states have repaid just over \$100 million for original Commonwealth loans of \$113.5 million. The SALC debt was renegotiated first. The other three states used the South Australian precedent in arguing their cases.

But perhaps the ironic legacy of the SALC raises the most serious questions about the federal role in urban policy. The land commission program was conceived as a general solution to the land problem in all the major cities. This ignored important variations of performance and circumstance across the States. In Adelaide, for example, intervention in the urban land market was nowhere near as urgent as in other cities.

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146 Troy, *ibid*, pp. 175-176.

This was largely because of successful broadacre acquisition and residential subdivision and development by the SAHT over the post-war period, and because the property investment pressures on the Sydney and Melbourne markets were greater. Nevertheless, the SAHT was overlooked as a vehicle to achieve the objectives of the land commission program because of the general assessment in Canberra that State housing commissions were unequal to the task. This sits oddly against the view that one of the reasons for the successful establishment of the SALC is that, in South Australia,

"there seems to be a deeply entrenched tradition of frugal but imaginative administration which is less evident elsewhere."<sup>147</sup>

It is doubly ironic that SALC made some of the same errors that DURD accused the State housing commissions of making, in particular, developing large, homogeneous estates without careful thought about social and community planning. The private sector made much mileage out of this as we have seen.

The SALC experience suggests that public sector activity must be alert to changing political and economic factors in the same way as the private sector must be. The public sector must be opportunistic. It must seek and maintain an autonomy from the processes of the private sector while being alert and sensitive to the interests and needs of the private sector. The combination of lack of autonomy and not very astute handling of relations with private land developers at least partly explains the downfall of the SALC.

The chief lesson of the implementation of the land commission program, particularly in South Australia, is not that reform is always going to end up reproducing an exploitative social system but that reform must be ever alert to the internal and external pressures which may work to undermine it. The only antidote to structuralist pessimism about reform is dissection of the contingencies of previous successes and failures in the context of the continued assertion of reformist optimism. This chapter has attempted to analyse the land commission program with this in mind.

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147 Troy, *ibid*, p. 180.



## APPENDIX TO CHAPTER FIVE

TABLE ONE : BROADACRE ACQUISITION : SOUTH AUSTRALIAN  
LAND COMMISSION AND SOUTH AUSTRALIAN URBAN LAND  
TRUST

<i>Fin. Year</i>	<i>Areas in Adelaide<sup>1</sup></i>		<i>Country<sup>1</sup></i>	<i>Total<sup>1</sup></i>	<i>Cost(\$m)</i>	<i>Lot Yield<sup>2</sup></i>	<i>Cost/Lot(\$)</i>
	<i>For Cur. Dev.</i>	<i>For Fut. Dev.</i>					
1973/74	511	779	-	1290	8.50	10320	823
1974/75	881	1039	-	1920	16.70	15360	1087
1975/76	681	323	33	1037	7.40	8300	892
1976/77	210	289	9	508	6.90	4060	1729
1977/78	98	136	-	234	5.36	1880	2851
1978/79	41	6	-	47	0.60	370	1621
1979/80	15	2	-	17	0.29	140	2071
1980/81	-	-	-	-	-	-	-
1981/82	-	-	-	-	-	-	-
1982/83		12	-	12	n.a.	100	n.a.
1983/84		15	-	15	n.a.	120	n.a.
1984/85	-	-	-	-	-	-	-
1985/86		104	-	104	1.62	830	1947

## Notes :

1. Figures in these columns are in hectares.
2. Assuming 8 lots per hectare.

Source : South Australian Land Commission and South Australian Urban Land Trust *Annual Reports*.

**TABLE TWO : STATUS OF LANDBANK : SOUTH AUSTRALIAN  
LAND COMMISSION AND THE SOUTH AUSTRALIAN URBAN  
LAND TRUST<sup>1</sup>**

<i>Fin. Year</i>	<i>Developed<sup>2</sup></i>	<i>Under Dev</i>	<i>Undeveloped</i>			<i>Sold</i>	
			<i>For Cur. Dev.</i>	<i>For Fus. Dev.</i>	<i>Total</i>	<i>Area</i>	<i>Return (\$m)</i>
1976/77	293	617	n.a.	n.a.	3853	-	-
1977/78	525	564	n.a.	n.a.	3905	-	-
1978/79	693	367	1416	2568	3984	-	-
1979/80	732	204	1512	2614	4126	-	-
1980/81	n.a.	n.a.	1487	2579	4066	94	2.20
1981/82	n.a.	-	1438	2409	3847	181	1.47
1982/83	n.a.	-	1413	2354	3767	94	1.92
1983/84	n.a.	-	1113	2421	3534	255	7.49
1984/85	n.a.	-	2196 <sup>3</sup>	964	3160	377 <sup>4</sup>	12.32
1985/86	n.a.	-	2100	1007	3107	156 <sup>5</sup>	4.41

Notes :

1. Except for the last column, all figures in this table are in hectares.
2. Cumulative total.
3. The sudden increase in this figure from the previous year is because 1100 hectares of land at Golden Grove was rezoned for current urban development in the year 1984/85. The Joint Venture Indenture for the development of the Golden Grove land was signed in October 1984.
4. Includes 40 hectares of land made available for development at Golden Grove in terms of the Joint Venture Agreement referred to in note 3.
5. Includes 78 hectares of land made available for development at Golden Grove in terms of the Joint Venture Agreement referred to in note 3.

Source : South Australian Land Commission and South Australian Urban Land Trust *Annual Reports*.

**TABLE THREE : DEVELOPMENT, RELEASE AND SALE OF  
RESIDENTIAL ALLOTMENTS CREATED BY SOUTH AUSTRALIAN  
LAND COMMISSION<sup>1</sup>**

<i>Fin. Year</i>	<i>Lots Produced</i>		<i>Lots Released</i>		<i>Lots Sold</i>			
	<i>No.</i>	<i>Cum. Total</i>	<i>No.</i>	<i>Cum. Total</i>	<i>No.<sup>2</sup></i>	<i>Est. Mkt Share<sup>3</sup></i>	<i>Cum. Total</i>	
1974/75	298	298	130	130	48	(48)	1.5%	48
1975/76	885	1183	1053	1183	1072	(964)	11.7%	1120
1976/77	3056	4239	1175	2358	942	(949)	10.7%	2062
1977/78	1635	5874	1232	3590	526	(500)	10.7%	2588
1978/79	666	6540	n.a.	n.a.	655	(760)	25.0%	3243
1979/80	45	6585	n.a.	4979	534	(537)	25.0%	3777
1980/81	2	6587	273	5252	461	(448)	24.0%	4238
1981/82	-	6587	387	5639	426	(441)	22.0%	4664
1982/83	-	6587	134	5773	684	(695)	24.0%	5348
1983/84	-	6587	814	6587	1208	(1212)	28.0%	6556
1984/85	-	6587	-	6587	31	(33)	n.a.	6587

**Notes:**

1. With the exception of a subdivision of 120 allotments in Mount Gambier in the South East of the State, SALC's development activity was confined to the fringe growth areas of metropolitan Adelaide.
2. These annual sales figures have been calculated from the cumulative totals reported in the last column of this table. The sales figures in brackets are reported in SAULT, *Annual Report 1985*, SAULT, 1985, Table 3 : SAULT Sales and Estimated Market Share of Growth Area Sales, p. 5. While both sets of sales figures vary, they add to the same total of 6587 allotments sold at 30 June 1985.
3. These percentages are reported in SAULT, *Annual Report 1985*, SAULT, 1985, Table 3 : SAULT Sales and Estimated Market Share of Growth Area Sales, p. 5. They are based upon the sales figures in brackets.

Source : South Australian Land Commission and South Australian Urban Land Trust *Annual Reports*.

TABLE FOUR : SALES AND PRICES OF VACANT RESIDENTIAL  
ALLOTMENTS IN THE MAJOR GROWTH AREAS OF  
METROPOLITAN ADELAIDE

Fin. Year	Total Sales <sup>1</sup>	Ave. Price(\$) <sup>1</sup>	Price Index <sup>2</sup>	Land Commission		
				Sales	Ave. Price (\$)	
1974/75	n.a.	6391	100	-	48	n.a.
1975/76	5356	7686	114	(+14%)	1072	n.a.
1976/77	3690	8949	132	(+16%)	942	8460
1977/78	2728	9602	141	(+7%)	526	8900
1978/79	2494	10134	148	(+5%)	655	9560
1979/80	2467	9998	147	(-1%)	534	9200
1980/81	2752	10509	150	(+2%)	461	9700
1981/82	3038	10592	151	(+1%)	426	9500
1982/83	4682	11951	171	(+13%)	684	n.a.
1983/84	6794	17662	253	(+48%)	1208	n.a.
1984/85	5360	25556	364	(+45%)	31	n.a.
1985/86	4623	26138	376	(+2%)	-	-

Notes :

1. For calendar years starting at 1975.
2. Base year 1975.

Sources : For the figures in the first three columns, *Land Monitoring Report : Metropolitan Planning Area, March Quarter 1981*, Development Policy Unit, Department of Environment and Planning, June 1981, Table 1, p. 9 : *Land Monitoring Report : Adelaide Statistical Division, March Quarter 1987*, Forecasting and Land Monitoring Unit, Department of Environment and Planning, July 1987, Table 1.1, p. 16. For the Land Commission figures, South Australian Land Commission and South Australian Urban Land Trust *Annual Reports*.

TABLE FIVE : CREATION AND CONSUMPTION OF RESIDENTIAL ALLOTMENTS, ADELAIDE STATISTICAL DIVISION, 1971 - 1987

<i>Fin. Year</i>	<i>Lots Created</i>	<i>Lots Consumed</i>	<i>Allotment Stock<sup>1</sup></i>
1971/72	5014	8275	n.a.
1972/73	4930	9236	n.a.
1973/74	7158	8525	30,001 (Nov 74)
1974/75	4421	6667	29,460 (Nov 75)
1975/76	6683	9366	27,646 (Sept 76)
1976/77	7090	8885	26,980 (Oct 77)
1977/78	5583	5615	28,339 (July 78)
1978/79	4197	4048	30,117
1979/80	1262	4123	28,049
1980/81	1346	3608	25,387
1981/82	1008	4095	24,243
1982/83	1163	3570	21,498
1983/84	1868	6080	17,881
1984/85	4943	6090	16,654
1985/86	5221	4300	18,275
1986/87 <sup>2</sup>	3850	3950	20,945 (March 87)

Notes :

1. In Residential Zones at 30th June unless otherwise stated.
2. Estimates only.

Sources :

1. Creation and consumption figures for the years 1971/72 to 1978/79 are derived from Indicative Planning Council (SA Committee), *Housing Statistics (South Australia)*, February 1984.
2. Allotment stock figures for the years 1973/74 to 1977/78 are taken from unpublished figures held by the Department of Environment and Planning. These figures are reproduced in graphic form in *Land Monitoring Report, Adelaide Statistical Division, June Quarter 1986*, Forecasting and Land Monitoring Unit, Department of Environment and Planning, September 1986, Figure 1, p. 9.
3. Consumption figures for the years 1979/80 to 1981/82 and allotment stock figures for the years 1978/79 to 1983/84 are taken from *Vacant Land in Metropolitan Adelaide : An Investigation of the Availability of Allotments in Private Ownership*, Forecasting Unit, Department of Environment and Planning, 1984, Table 1, p. 6 and Table 2, p. 8.
4. Creation figures for the years 1979/80 to 1986/87, consumption figures for the years 1982/83 to 1986/87 and allotment stock figures for the years 1984/85 to 1986/87 are taken from *Land Monitoring Report, Adelaide Statistical Division, June Quarter 1985*, Forecasting and Land Monitoring Unit, Department of Environment and Planning, October 1985, *Land Monitoring Report, Adelaide Statistical Division, June Quarter 1986*, Forecasting and Land Monitoring Unit, Department of Environment and Planning, September 1986 and *Land Monitoring Report, Adelaide Statistical Division, March Quarter 1987*, Forecasting and Land Monitoring Unit, Department of Environment and Planning, July 1987.

**TABLE SIX : BROADACRE ACQUISITION : NEW SOUTH WALES  
URBAN LAND COUNCIL AND LAND COMMISSION OF NEW  
SOUTH WALES<sup>1</sup>**

<i>Fin. Year</i>	<i>Sydney</i>	<i>Hunter &amp; Illaw<sup>2</sup></i>	<i>Total</i>	<i>Cost(\$m)</i>	<i>Lot Yield<sup>3</sup></i>	<i>Cost/Lot(\$)</i>
1975/76/77	618	45	663	n.a.	5500	n.a.
1977/78	666	-	666	13.32	5361	2485
1978/79	496	-	496	9.35	4073	2296
1979/80	547	365	912	18.23	8100	2223
1980/81	121	131	252	6.12	2423	2528
1981/82	212	286	498	18.21	4208	4328
1982/83	343	4	347	16.24	2771	5860
1983/84	212	24	236	13.65	2213	6166
1984/85	248	44	292	21.50	2371	9068
1985/86	563	86	649	22.12	4512	4903

Notes :

1. Figures in the first three columns of this table are in hectares.
2. Figures for the Hunter and Illawarra Regions - regions immediately to the North and South of the Sydney Region - also include about five hectares acquired at Goulbourn.
3. Estimated figures from the Annual Reports.

Sources : Land Commission of New South Wales Annual Reports and Department of Housing, *The First Report 1986*, Sydney, Department of Housing, New South Wales Government, 1986.

TABLE SEVEN : DEVELOPMENT AND RELEASE OF RESIDENTIAL ALLOTMENTS : LAND COMMISSION OF NEW SOUTH WALES AND CROWN LANDS PROJECTS <sup>1</sup>

<i>Fin. Year</i>	<i>Lots Produced</i>				<i>Lots Released</i>		
	<i>Land Comm</i>	<i>Crown Lands</i>	<i>Est. Mkt. Share<sup>2</sup></i>	<i>Cum.Total</i>	<i>Land Comm</i>	<i>Crown Lands</i>	<i>Cum.Total</i>
1976/77	326	-	3.7%	326	n.a.	n.a.	n.a.
1977/78	489	-	5.6%	815	827	n.a.	827
1978/79	1333	311	14.8%	2459	1279	378	2484
1979/80	1064	182	11.0%	3705	1079	592	4155
1980/81	4248	672	27.0%	8625	2269	834	7258
1981/82	4102	1127	34.5%	13854	2615	874	10747
1982/83	1151	494	20.2%	15499	3584	671	15002
1983/84	2406	696	33.3%	18601	1766	586	17354
1984/85	4133	1334	44.8%	24068	2769	808	20931
1985/86	363	363	n.a.	24794	n.a.	n.a.	n.a.
1986/87 <sup>3</sup>		628	n.a.	25422	n.a.	n.a.	n.a.

Notes :

1. In October 1977, the New South Wales Government decided that, in addition to its own work, the Land Commission of New South Wales would co-ordinate the development, production and disposal of residential Crown Land in the Sydney, Newcastle and Wollongong Areas. This work was undertaken by the Home Sites Office of the Lands Department, acting as an agent of the Commission. In March 1984, the Home Sites Branch of the Lands Department was amalgamated with the Land Commission.

2. The estimated market share percentages are Land Commission and Crown Land Projects production as a proportion of total residential allotment production in the Sydney, Newcastle and Wollongong Statistical Divisions (see Table Nine above). Almost all of the Land Commission and Crown Land development activity has been within these areas.

3. Estimate only.

Sources : Land Commission of New South Wales Annual Reports and Department of Housing, *The First Report 1986*, Sydney, Department of Housing, New South Wales Government, 1986.

**TABLE EIGHT : SALE OF RESIDENTIAL ALLOTMENTS : LAND  
COMMISSION OF NEW SOUTH WALES AND CROWN LANDS  
PROJECTS<sup>1</sup>**

<i>Fin. Year</i>	<i>Sydney Region</i>		<i>Hunter &amp; Illawarra<sup>2</sup></i>		<i>Cum. Totals</i>		<i>Ave. Price<sup>3</sup></i>	
	<i>Land Comm</i>	<i>Crown Land</i>	<i>Land Comm</i>	<i>Crown Land</i>	<i>Land Comm</i>	<i>Crown Land</i>	<i>\$</i>	<i>% Increase</i>
1976/77	51	-	-	-	51	-	9000	-
1977/78	510	-	-	-	561	-	9215	2.4%
1978/79	1217	352	-	70	1778	422	10600	15.0%
1979/80	1369	464	-	160	3147	1046	12200	15.1%
1980/81	2144	570	32	66	5325	1682	14690	20.4%
1981/82	2021	203	143	154	7489	2039	16990	15.7%
1982/83	2592	455	369	77	10450	2571	21750	28.0%
1983/84	2290	773	384	155	13124	3499	26350	21.1%
1984/85	1678	451	334	193	15136	4143	n.a.	n.a.
1985/86	1513	665	123	131	16772	4939	n.a.	n.a.

**Notes :**

1. In October 1977, the New South Wales Government decided that, in addition to its own work, the Land Commission of New South Wales would co-ordinate the development, production and disposal of residential Crown Land in the Sydney, Newcastle and Wollongong Areas. This work was undertaken by the Home Sites Office of the Lands Department, acting as an agent of the Commission. In March 1984, the Home Sites Branch of the Lands Department was amalgamated with the Land Commission.
2. Figures for the Hunter and Illawarra Regions also include 26 allotments sold in the Goulbourn country township and 35 other crown land allotments.
3. For Land Commission sales only.

Sources : Land Commission of New South Wales Annual Reports. Department of Housing, *The First Report 1986*, Sydney, Department of Housing , New South Wales Government, 1986. Unpublished Land Commission of New South Wales land price figures.



TABLE NINE : CREATION AND CONSUMPTION OF RESIDENTIAL ALLOTMENTS, SYDNEY STATISTICAL DIVISION, 1973 - 1985

<i>Fin. Year</i>	<i>Lots Created</i>	<i>Lots Consumed</i>	<i>Allotment Stock</i> <sup>1</sup>
		(Private House Commencements)	
1973/74	12543 <sup>2</sup>	14848	86051
1974/75	10331 <sup>2</sup>	8979	87403
1975/76	7869 <sup>2</sup>	10826	84446
1976/77	7295	13141	78600
1977/78	7202	13261	72541
1978/79	9138	16721	64958
1979/80	9642	18397	56203
1980/81	15289	19963	51529
1981/82	10680	14287	47922
1982/83	4865	10118	42669
1983/84	6145	12864	39803 (Dec 1983)
1984/85	9585	12770	23479

Notes :

1. At June 30th unless otherwise stated.
2. Figures exclude Blue Mountains, Gosford and Wyong Local Government Authorities.

Source : Land Commission of New South Wales *Annual Reports*. Department of Housing and Construction, *Residential Land Stocks Study, 1983*, Canberra, Department of Housing and Construction, 1983.

TABLE TEN : VACANT ALLOTMENTS IN RELEASE AREAS<sup>1</sup>,  
SYDNEY METROPOLITAN AREA

<i>Date</i>	<i>Privately Owned Lots</i>	<i>Government Owned Lots</i>	<i>Total</i>
Sept 1976	n.a.	n.a.	11332
June 1977	n.a.	n.a.	10504
June 1978	n.a.	n.a.	8961
June 1979	n.a.	n.a.	8150
June 1980	n.a.	n.a.	8935
June 1981	n.a.	n.a.	9003
Aug 1982	7961	1419	9380
June 1983	8943	2834	11777
June 1984	7305	2186	9491
June 1985	7857	3069	10926

Notes :

1. Areas released for urban development since 1968. These include parts of the following Local Government Areas - Baukham Hills, Blacktown, Camden, Campbelltown, Fairfield, Hornsby, Liverpool, Penrith, Sutherland.

Source : Land Commission of New South Wales *Annual Reports*.

**TABLE ELEVEN : BROADACRE ACQUISITION, DEVELOPMENT AND SALE OF RESIDENTIAL ALLOTMENTS : WESTERN AUSTRALIAN URBAN LANDS COUNCIL**

<i>Fin. Year</i>	<i>Broadacre Acq</i>		<i>Lots Commenced</i>			<i>Lots Sold</i>		
	<i>Area (ha.)<sup>1</sup></i>	<i>Cost (\$m)</i>	<i>No.</i>	<i>% of Total</i>	<i>Cum. Total</i>	<i>No.</i>	<i>% of House Comm.</i>	<i>Cum. Total</i>
1974/75	5000	9.80	-	-	-	-	-	-
1975/76	2300	1.32	342	3.3%	342	126	1.0%	126
1976/77	180	3.30	1084	8.7%	1426	692	5.7%	818
1977/78	180	3.38	959	9.2%	2385	730	7.3%	1548
1978/79	181	3.11	571	6.5%	2956	764	8.9%	2312
1979/80	100	1.85	345	5.8%	3301	353	4.5%	2665
1980/81	-	-	74	1.6%	3375	195	2.9%	2860
1981/82	-	-	98	2.0%	3473	253	3.8%	3113
1982/83	50	1.11	338	8.6%	3811	290	8.5%	3403
1983/84	2	.04	611	10.6%	4422	740	8.5%	4143
1984/85	n.a.	n.a.	789	9.9%	5211	615	6.0%	4758

**Notes :**

1. Except for the figures for 1978/79 and 1983/84, figures in this column are estimates only.

**Source : Western Australian Urban Lands Council Reports.**

**TABLE TWELVE : CREATION AND CONSUMPTION OF  
RESIDENTIAL ALLOTMENTS, PERTH METROPOLITAN AREA,  
1975 - 1985**

<i>Fin. Year</i>	<i>Lots Created</i>	<i>Lots Consumed</i> (House Commencements)
1975/76	10466	11599
1976/77	12516	10548
1977/78	10415	8188
1978/79	8742	8212
1979/80	5936	7896
1980/81	4616	6631
1981/82	4966	6647
1982/83	3907	6163
1983/84	5781	8675
1984/85	7962	10518

Source : Western Australian Urban Lands Council Reports.

**TABLE THIRTEEN : BROADACRE ACQUISITION, DEVELOPMENT  
AND SALE OF RESIDENTIAL ALLOTMENTS : VICTORIAN URBAN  
LAND COUNCIL AND URBAN LAND AUTHORITY**

<i>Fin. Year</i>	<i>Broadacre Acq</i>	<i>Lots Produced</i>		<i>Lots Sold</i>		
	<i>Area (ha.)</i>	<i>No.</i>	<i>Cum. Total</i>	<i>Gross No.</i>	<i>Cum. Nett</i>	<i>Ave. Price(\$)<sup>1</sup></i>
1975/76/77	637	n.a.	n.a.	819	819	13270
1977/78	35	n.a.	n.a.	473	1143	13230
1978/79	-	n.a.	n.a.	287	1364	13260
1979/80	-	n.a.	n.a.	283	1606	13250
1980/81	-	n.a.	n.a.	381	1970	13400
1981/82 <sup>2</sup>	1802	n.a.	n.a.	754	2643	12900
1982/83	-	n.a.	4143	943	3517	12300
1983/84	-	959	5102	1293	4768	13840 <sup>3</sup>
1984/85	-	1151	6253	1316	6046	18550 <sup>4</sup>
1985/86	70	1390	7643	1257	7276	22550 <sup>5</sup>

**Notes :**

1. In this column, figures for the years 1975/76 to 1980/81 are averages of averages. From 1981/82 on, the figures are averages for the latest lot releases of the Urban Land Authority. The prices in this column should therefore be treated as indicative only.
2. In the financial year 1981/82, the broadacre landbank and developed residential allotments of the Housing Commission of Victoria were transferred to the Urban Land Authority. The 1802 hectares of broadacre land acquired by the Urban Land Authority in 1981/82 was Housing Commission land.
3. This average increases to \$18700 if two small Urban Land Authority subdivisions in Melton and Hampton Park selling for average prices of \$51600 and \$82800 respectively were included in this calculation.
4. This average increases to \$25020 if the Melton and Hampton Park subdivisions together with another at Hastings selling for an average price of \$50300 were included in this calculation.
5. This average increases to \$31950 if the Melton, Hampton Park and Hastings subdivisions together with another at Mitcham selling for an average price of \$49300 were included in this calculation.

Source : Victorian Urban Land Council Reports and Urban Land Authority Reports.

**TABLE FOURTEEN : CREATION AND CONSUMPTION OF  
RESIDENTIAL ALLOTMENTS, MELBOURNE METROPOLITAN  
AREA, 1975 - 1986**

<i>Year/Fin.Year</i>	<i>Lots Created</i>	<i>Lots Consumed</i>
1975	8500 (approx)	n.a.
1976	13444	17333
1977	14145	13580
1978	10487	12085
1979	9100	11724
1980	7375	11238
1981	5612	10799
1982/83	4167	10314
1983/84	7096	13854
1984/85	12809	15264
1985/86	15393	15558

Source : Victorian Urban Land Council Reports and Urban Land Authority Reports

TABLE FIFTEEN : THE HISTORY OF THE COMMONWEALTH LOANS  
TO THE STATES FOR THE LAND COMMISSIONS AND URBAN  
LAND COUNCILS<sup>1</sup>

Fin. Year	SALC/SAULT		NSW Land Comm				WAULC		Vic ULC/IULA			
	Accumulated		Repaid		Accumulated		Repaid		Accumulated		Repaid	
	Borrow	Debt <sup>2</sup>	Borrow	Debt <sup>2</sup>	Borrow	Debt <sup>2</sup>	Borrow	Debt <sup>2</sup>	Borrow	Debt <sup>2</sup>	Borrow	Debt <sup>2</sup>
1973/74	8.00	-	-	-	-	-	-	-	-	-	-	-
1974/75	26.80	27.80	-	0.82	-	-	9.84	-	-	7.70	-	-
1975/76	40.95	44.90	-	11.95	12.54	-	14.95	n.a.	-	18.76	n.a.	-
1976/77	46.73	55.25	-	14.36	16.28	-	17.20	19.85	-	21.21	24.17	-
1977/78	52.73	66.77	-	16.96	20.57	-	20.18	24.88	-	23.67	29.12	-
1978/79	52.73	73.48	-	16.96	22.71	-	20.18	27.41	-	23.67	32.11	-
1979/80	52.73	80.81	-	16.96	25.05	-	20.18	30.18	-	23.67	35.38	-
1980/81	52.73	89.00	-	16.96	27.60	-	20.18	33.21	-	23.67	n.a.	-
1981/82	-	-	25.0	16.96	30.64	-	20.18	36.80	-	-	-	6.0
1982/83	-	-	5.5	16.96	34.09	-	20.18	40.90	-	-	-	6.0
1983/84	-	-	5.5	16.96	38.06	16.95	20.18	45.61	-	-	-	4.0
1984/85	-	-	-	-	-	-	20.18	50.90	11.0	-	-	4.0
1985/86	-	-	-	-	-	-	-	-	7.0	-	-	3.0
1986/87	-	-	-	-	-	-	-	-	4.0	-	-	0.7
1987/88	-	-	-	-	-	-	-	-	1.5	-	-	-

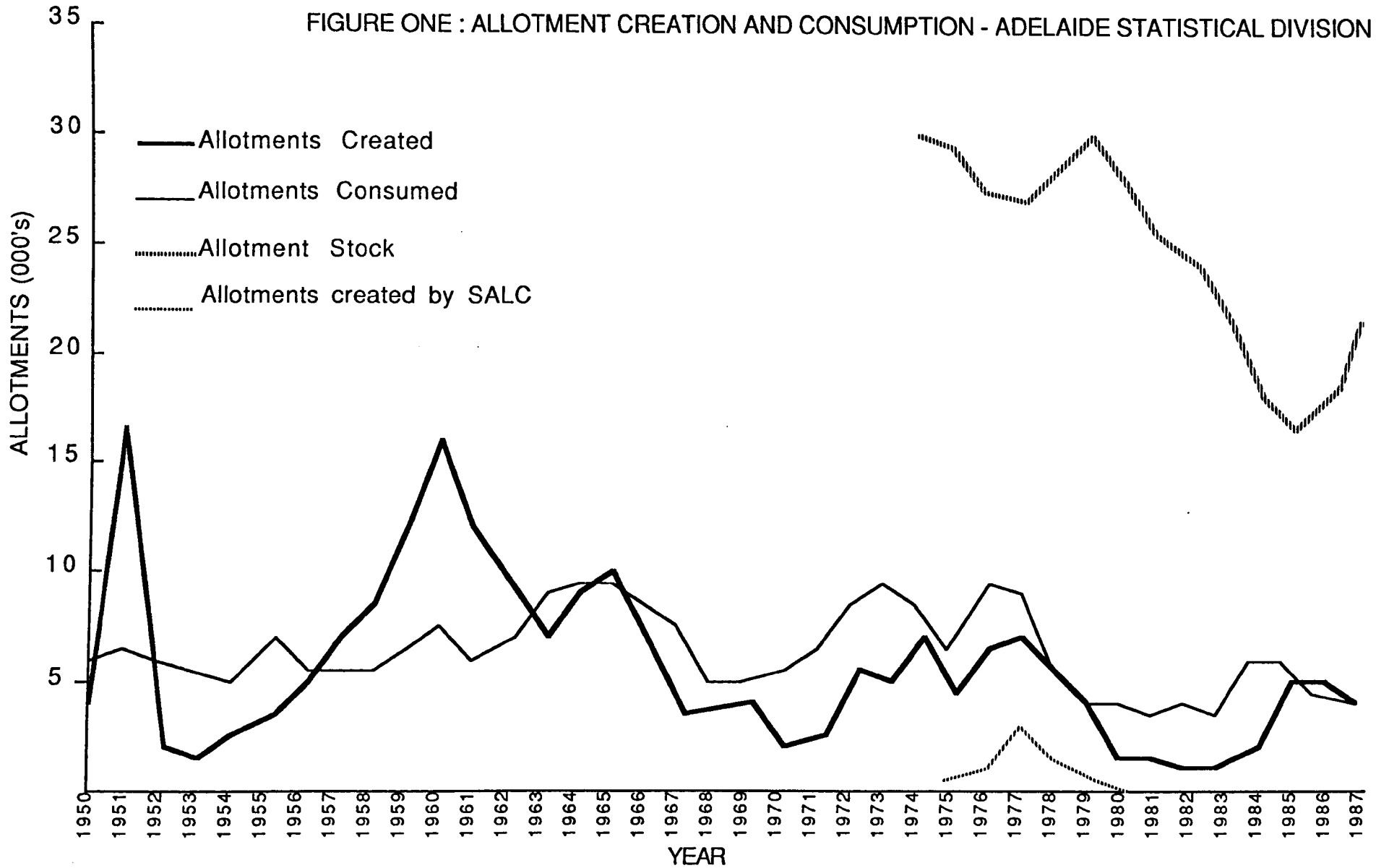
## Notes:

1. All figures in this table are in millions of dollars.

2. As at 30th June for the year in question.

Source : Annual Reports of the four Authorities. Parliamentary Debates, Western Australia, 31st Parliament, 2nd Session, 21 November 1984, p. 4534 for repayment figures for the WAULC loans.

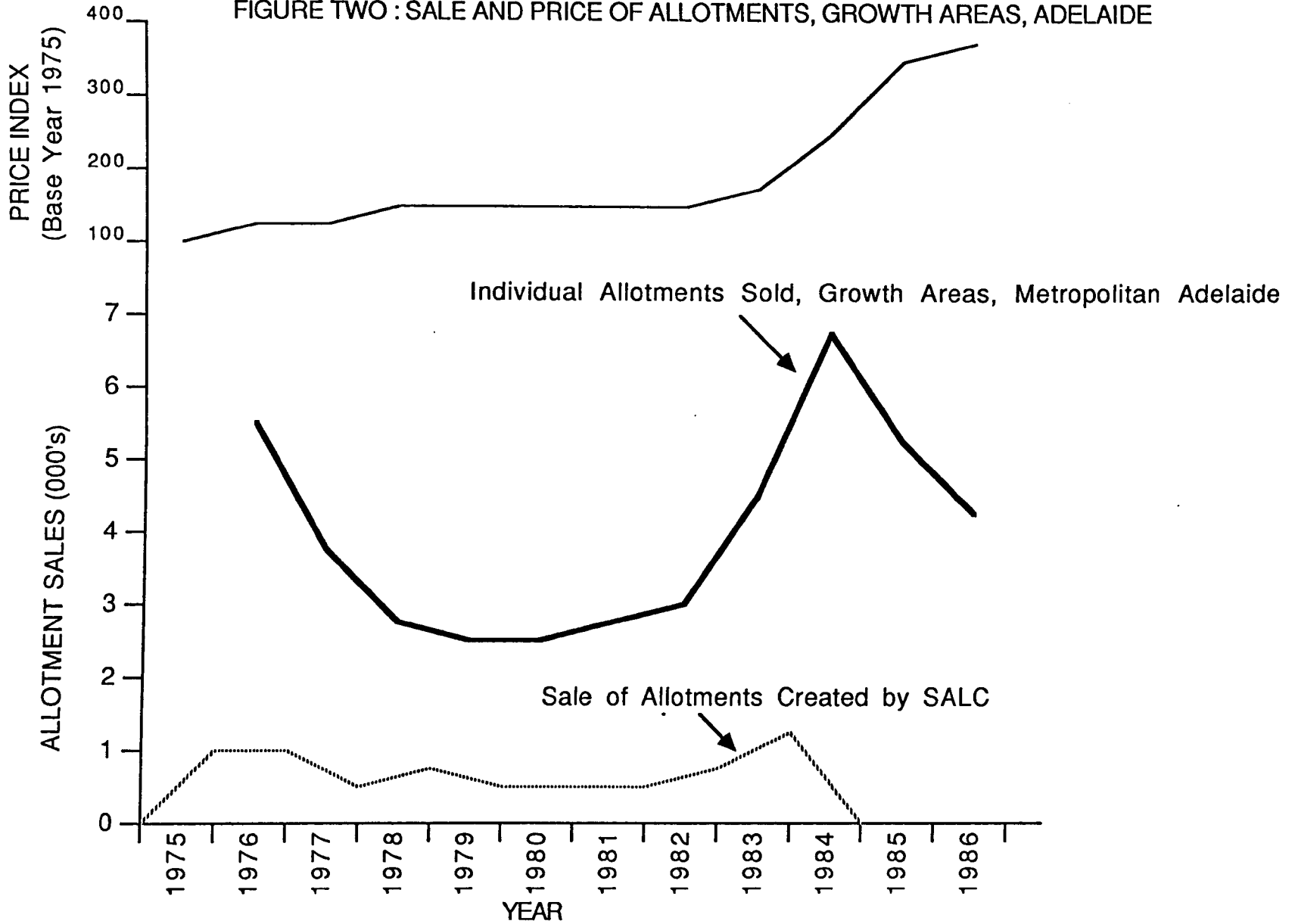
FIGURE ONE : ALLOTMENT CREATION AND CONSUMPTION - ADELAIDE STATISTICAL DIVISION



Source : Report of the working party on the stabilisation of land prices, Government of South Australia, 1973, p. 17 for the period 1950 to 1971. Table Five in this chapter for the period 1972 to 1987. Table Three in this chapter for the allotments created by SALC.



FIGURE TWO : SALE AND PRICE OF ALLOTMENTS, GROWTH AREAS, ADELAIDE



Source : Tables Three and Five, this Chapter

## CHAPTER SIX

**THE GROWTH CENTRE PROGRAM : THE CONTRIBUTION AND  
THE CONTROVERSIES**

This chapter is concerned with the Whitlam Government's efforts to develop new regional cities to curtail the growth of the big cities, in particular Sydney and Melbourne, and to develop new satellite centres on the fringes of some of those cities to ensure that their future growth proceeded in a planned manner.

After an historical introduction, the program's objectives and content will be described. An account of those projects funded under the program highlighting the successes and failures and some of the problems which have been encountered will follow. The debates about the program will then be reviewed in the light of this account. Those debates centred on the theoretical justification for decentralisation and growth centres. More specifically, they concerned the number, the location and the qualities of the sites chosen as new regional cities, the relationship of the program to demographic changes in Australia, and the question of the economic development of the new cities, in particular, the controversies over the relocation of public servants as a basis for their early growth and whether the establishment of development corporations and public land banks are the best way to ensure their proper development. The chapter challenges those who question the principle of new cities and decentralisation. It will argue that, while some mistakes have been made, a vigorous decentralisation program could help a more balanced and equitable settlement pattern to emerge in Australia. The question of exactly what form it should take will be discussed in the light of the analysis contained in the body of the chapter and some of the more recent debates about regional economic policy in Australia.

**1. BACKGROUND : DECENTRALISATION AS A BIPARTISAN POLICY**

Over the past half century, population redistribution through programs of decentralisation has attracted much support in Australia. The high concentration of population in Australian cities, particularly Sydney and Melbourne, has been the main

reason for this interest. At various times and with varying emphasis, the political, strategic and economic consequences of population concentration in the big cities have been thought serious enough to warrant strong efforts to decentralise.

In the early part of the century, the drift of population from rural to urban areas was thought to undermine country areas both politically and economically. Something needed to be done to stop this drift. This advocacy had a conservative lineage. For some, rural life was virtuous while city life was squalid. Some thought the urban working classes threatened political stability. Many also thought, particularly in times of war and immediately afterwards, that big cities by the coast might be hard to defend. From a different political viewpoint, decentralisation was seen as a key part of the post war reconstruction initiatives of the late 1940s. It would help overcome the social problems that go with big cities and make more efficient use of economic resources. So, from the beginning, the decentralisation idea attracted bipartisan support.<sup>1</sup>

Selective decentralisation began to attract national attention again in the mid 1960s. In 1964, the Coalition Government established a committee of commonwealth and state officials on decentralisation at the instigation of the leader of the Country Party, John McEwen. In 1965, Gough Whitlam, as deputy leader of the opposition, gave an important early speech on the problems of Australia's cities which pointed to the need for regional growth centres on the Canberra model<sup>2</sup> and Max Neutze published his *Economic Policy and the Size of Cities*.

Neutze's book has been described as 'perhaps the most influential and certainly the most comprehensive' academic study advocating selective decentralisation in

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1 For a succinct summary of the three arguments for decentralisation in the 1940s, see H.L. Harris, 'The Implications of Decentralisation', in H.L. Harris, et.al., *Decentralisation*, Sydney, Angus and Robertson in conjunction with the Australian Institute of Political Science, 1948, pp. 22-23. In the post-war reconstruction period, the economic and social costs arguments for decentralisation were expressed in two reports - Commonwealth Housing Commission, *Final Report*, Canberra, Ministry of Post-War Reconstruction, 1944 and Department of Post-War Reconstruction, *Regional Planning in Australia*, Canberra, 1949. The contributions in the Harris volume were responses to the post-war reconstruction initiatives. See G.M. Neutze, 'The Case for New Cities in Australia', in J.C. McMaster and G.R. Webb, *Australian Urban Economics : A Reader*, Sydney, ANZ Book Co., 1976, p. 447 and L. Neilson, 'The Growth Centres Programme', in J.C. McMaster and G.R. Webb, *op.cit.*, pp. 472-473 for summaries of some of the early arguments for decentralisation in Australia.

2 E.G. Whitlam, 'Cities in a Federation', *Australian Planning Institute Journal*, 3, 6 (October 1965), pp. 212-213.

Australia.<sup>3</sup> It focussed on the economic case for decentralisation and highlighted four reasons why a *laissez-faire* economy may not yield the most efficient and equitable settlement pattern. Private decisions may have negative externalities. Private decisions may also be inefficient because they are not coordinated and lack foresight. They may also be distorted by the activities of the state.<sup>4</sup> Neutze's advocacy of selective decentralisation was based on detailed empirical analysis which showed that these factors were real and significant. However, unlike much economic analysis, Neutze did not couch his argument as if he had 'proved' it in some positivist way. There were important historical and contingent dimensions to the argument. For example, Neutze's analysis emphasised the distribution of the costs and benefits of city growth, not any absolute measure of those costs and benefits.<sup>5</sup> On that basis, he highlighted the fact that public infrastructure was more expensive to provide in big cities than it was in smaller ones. Neutze also criticised the concept of an 'optimum city size' as too absolute and argued instead for the more historically based 'optimal size distribution' of cities.<sup>6</sup>

Neutze's arguments were also politically engaged. A conscious and planned decentralisation policy was required

". . . because it is necessary to consider the effects of growth on the community as well as the interests of those who are choosing a location (and) because the best location for one firm depends on where others are going to locate in the future."<sup>7</sup>

The historical and contingent aspects of Neutze's argument are perhaps best expressed in the application of his theoretical argument to the Australian case. The most important point about the Australian pattern of settlement is the absence of medium-

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3 P. Scott, 'Growth centres', in P. Scott (editor), *Australian Cities and Public Policy*, Melbourne, Georgian House, 1978, p. 42.

4 G.M. Neutze, *Economic Policy and the Size of Cities*, Canberra, Australian National University Press, 1965, p. 9. Chapters 2 and 3, pp. 11-40 develop the four reasons why private decisions, by themselves, may not produce the most efficient settlement pattern and chapters 4, 5 and 6, pp. 43-105 give detailed empirical evidence in support of these contentions.

5 In the following passage, for example : "Of course some industries get more advantages than others from very large size. Similarly some families have a stronger preference for life in a very large city. . . . (Nevertheless) it is not necessary to show that external diseconomies outweigh external economies in large centres to justify encouragement of decentralisation. . . . All we need to show is that the net external effect is more favourable, or less unfavourable, in small than in large centres." (pp. 27-28)

6 *ibid*, pp. 113-114.

7 *ibid*, p. 115.

sized cities of between 100,000 and 500,000 population. For Neutze, this absence explains why decentralisation has been so difficult in Australia. Small centres are not attractive locations because they do not offer the range of employment, educational and recreational opportunities available in large cities.

"Although medium-sized centres are less attractive than large ones for the same reasons, there is probably less difference in profits and real incomes. If firms and families were diverted from large to medium-sized centres most of them would suffer very little on balance, and indeed they might well gain."

But Neutze went on to note that "Unfortunately, in Australia, there is no real opportunity to make these comparisons."<sup>8</sup>

The most desirable decentralisation policy in Australia was therefore one which encouraged the quick growth to medium size of one or two centres in New South Wales and Victoria. Neutze was careful to argue that the new centres would be regional and based upon growth of 'mobile' industries. 'Resource based' decentralisation and satellite new towns on the fringes of the big cities would help to deal with problems of concentrated and unplanned urban growth.<sup>9</sup> Nevertheless, Sydney and Melbourne had reached sizes beyond which additional growth would present major problems and it was imperative to attract some of their 'mobile' growth from them. Neutze rationalised that there were no medium-sized centres of 500,000 population in New South Wales and Victoria and argued that ". . . many firms could probably be easily attracted to them from Sydney and Melbourne." Interestingly, Neutze argued that "If (500,000) is approximately the size at which, with a typical industrial structure, external diseconomies begin to outweigh external economies, there is probably not much urgency to decentralise in the four smaller states."<sup>10</sup>

Neutze then canvassed 'pricing' and 'planning' approaches to decentralisation. Pricing policies through taxes and subsidies were unlikely to achieve the level of

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8 *ibid*, p. 110.

9 *ibid*, pp. 4, 6, 114, 116.

10 *ibid*, p. 118. Neutze referred to the 1961 population of Brisbane, Perth, Adelaide and Hobart in making the argument that decentralisation was unnecessary from these cities although in the last pages of the book he notes that ". . . by the end of the century both Brisbane and Adelaide will be between one and two millions and may be running into serious problems." (p. 133)

coordination in location decisions necessary to achieve a program of selective decentralisation. More active planning was required. The development of regional centres on a planned basis could take advantage of the large role of government in the economy. The development of Canberra, where government employment provided an important economic base for a new regional city, showed the benefits of this basic approach.

The Canberra model was attractive to Neutze for a number of other reasons. It was located near an existing centre, Queanbeyan, which provided labour and facilities during the early rapid building period. Canberra's success also came from the public ownership of the land. Aside from allowing an efficient and holistic approach to development, public land ownership provides revenue which can be used to finance local amenities.<sup>11</sup>

Neutze's 'suggested programme' of decentralisation was therefore to build one or two new centres using development corporations on the Canberra and British New Town Corporation model. The location of government employment in the centres would be important. Sites should not be too close to existing large cities. They should be in densely settled areas having a reasonably large market and where water and food supply was not a problem. Plenty of flat land and proximity to a port would be an advantage as would good communications with the rest of Australia. On this basis, Tamworth, Bathurst or Orange, Wagga Wagga, Albury-Wodonga and Hamilton were suggested as possible sites. New cities near Wagga Wagga and Albury would have the added advantage of being able to draw population from both Sydney and Melbourne.<sup>12</sup>

Finally, Neutze discussed the expected growth rate of the new cities. Given Sydney and Melbourne's annual growth of some 50,000 people each, a figure which is

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11 *ibid*, pp. 126-128. See also G.M. Neutze, 'Introduction : A Perspective on Employment Location', in G.J.R. Linge (editor), *Restructuring Employment Opportunities in Australia*, ANU, Canberra, 1976, pp. 4-5 and M. Neutze, *Australian Urban Policy*, Allen and Unwin, Sydney, 1978, pp. 65-66 for summaries of the influence of the Canberra model on the idea of selective decentralisation in terms of physical planning, the benefits conferred by public land ownership, and the importance of tertiary, in particular, government employment as an economic base for regional growth centres.

12 *ibid*, pp. 129-130.

expected to rise to 100,000 by the end of the century, the new cities should be capable of absorbing 50,000 people per year from each capital. On the Canberra precedent, if the new cities were commenced in 1975, they could not absorb more than 9,000 per year by 1995 or 12,000 per year by the end of the century.<sup>13</sup> Neutze concluded that :

"In this light the suggestion to start two new cities as soon as possible seems to be quite modest. Far more effort would be required to really make an impression on metropolitan growth by the end of the century."<sup>14</sup>

Interest in selective decentralisation gained momentum in the late 1960s and early 1970s. Committees of the New South Wales and Victorian Governments recommended that regional growth should be promoted in a limited number of centres.<sup>15</sup> Hugh Stretton's *Ideas for Australian Cities*, published in 1970, drew on Neutze's work in linking the need for decentralisation with a sociological defence of the suburb. Stretton saw decentralisation more in terms of the need for planned 'satellite' towns on the fringes of the big cities as a means, in the longer term, of dealing with the problems of those cities.<sup>16</sup>

Gough Whitlam freely appropriated Neutze's and Stretton's arguments over this period. He placed an argument for new towns to siphon off some of the growth of the cities, particularly from Sydney and Melbourne, within a broader program of urban reform. In a major speech in 1970 under the title 'Making New Cities', Whitlam highlighted the high cost associated with continued city growth, defended selective as against dispersed decentralisation and defended the Canberra model of new town development through a public corporation on publicly owned land as the most appropriate way to build them. The site selection criteria and population aims for the new towns were essentially the same as Neutze's described above. Whitlam argued that five new towns were necessary and that Albury-Wodonga, the North coast of New

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13 *ibid*, p. 132.

14 *ibid*, p. 133.

15 Decentralisation Advisory Committee, *Report on the selection of places outside the metropolis of Melbourne for accelerated development*, Melbourne, 1967 ; Development Corporation of New South Wales, *Report on Selective Decentralisation*, Sydney, 1969.

16 H. Stretton, *Ideas for Australian Cities*, Adelaide, the author, March 1970 ; Melbourne, Georgian House, June 1970. For Stretton's argument that planned satellite new towns were one way in which the ongoing and intractable problems of the big cities could be addressed see J. Hallows, 'The great urban crisis', *Australian*, June 19, 1972, Supplement, p. 5.

South Wales, Gladstone, Port Hedland and Townsville were possible sites for them. In addition, Whitlam suggested Thomastown near Melbourne, Campbelltown near Sydney and Armadale near Perth as sites for satellite towns. In a similar way to Neutze, he argued that satellite towns provided important opportunities for planned growth which would be necessary given the fact that five new regional growth centres will simply hold Sydney and Melbourne's growth to its present level.

"In these circumstances, there is no opportunity for orderly urban growth which we can afford to neglect. We must seek not only to take advantage of the economies of new cities but to minimise the diseconomies of an inevitable further growth in existing urban areas."

Whitlam proposed that, under a Labor government, commonwealth funds would be provided ". . . at low rates of interest and under a moratorium on the date from which repayments would begin" to assist in the development of regional and satellite new towns.<sup>17</sup>

An influential article published in 1971 developed the argument that the Canberra model was important for new town development in Australia. It suggested that the development of corridor satellite cities on the fringes of Sydney and Melbourne offered most hope of early success. Employment and social facilities were available in the adjacent cities and infrastructural investment for satellite cities would not be as great as that required for new regional cities, at least initially.<sup>18</sup>

In the lead up to the 1972 election, the incumbent McMahon Government began to recognise the political importance of the decentralisation idea. The Committee of Commonwealth-State Officials finally reported in June 1972. It advocated a program of

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17 E.G. Whitlam, 'Making New Cities', F.A. Scorer Memorial Lecture, University of Queensland, September 1970. For press accounts of the ideas expressed in this lecture see 'Labor's answer to city sprawl', *Age*, September 19, 1970, p. 3 and 'Let's have another five, says Whitlam', *Australian*, November 30, 1970, p. 5. Other speeches by Whitlam of the late 1960s and early 1970s which argued the need for new cities include E.G. Whitlam, 'Cities for People: Problems and Solutions in Urban and Regional Development', Address to Urban Affairs Symposium of the NSW Fabian Society, Sydney, October 1968 and E.G. Whitlam, 'The political powers and policies needed for effective planning', in *The Consequences of Today, Supplement to Architecture in Australia*, August 1971, p. 712.

18 R.B. Lansdown, 'Canberra: An Exemplar for many decentralised Australian Cities', *Australian Quarterly*, 43, 3 (September 1971), pp. 71-85. See also John Overall's comments reported in 'Canberra concept proves a balanced success', *Canberra Times*, May 9, 1973 and J.R. Conner, 'Sub-metropolitan Centres', *Royal Australian Planning Institute Journal*, 12, 1 (1974), pp. 22-24.



selective decentralisation along the lines suggested by Neutze but with significantly more doubt about the theoretical basis of the idea, in particular, the savings in public costs associated with smaller cities.<sup>19</sup> McMahon put a submission to Cabinet based on the recommendations of the report of the Commonwealth-State Officials.<sup>20</sup>

Some rivalry developed between the coalition partners over the arguments contained in this report. Earlier in 1972, the Deputy Prime Minister and leader of the Country Party, Doug Anthony, had established an inter-departmental committee sitting in secret to prepare a paper on decentralisation. A Cabinet submission from Anthony had been withdrawn in June when McMahon had received the report of the Commonwealth-State Officials. Nevertheless, the report of the Anthony committee was leaked in September 1972. It challenged the timidity of the report of the Commonwealth-State Officials. Significant savings in public costs would result from a decentralisation policy.<sup>21</sup> The Anthony report argued for a strong Commonwealth role in the accelerated development of seven towns : Gladstone (Qld), Coffs Harbour, Bathurst, Albury (NSW), Yallourn (Vic), Murray Bridge (SA) and Albany (WA). The report also argued that the Commonwealth should give a lead in the program by locating as many of its own activities as possible in these centres and that it should maintain control of the program through the exercise of its financial dominance.<sup>22</sup>

The Australian Institute of Urban Studies (AIUS) also weighed into the debate in second half of 1972. Its task force on 'new cities for Australia' defended the need for a national strategy for the location of population growth and suggested that new self-contained satellite towns on the fringes of the big cities (what it called 'system cities') and new regional cities were a crucial part of that strategy. The AIUS task force argued that system cities would help create multi-centred growth within metropolitan

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19 Committee of Commonwealth/State Officials on Decentralisation, *Report*, Canberra, AGPS, 1972.

20 E. Walsh, 'McMahon steals a win on decentralisation', *National Times*, June 19-24, 1972, p. 3.

21 E. Walsh, 'Ammunition for McMahon-Anthony battle', *National Times*, September 4-9, 1972, p. 7.

22 E. Walsh, 'Decentralisation : report names seven towns for development', *National Times*, September 4-9, 1972, p. 7. See D. Aitken, 'Decentralisation is far too important to be left to an election campaign', *National Times*, September 11-16, 1972, p. 14 for a commentary on the debate within the coalition about decentralisation.

regions. They should be given the early attention because they offered most hope for quick establishment and growth. New regional cities would take some time to establish. The task force argued nevertheless that action on system and regional cities 'must be taken in parallel'. Each new city should grow quickly to 150,000 people and be built on publicly owned land by a development corporation with 'ample long-term funds'. The Commonwealth should take the lead in the development of the new cities because of its great financial resources and because the challenge and strategy were national in character. The task force did not suggest specific sites for the new cities.<sup>23</sup>

Tom Uren, the opposition spokesman on urban affairs, reacted to the machinations over decentralisation within the coalition government by taking the political high ground. He suggested that the conservatives were only beginning to recognise what had been Labor policy for some time. He questioned the coalition's commitment to the idea given that it had had 23 years to implement it. He then outlined Labor's approach to decentralisation. Two problems needed to be addressed : the over-centralisation of the capital cities and over-centralised population distribution in Australia. A Labor government would tackle the first problem by encouraging the development of new commercial centres within the big cities and new 'satellite' urban growth on their fringes along transport corridors. Uren suggested Parramatta, Liverpool, Penrith and Campbelltown in Sydney, and Dandenong and Ringwood in Melbourne as possible sites for new commercial centres. A Labor Government would tackle the second problem by establishing new regional centres on 'natural corridors of development'. They would be built by development corporations on the Canberra model. A commitment to public land acquisition and ownership would be needed before Commonwealth funds would be committed for their development.<sup>24</sup>

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23 Australian Institute of Urban Studies, *First Report of the Task Force on New Cities for Australia*, Canberra, AIUS, 1972a. See also Australian Institute of Urban Studies, *Seminar on New Cities for Australia*, Canberra, AIUS, 1972b.

24 T. Uren, 'Decentralisation : what Labor will do' (letter to the editor), *National Times*, October 2-7, 1972, p. 16. Uren's letter was a response to Aitken's article referred to in note 22.

In his 1972 policy speech, Whitlam indicated that a Labor Government would concentrate on developing Albury-Wodonga and Townsville as regional growth centres.<sup>25</sup>

## 2. LABOR'S GROWTH CENTRE PROGRAM : CONTENT AND OBJECTIVES

In October 1972, the McMahon Government established the National Urban and Regional Development Authority (NURDA) to report on Commonwealth involvement in the establishment of new satellite and regional cities. On gaining office, the Whitlam Government quickly changed NURDA into the Cities Commission. Nevertheless, it did not change the original deadline of 30 June 1973 for the delivery of the report outlining an urban and regional development program for the period 1973 to 1978.

The Cities Commission's report recommended a program of selective decentralisation along the lines canvassed in the various academic studies and official reports discussed above and for the same reasons. Sites for new growth centres were to be selected on the basis of their sphere of regional influence, their potential for economic growth, the adequacy of their physical resource base, their likely environmental impact, their accessibility to existing metropolitan centres and their place within the existing national infrastructure, in particular, existing transport networks. Political consensus was also important in site selection.<sup>26</sup>

New cities should be built by development corporations on the British new town model. A system of leasehold land tenure like that operating in Canberra would give a stronger and more positive system of control over private and public development. Nevertheless, the report awaited the recommendations of the Land Tenures Inquiry on this question. The report also raised the issue of whether there were adequate manpower resources to embark on the planned new cities program and argued

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25 E.G. Whitlam, '1972 Labor Party Policy Speech', in E.G. Whitlam, *On Australia's Constitution*, Camberwell, Victoria, Widescope, 1977, p. 287.

26 Cities Commission, *A Recommended New Cities Programme for the Period 1973 - 1978 : June 1973*, Canberra, Government Printer of Australia, 1974, pp. 24-27.

that private and public employment would be important in the establishment of the new centres.

The Cities Commission raised the question of the impact of the program on other areas of government policy, in particular, immigration policy. Much of the growth of the big cities resulted directly from immigration. The reduction of the inflow of migrants would reduce those pressures. On the other hand, the report noted that ". . . migrants provide a valuable source of labour for the building trades and because of their mobility could be attracted to new centres more readily than established residents."

Finally, it was emphasised that the program would require 'continuing and sustained political will' and commitment. French and British experience suggested that ". . . it may take up to 30 years for a regional growth centre starting from a completely new area to reach a population of 300,000 people."<sup>27</sup>

The Cities Commission report then outlined a detailed new cities program. Most of the sites had already been suggested as possibilities. Some were specific suggestions while others were more general in nature. Sites for six new satellite cities were suggested at Holsworthy-Campbelltown and Gosford-Wyong on the fringes of Sydney, Geelong and the Western Port Bay-Mornington Peninsula-Dandenong Ranges area on the fringes of Melbourne, the Moreton region adjacent to Brisbane and the North West corridor (Salvado) adjacent to Perth. Seven new regional centres were suggested at Albury-Wodonga and Bathurst-Orange in south eastern Australia, Monarto in South Australia, Townsville and the Fitzroy region (Rockhampton-Gladstone) in Queensland, Albury, Bunbury or Geraldton in Western Australia, and the Tamar region in Tasmania.<sup>28</sup>

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In summary, the aims of the new cities program were to reduce the growth pressures on the major cities, to provide alternatives for urban living, to provide country people with better access to urban services, to ensure environmentally sensitive

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27 *ibid*, pp. 29-30.

28 *ibid*, pp. 32-44.

urban development and to ensure that the new centres developed efficiently through public acquisition of the sites and the establishment of public corporations.<sup>29</sup> Growth centre development corporations were to be financed in the same way as the land commissions, that is, with Commonwealth loan funds at the long term bond interest rate over thirty years, with repayments being deferred for ten years. Every six months over those ten years, interest would be capitalised and converted into interest bearing loans.

The population objectives of the program reflected the general view put forward in the 1940s that :

" . . it is doubtful whether decentralisation should be interpreted to mean the actual transfer of population from the centre or centres. What advocates of decentralisation usually have in mind is rather the organisation of future growth so that population will be more evenly distributed . ."<sup>30</sup>

Uren argued in the early years of the Whitlam Government that the achievement of significant decentralisation would be difficult and that the policy would need to be accompanied by policies to slow down population growth.<sup>31</sup>

The new cities program aimed to accommodate about one million of the expected nine million growth in population (assuming a net rate of immigration of 100,000 people) to the year 2000.<sup>32</sup> Later, it was argued that, even though population projections had been revised downwards by the early 1970s to take account of lower immigration and a lower birth rate,

" . . population would still exceed 17.3 million before the end of the century (and that) this raised the question of how an extra four million people should be accommodated."

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29 C.J. Lloyd and P.N. Troy, *Innovation and Reaction : The life and death of the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981, p. 160.

30 Harris, *op.cit.*, pp. 1-2.

31 In early 1973, a press article on Uren's ideas noted that he appreciated the problems with achieving significant decentralisation in the short term. "He wisely points out that Britain has had the most successful decentralisation policy in the Western World. With all its resources, the British Government moved one million people into new towns in the past 20 years." The article also quotes Uren on population policy : "The answer is to slow down population growth - immigration and natural increase. A population of between 16 and 17 million by the turn of the century could be managed comfortably." R. Holdsworth, 'The New Centurions - Part 2 : A man with a vision for Melbourne', *Age*, January 11, 1973.

32 L. Neilson, 'The New Cities Programme', *Royal Australian Planning Institute Journal*, 12, 1 (January 1974), p. 19.

The experience of other countries suggested that a program of new city development could not expect to have a dramatic impact on this level of growth. Therefore, the Australian aim was for regional centres to absorb 10% of this growth (400,000 people) while other regional development associated with the exploitation of resources would also absorb 10%. The other 80% would be accommodated in existing cities. Some of this growth would be directed into planned satellite extensions to these cities leading to more efficient and equitable development on their fringes.<sup>33</sup>

Action to implement the new cities program was taken before the Cities Commission presented its report. \$33 million was allocated to the program in the 1973/74 Budget. Funds were included for the development of Monarto, Albury-Wodonga, Bathurst-Orange as regional centres and Holsworthy-Campbelltown, Gosford-Wyong, Geelong and Salvado as satellite cities. Funds were also included to protect the south east of Melbourne against urban development, to overcome backlogs in services in the Fitzroy region, and for land acquisition and institutional development in Townsville and the Moreton region.<sup>34</sup>

We now turn to a more detailed account of the history of the growth centre program as it has worked out over the past thirteen years or so.

### 3. THE GROWTH CENTRE PROGRAM THIRTEEN YEARS ON

Only Albury-Wodonga, Bathurst-Orange, Holsworthy-Campbelltown (eventually, the Macarthur Growth Centre) and Monarto were established as growth centres under the program. Negotiations to establish growth centres at Gosford-Wyong, Albany, and areas in the Moreton and Fitzroy regions in Queensland and the Tamar region in Tasmania did not reach starting point. The negotiations over Townsville and Salvado did commence but faltered because of general opposition to the

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33 Lloyd and Troy, *op.cit.*, pp. 26-27.

34 Neilson, 1974, *op.cit.*, p. 14.

establishment of public corporations and public land banks to develop them as growth centres.<sup>35</sup>

The Geelong proposal also failed. In many respects, this failure was more serious because of the importance of establishing an alternative centre of urban growth near Melbourne and because it would have provided one vehicle by which the structural problems in the Geelong economy could be addressed.<sup>36</sup> The Whitlam Government committed \$3 million in 1973/74 and \$20 million in 1974/75 for the establishment of the Geelong growth centre on the condition that a strong planning authority be established and that all of the land for urban development in the area be brought into public ownership.

Private land owners in the Geelong area and the more conservative faction of the State Liberal Government opposed the creation of a planning authority on these terms. The legislation to establish the Geelong Regional Authority was not enacted. The offer of federal funds therefore lapsed.<sup>37</sup>

Other opposition to Geelong as a growth centre came from environmentalists who argued that the proposal was unnecessary because of the projected decline in Melbourne's growth and because the development of Geelong to a city of some

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35 See Lloyd and Troy, *op.cit.*, pp. 161-162 for an account of the opposition to Townsville and Salvado. For press coverage of the opposition to Salvado see 'WA's 'brave new city' plan in for criticism', *Australian Financial Review*, 24 May 1973, p. 45. The article 'Queensland : a state of economic chaos', *National Times*, August 27, 1974, pp. 32-33 notes the Bjelke-Petersen Government's opposition to the establishment of Townsville as a growth centre. It also notes Tom Uren's view that the decision to establish Townsville as a growth centre was the worst sort of Whitlam ad-hocery and that the city was too distant from Sydney and Melbourne to attract surplus population from them. Into the 1980s, Townsville's economic position within north Queensland has strengthened with the establishment of Commonwealth and State Government centres and the extension of the airforce base although, for some, the development of north Queensland seriously lags behind the south eastern part of the state. See S. Cullinan, 'Townsville backs claim as economic capital : Potential for future growth', *Australian*, January 17, 1986, p. 15 and P. Sweetapple, 'Northern development a myth in Qld, says town planning expert', *Australian*, January 17, 1986, p. 14.

36 Scott, *op.cit.*, pp. 47-48.

37 On the Whitlam Government's proposals for Geelong see R. Murray, 'Melbourne's rival look at ways of growing gracefully', *Australian Financial Review*, September 25, 1974, pp. 2-3. On the State opposition to the proposal to establish the Geelong Regional Authority and the lapsing of the offer of federal funds see 'Socialist land ownership plan in Geelong area', *Australian Financial Review*, September 20, 1974, p. 36 ; 'State puts Geelong scheme off', *Age*, September 16, 1975, p. 5 ; B. Hills, 'A victory for the manipulators : Hamer Govt gives in to lobby groups', *Age*, September 27, 1975, pp. 5, 11 ; 'Premier replies to Insight's report' (letter to the editor), *Age*, September 30, 1975 ; 'Geelong : Uren raps state MP's', *Age*, October 4, 1975, p. 9.

400,000 people would have a detrimental impact on the recreational and environmental qualities of the Port Phillip Bay region. The problems of competition between Melbourne and Geelong for significantly lower population growth than originally anticipated were also highlighted.<sup>38</sup>

Efforts continued in 1976 and 1977 to establish a planning authority to oversee the development of Geelong. The Geelong Regional Commission was established in 1977. It had only very limited land acquisition and development powers. Its main roles were to co-ordinate and plan for the future development of the region and to encourage industrial and commercial growth. In the late 1970s and early 1980s, Geelong's development has proceeded with the location and upgrading of major petrochemical, aluminium smelting, and motor vehicle plants and the establishment of Deakin University, various government laboratories and State Government Offices. Geelong's population of nearly 150,000 in the early 1980s is expected to increase to about 250,000 by the year 2001.<sup>39</sup> Meanwhile, the limits placed upon the Geelong Regional

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- 38 The environmental and population criticisms of Geelong as a growth centre came from academics at Monash University, in particular, Bob Birrell. In early 1974, Birrell published a report with two others entitled 'Port Phillip Bay : the cause for alarm'. This report highlighted the environmental deterioration of Port Phillip Bay and argued that the pace of this deterioration would increase if the Geelong growth centre went ahead. For a press account of this report see 'Study hits State on urban policies', *Age*, April 4, 1974, p. 11. Birrell's arguments that the projected decline of Melbourne's population growth did not warrant the establishment of the Geelong growth centre, indeed any growth centre, and that the planners had over-catered for Melbourne's growth to the year 2000 are reported in a series of newspaper articles - T. Colebatch, 'The great Melbourne growth is shrinking', *Age*, July 5, 1974, p. 9 ; T. Colebatch, 'Super city won't happen', *Age*, July 8, 1974, p. 9 ; T. Colebatch, 'Hazards of growth myth', *Age*, July 10, 1974, p. 14. These arguments were further developed in R. Birrell, 'Population and Planning : The Consequences of Ignoring Demographic Realities', *Royal Australian Planning Institute Journal*, 13, 3&4 (July/October 1975), pp. 87-94. Birrell responded to the failure of the negotiations to establish the Geelong Regional Authority by restating his views about the general environmental and demographic reasons why the Geelong growth centre should not go ahead. See R. Birrell, 'Geelong is no place for a new city' (letter to the editor), *Age*, October 1, 1975, p. 8.
- 39 See T. Colebatch, 'Big dream turns to dust for Geelong', *Age*, May 7, 1976, p. 8 ; T. Colebatch and L. Arkley, 'Geelong : why a growth centre became stunted', *Age*, April 5, 1977, p. 4 for accounts of the failure to establish a strong Geelong Regional Authority and the proposed legislation to establish the very much weaker Geelong Regional Commission. See Department of Local Government and Administrative Services, *Australian Regional Developments : 7. Geelong Experience*, Canberra, AGPS, 1987 for a summary of the growth of the Geelong region in the late 1970s and the 1980s and the place of the activities of the Geelong Regional Commission in facilitating the development of the region. See also various newspaper supplements - 'People, Port, Power', Supplement to the *Age*, October 30, 1979 ; 'Focus on Geelong', in particular, 'The three P's - people, port and power - are making a region grow', Special Report, *Weekend Australian*, June 7-8, 1980 ; 'Financial Review Geelong Survey', *Australian Financial Review*, August 12, 1986, pp. 41-45.



Commission's activities by the lack of general development powers have been noted by the Commission's chairman.<sup>40</sup>

### 3.1. Albury-Wodonga : the embattled survivor

Albury-Wodonga attracted the greatest commitment under the growth centre program. It expressed the spirit of the Whitlam Government's 'co-operative federalism' most overtly. As the 'national growth centre', the Albury-Wodonga project continues to express that commitment and spirit. But over the ensuing years, the emphasis and purpose of those responsible for the development of Albury-Wodonga has changed dramatically.

As described earlier in this chapter, Albury-Wodonga was suggested as a growth centre in the mid 1960s. Neutze argued that it had the advantage over other sites of being able to draw population from both Sydney and Melbourne. It was located on major road and rail routes between these two cities.<sup>41</sup> The political advantages conferred by the fact that the site straddled the border between Victoria and New South Wales were not lost on Whitlam who saw the project as one through which his policy of 'co-operative federalism' might bear fruit.

In January 1973, the Australian, Victorian and New South Wales Governments agreed to jointly plan and develop the twin cities as a growth centre. In October 1973, Whitlam, Victorian Premier Hamer and New South Wales Premier Askin confirmed this by signing an agreement to establish the Albury-Wodonga Development Corporation (AWDC). This agreement also established two state corporations whose function was to acquire, hold and manage land in areas designated for development. All three bodies were responsible to a Ministerial Council comprising the responsible ministers from the Australian, New South Wales and Victorian Governments.<sup>42</sup>

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40 C. Atkins, 'Regional Commission's role, structure and need for a development wing', *Australian Local Planner*, 2 (December 1984), pp. 23-27, 30.

41 Neutze, 1965, *op.cit.*, pp. 129-130.

42 Albury-Wodonga Development Corporation, *First Annual Report : 1974*, Canberra, AGPS, 1975, pp. 7-9.

Planning for new urban development at Albury-Wodonga commenced in 1974. A study area was defined by a circle of radius 55 kilometres centred between Albury and Wodonga. Land price stabilisation legislation applied over this area. Feasibility, environmental and urban suitability investigations were commenced. Following initial feasibility studies, the study area was reduced to 5,000 square kilometres. A smaller 'designated area' of some 54,000 hectares was then defined. This area was to be acquired. It comprised approximately 11% of the reduced study area and consisted of areas for urban development and adjacent areas needed to ensure controlled development of the growth centre.<sup>43</sup>

A population target of 300,000 by the year 2,000 was adopted for the growth centre. This target would be achieved in three main stages. Population would gradually build up between 1974 and 1980 from 53,000 to 66,000, increase more rapidly between 1980 and 1990 to 177,000 before easing slightly over the next ten years to reach the 300,000 target.<sup>44</sup>

Job creation targets were also specified. The annual rate would increase from 2,000 in the late 1970s and early 1980s to between 4,500 and 6,500 through the late 1980s and early 1990s before declining slightly over the late 1990s. The growth centre would have an early dependence on public sector jobs. A university would be established. Nevertheless, the growth of manufacturing and service sector employment would also be important to the centre's viability. Investment in all three sectors - public, private manufacturing and private tertiary - would be needed.<sup>45</sup>

The growth centre was to develop through the extension of the existing towns of Albury and Wodonga and by the development of separate new cities at Baranduda south east of Wodonga and Thurgoona east of Albury. Baranduda had a population target of 30,000 by the mid 1980s eventually growing to a city of 100,000 people. Thurgoona had a population target of 10,000 by the mid 1980s eventually growing to a city of 70,000 people.

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43 *ibid*, pp. 7, 17-18.

44 *ibid*, pp. 12-13.

45 *ibid*, pp. 14-15.

These aims and the activities of the AWDC have undergone a number of major changes over the past 13 years or so. The early years involved land acquisition on a massive scale. By early 1975, one third of the 'designated area' had been acquired.<sup>46</sup> This increased to some 24,000 hectares by June 1977. Over \$65 million had been spent on the land acquisition program by this time.<sup>47</sup> Through these early years, the two state corporations borrowed heavily from the Commonwealth for land acquisition and development within the growth centre - \$40 million in 1974/75 and \$33 million in 1975/76.

As already indicated, the growth of public sector jobs was to be important in the early years. Much of this growth was to be achieved by transfer of federal public servants. In September 1975, the Whitlam Government announced that four federal agencies employing nearly 600 people would be transferred to Albury-Wodonga.<sup>48</sup> This was later increased to ten agencies employing nearly 1,700 people. Most of these agencies were commissions, bureaus and statutory authorities established by the Whitlam Government. The regional office of the Taxation Department was the only mainstream Commonwealth department in the later transfer proposals.<sup>49</sup> The AWDC proceeded with the planning of the Baranduda new town to house this public sector growth and the private spinoff from it.

Through these early years, the choice of Albury-Wodonga as a growth centre was also criticised on environmental and demographic grounds.<sup>50</sup> By late 1975, the winds of change were apparent. The decision not to establish a university in Albury-

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46 B. Juddery, 'Blueprinting a growth centre', *Canberra Times*, March 12, 1975, p. 2.

47 Albury-Wodonga Development Corporation, '1979-1980 Proposed Development Plan for Albury-Wodonga', unpublished report.

48 B. Juddery, 'PS transfers announced', *Canberra Times*, September 9, 1975, p.1. In addition to the transfers to Albury-Wodonga, it was proposed that two agencies employing 400 people be transferred to Bathurst-Orange and that the National Biological Standards Laboratory employing about 200 people be transferred to Geelong.

49 Reported in J. Glascott, 'Will the twin towns feel the chill winds of economy?', *Sydney Morning Herald*, January 14, 1976, p. 9.

50 See B. Hills, 'Building houses in the air', *Age*, February 6, 1976 for Bob Birrell's criticisms of Albury-Wodonga on these fronts. Birrell also suggested that there would be competition for population between Geelong and Albury-Wodonga - see R. Birrell, 'Population and Planning: The Consequences of Ignoring Demographic Realities', *Royal Australian Planning Institute Journal*, 13, 3&4 (July/October 1975), pp. 87-94. On the potential competition between Geelong and Albury-Wodonga see also P. Scott's comments reported in C. Milne, 'Monarto a curious choice - professor', *Advertiser*, February 28, 1974, p. 24.

Wodonga was made in the last months of the Whitlam Government while the Fraser Government decided not to proceed with previously announced transfers of Commonwealth public servants to the growth centres.<sup>51</sup>

In early 1976, a major debate about the future of the growth centre program occurred both within the Fraser Government and on the floor of the federal parliament.<sup>52</sup> This continued through 1976. Meanwhile, an inter-governmental review of the whole program had been established with the major agenda item being the future of Albury-Wodonga. This review involved the Commonwealth, Victorian and New South Wales Governments. All of the growth centres with the exception of Monarto were located in those two states. By early 1977, it was clear that the Fraser Government wanted to cut back federal funding of the growth centre program. It proposed a new cost-sharing agreement with the states for the development of Albury-Wodonga. The two states would contribute the same as the Commonwealth.<sup>53</sup> Later, the Fraser Government made the continued funding of the Bathurst-Orange and Macarthur growth centres conditional on the two states accepting the cost-sharing proposals for Albury-Wodonga.<sup>54</sup>

In the upshot, the 1977 review changed the scope and direction of the Albury-Wodonga project in a major way. Federal funds for the project were cutback. AWDC's borrowing from the Commonwealth decreased from \$19 million in 1976/77 to \$5 million per year for the next five years. The population target for the centre was reduced

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- 51 Reported in K. Burnham, 'Albury-Wodonga : Lessons of a Survivor', *Polis*, 9, 1 (1982), p. 22. The public service transfer proposals attracted much criticism in the last months of the Whitlam Government. For the Whitlam Government's defence of the transfer proposals see T. Uren, 'The Public Service and the new growth centres', *Canberra Times*, October 4, 1975, p. 2. For the response of some of the public servants who faced transfer see 'The public servant's view on transfers to growth centres', *Canberra Times*, October 11, 1975, p. 2. A paper prepared under the auspices of the Royal Commission on Australian Government Administration strongly supported the public servant's case. It argued that the policy needed closer study and that a policy of employment location may achieve more if it were meshed with policies to regionalise the public service. For a press report of this argument see B. Juddery, 'Paper questions policy on growth centres', *Canberra Times*, October 23, 1975, p. 9.
- 52 See C. Jay, 'Growth centres program reaches decision point', *Australian Financial Review*, February 27, 1976, pp. 32-33 ; A. Clark, 'Canberra just talks on while Australians abandon the cities', *National Times*, April 5-10, 1976, p. 16 ; A. Barnes, 'Decentralisation : the fight's on', *Age*, April 8, 1976, p. 9.
- 53 'Fraser accused of coercion on funds for growth centre', *Sydney Morning Herald*, February 21, 1977, p. 4.
- 54 'Clamp on growth centre funds 'blackmail' ', *Sydney Morning Herald*, May 7, 1977, p. 5.

to 150,000 by the year 2000. The land acquisition program would be kept to a minimum while the development area for the project was also reduced thereby releasing much land from the threat of compulsory acquisition.<sup>55</sup> The AWDC's staff was to be cut back. Local government was to be represented on the AWDC Board. Greater emphasis would be placed on private investment in the centre. The status of Albury-Wodonga was changed from a 'growth centre' to a 'pilot selective decentralisation project of national significance'.

The AWDC adjusted well to the new reality. The corporation pursued its new role with zeal. It became more a marketing organisation working with other public and private agencies to bring new private sector investment to the area. It developed sophisticated models to allow intending investors to calculate the economic benefits of locating in Albury-Wodonga compared with other regional centres. Its development role decreased.<sup>56</sup> The AWDC has achieved some success in this marketing and facilitating role. Over the period from the inception of the AWDC in 1974 to June 1986, private capital investment in Albury-Wodonga exceeded \$1 billion. The AWDC noted that during that time ". . . the annual per capita investment in the Growth Centre has averaged 34.5 per cent above the national figure."<sup>57</sup> Between 1971 and 1985, public and private employment in Albury-Wodonga grew by an average of 5.1% per annum with the absolute number of jobs increasing from 14,750 in 1971 to 28,760 in 1985. Private employment grew by 5.6% per annum with an absolute increase from 9,900 in

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55 From its inception, the program of land acquisition for the centre had been strongly criticised. For an argument that it inflated land values and led to super profits being made by some land owners, and that the AWDC bought land which it did not need, see B. Hills, 'Growth of a mad land bonanza', *Age*, February 5, 1976, p. 9 ; B. Hills, 'Building houses in the air', *Age*, February 6, 1976, p. 9. For an argument that a smaller 'designated area' together with compulsory acquisition powers may have resulted in a more logical pattern of acquired land and less opposition, see Burnham, *op.cit.*, p. 23.

56 G. Rivett, 'Albury-Wodonga developers woo and win funds from private sector after Govt cutback', *Australian*, May 22, 1979, p. 12 ; G. Rivett, 'Twin city survives its baptism of fire', *Australian*, May 23, 1979, p. 14 ; L. Tingle, 'Growth centres invite the private developers to help', *Australian Financial Review*, April 24, 1981, p. 22 ; 'Albury-Wodonga : An Age Advertising Feature', *Age*, June 2, 1981, p. 29. For a summary of the AWDC's 'development philosophy, strategy and programme' see Department of Local Government and Administrative Services, *Australian Regional Developments 5. Albury-Wodonga Experience*, Canberra, AGPS, 1986, pp. 35-45.

57 Albury-Wodonga (New South Wales) Corporation, *Thirteenth Annual Report 1986*, AWDC, 1986, Appendix : Albury-Wodonga Development Corporation, *Thirteenth Annual Report 1986*, p. 42.

1971 to 20,800 in 1985 while public employment grew by 4.1% per annum with an absolute increase from 4,800 in 1971 to 7,900 in 1985. In 1974, there were 1,200 private sector employers in the centre. This had increased to 2,400 by late 1984.<sup>58</sup>

Despite this success, the development activities of the AWDC attracted further criticism in the late 1970s and early 1980s. While the land acquisition program had been curtailed, the AWDC had engaged in residential land subdivision and house building by contract since its inception. It did this to ensure ongoing availability of residential lots at reasonable prices and to ensure a ready supply of rental accommodation for people moving to Albury- Wodonga. Houses were made available for rent for up to two years during which time the tenant was expected to make alternative arrangements. These could include the purchase of the house they occupied or any other house owned by the AWDC which was vacant.

By June 1981, the AWDC had released residential estates comprising some 1,400 residential lots, built nearly 400 houses and units for its rental program on these estates and sold over 600 lots on the private market. Some 400 lots remained for sale at this time.<sup>59</sup> In the year 1980/81, it has been estimated that the AWDC developed 250 residential lots while the private sector produced 100.<sup>60</sup>

To June 1981, the AWDC had also developed 87 lots on three industrial estates and built 23 factory units of varying sizes on those estates to make provision for new private investment in the centre.<sup>61</sup> In addition, the AWDC operated a plant nursery for its own landscaping program and from which free plants were given to the buyers of its residential lots. By June 1981, in excess of one million trees had been planted while the nursery produced some 150,000 plants per year.<sup>62</sup> The AWDC also operated an

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58 *ibid*, p. 36 for the employment numbers. G. Cole, 'Govt domination gives way to private enterprise', *Australian*, January 17, 1985, p. 17 for the number of private sector employers.

59 Albury-Wodonga (New South Wales) Corporation, *Eighth Annual Report 1981*, AWDC, 1981, Appendix : Albury-Wodonga Development Corporation, *Eighth Annual Report 1981*, pp. 48-53.

60 Burnham, *op.cit.*, p. 23.

61 Albury-Wodonga (New South Wales) Corporation, 1981, Appendix, *op.cit.*, pp. 57-58.

62 *ibid*, pp. 35, 37.

environmental laboratory to monitor water quality in the River Murray which runs through the centre.

The Ministerial Council announced another review of the AWDC's operations in February 1981. This review was to make recommendations on the functions and operations of the AWDC, in particular, on any appropriate transfers of the corporation's functions and responsibilities to Local and State governments and to the private sector.<sup>63</sup> In its submission to the review committee, the AWDC proposed that it become more of a policy and consultancy body but argued that it should continue to play some role in residential and industrial land development and in house building. Nevertheless, it was aware of the criticisms of those activities and proposed that they could be scaled down to allow greater private sector participation. It also proposed that the land it owned outside of the revised 1977 development area should be sold.<sup>64</sup>

The review committee reported in August 1981 and recommended sweeping changes to the AWDC development and service providing activities. The public open space, urban infrastructure and the community facilities and services owned and provided by the AWDC should be transferred to the appropriate State and Local Authorities. The AWDC role in residential land development was limited to 20% of the total annual requirements. Its involvement should ensure that the overall land stock in the centre did not exceed three years supply. The AWDC's development of industrial and commercial land should have a more general regard to activity in the private sector. A ceiling on the AWDC's rental housing program was set at the level available or under construction at 30 June 1981. These houses could still be sold and replaced up to the ceiling level. The AWDC's nursery should be sold immediately while the environmental laboratory should be transferred to the control of the River Murray Commission. The review committee also recommended the establishment of a

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63 *ibid*, pp. 27, 37-38.

64 *ibid*, pp. 38-39.

Development Advisory Committee comprising Corporation, Local government and private representatives and a Promotion Advisory Committee.<sup>65</sup>

Over the next few years, the AWDC sold surplus broadacre land and reduced its development activities in line with the review committee's recommendations. The AWDC held a landbank of some 24,000 hectares as at June 1982 and disposed of some 2,640 surplus hectares over the next four years. At June 1986, the AWDC held a landbank of 21,000 hectares for future development in the growth centre.<sup>66</sup> The corporation's development programs were also cut back over the five years 1981 to 1986. By June 1986, the AWDC had developed 2,350 residential lots. 2,060 had been released while 240 remained for sale.<sup>67</sup> This represented an increase of nearly 1,000 lots over the five years 1981 to 1986. Some of these lots were developed through joint ventures with the private sector. The average annual output of some 200 lots was slightly below the annual averages of the years prior to 1981. The number of houses owned by the AWDC for its rental program decreased slightly from about 400 units at June 1981 to about 360 at June 1984. This figure increased over the next two years to 490 at June 1986.<sup>68</sup> The AWDC developed about 60 industrial lots over the five years to June 1986 but did not add to its stock of factory units.<sup>69</sup> By the time of the next review of the AWDC's activities in 1984, the nursery had not been sold or the environmental laboratory transferred. These facilities remain in the control of the AWDC at June 1986.

The 1984 review of the AWDC was instituted by the Hawke Government to deal with a much more substantial problem - the impending debt problems of the two State corporations. These were the bodies to which the Commonwealth loans for the land acquisition and development programs had been made. As already noted, \$40 million was loaned in 1974/75, \$33 million in 1975/76, \$19 million in 1976/77 and \$5

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65 Albury-Wodonga (New South Wales) Corporation, *Ninth Annual Report 1982*, AWDC, 1982, Appendix : Albury-Wodonga Development Corporation, *Ninth Annual Report 1982*, pp. 27, 38-41.

66 Albury-Wodonga Development Corporation, *Annual Reports*, AWDC.

67 Albury-Wodonga (New South Wales) Corporation, 1986, Appendix, *op.cit.*, p. 76.

68 Albury-Wodonga Development Corporation, *Annual Reports*, AWDC.

69 Albury-Wodonga (New South Wales) Corporation, 1986, Appendix, *op.cit.*, p. 78.



million per annum for the years 1977/78 to 1981/82. An additional \$1 million was loaned to the Victorian Corporation in 1982/83. In all, just over \$118 million of Commonwealth loan funds about equally divided between the two State corporations had been loaned by June 1983. The capitalised interest bill had reached nearly \$140 million by June 1984, making a total debt of nearly \$260 million at that time.<sup>70</sup>

The three governments had been examining the suitability of the loan arrangements since 1978. In 1984, the Ministerial Council agreed that the obligation of the State corporations to repay the original loans and the capitalised interest be cancelled and that the Commonwealth loans would be redefined as equity capital in the project. State Government funds invested in the project would be similarly redefined. Along with this change came the adoption of a commercial approach to the earning capacity of the funds invested in the project. The stated purpose of the change was ". . . to align the Development Corporation's financial arrangements more closely with those adopted by other Commonwealth Government enterprises whose activities are of a trading nature." In future, the Development Corporation's financial accounts would be divided into 'holding' and 'development' accounts.<sup>71</sup>

In 1983, Albury-Wodonga became the 'National Growth Centre'. The population in the Albury-Wodonga Statistical Division has grown from nearly 55,800 in 1971 to an estimated 82,800 in 1986. This represents an average annual rate of increase of 2.7% since 1971.<sup>72</sup> This compares more than favourably with other regional centres in the eastern states with only Coffs Harbour on the north coast of New South Wales getting close to it. A 4% annual growth rate in Albury-Wodonga would achieve the 150,000 population target by 2000.

The irony of Albury-Wodonga's development over the past thirteen years is that it has occurred without significant public sector growth. Indeed, the AWDC has

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70 Albury-Wodonga (New South Wales) Corporation, *Eleventh Annual Report 1984*, AWDC, 1984, pp. 10-11 ; Albury-Wodonga (Victoria) Corporation, *Eleventh Annual Report 1984*, AWDC, 1984, pp. 15-16.

71 Albury-Wodonga (New South Wales) Corporation, *Eleventh Annual Report 1984*, AWDC, 1984, Appendix : Albury-Wodonga Development Corporation, *Eleventh Annual Report 1984*, pp. 42-43.

72 Albury-Wodonga (New South Wales) Corporation, 1986, Appendix, *op.cit.*, pp. 35, 39.

recently noted with concern ". . . the continued sluggishness of public sector employment and the continuing need for physical and social infrastructure . ."73 However, the AWDC itself is now more geared to encouraging profitable private investment than public investment.<sup>74</sup> There is also the increasingly prevalent view put by prominent private investors in Albury-Wodonga, that the centre is a natural place for decentralisation and would have grown whether the AWDC existed or not.<sup>75</sup> It can only be noted in conclusion that if public sector activity played the role originally envisioned for it, the growth of Albury-Wodonga might be even more impressive than it now is. The reasons why it has not played that role will be discussed later.

### 3.2. Bathurst-Orange : the politics of concession

The area around Bathurst and Orange, towns some 240 kilometres to the west of Sydney and themselves 50 kilometres apart, was selected for the development of a growth centre by the Askin Liberal Government in October 1972 just prior to the election of the Whitlam Government.<sup>76</sup> The latter agreed to fund Bathurst-Orange under the growth centre program as a concession to the Askin Government for being party to the establishment of Albury-Wodonga as a growth centre.<sup>77</sup>

Throughout 1973, there was much controversy within the State bureaucracy and between the State and Federal Governments over the administration of the growth centre, in particular, over the arrangements for land acquisition and ownership within the centre. State responsibility for the project was shifted from the NSW Department of Decentralisation and Development to the NSW State Planning Authority in mid 1973.

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73 Albury-Wodonga (New South Wales) Corporation, 1986, Appendix, *op.cit.*, p. 94. Nevertheless, it was announced in January 1987 that some 500 staff of the Australian Taxation office will be transferred to Albury-Wodonga, starting in July 1987 - see 'Building for Australian Taxation Office', *Commonwealth Record*, 12, 2 (19-25 January 1987), p. 57.

74 G. Cole, 'Govt domination gives way to private enterprise', *Australian*, January 17, 1985, p. 17. See also R. Heft, 'Albury-Wodonga : From sleepy town to booming centre', *Australian Financial Review*, August 5, 1986, p. 52 for the suggestion from the chairman of the AWDC that the pledges of the 1970s to transfer public servants to Albury-Wodonga, conjuring images of 'another Canberra', only acted to deter private investment in the centre.

75 Heft, *ibid.*

76 'Growth centre in NSW will go ahead', *Canberra Times*, October 7, 1972, p. 3 ; Bathurst-Orange Development Corporation, *First Annual Report 1974-1975*, BODC, 1975, p. 1.

77 Reported in 'Commission will build new city', *Australian*, January 26, 1973, p.

This led to the resignation of the Director of the former department on the grounds that the shift demonstrated the State Government's lack of enthusiasm for decentralisation.<sup>78</sup> There were also accusations that the transfer represented a sell-out to the owners of land in the centre. Officially, land was to be acquired at October 1972 values but many saw the shift in responsibility as evidence that the government was prepared to countenance the land price inflation that had emerged in the centre since it had been announced.<sup>79</sup>

Later in 1973, conflict emerged between the State and Federal Governments over land tenure arrangements for the centre. As noted earlier, the Federal Government was strongly of the view that all land for urban development in the growth centres should be brought into public ownership. In response, the New South Wales Government argued that its thinking would be dominant at Bathurst-Orange and was adamant that some land would remain in private ownership so as to encourage private land development in the growth centre.<sup>80</sup>

The Bathurst-Orange Development Corporation (BODC) began operations in July 1974. It was agreed that the Australian and New South Wales Governments would jointly fund the project.<sup>81</sup> The growth centre's population was planned to grow from 53,500 in 1974 to 240,000 by 2006. There would be four main areas of urban growth

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- 78 'New Cities Blow-up', *Australian Financial Review*, August 8, 1973, pp. 1, 17. The dispute between the former director (P.D. Day) and the NSW State Government continued into 1974. See 'Askin's scheme of growth centres 'empty charade' ', *Sydney Morning Herald*, October 10, 1974, p. 3; P.D. Day, 'Brave plans allowed to wither away', *Sydney Morning Herald*, November 6, 1974, p. 6 ; 'Minister hits back on decentralisation - no 'souring' ', *Sydney Morning Herald*, November 8, 1974, p. 6. Interestingly, in the 'Brave plans' article, Day was as strongly critical of the Whitlam Government's centralism in implementing its program of urban and regional reform as he was of the NSW Government's politically motivated <sup>^</sup> interest in decentralisation. He saw both as feeding on the weaknesses of the other and saw little cause for optimism that the growth centre program would come to anything. lack of  
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- 79 On the inflation in land and house prices in the Bathurst-Orange area at this time see 'Growth centre prices rocket', *Australian Financial Review*, September 14, 1973, pp. 1, 8.
- 80 C. Jay, 'Growth centre rivalry over land control', *Australian Financial Review*, September 28, 1973, pp. 1, 9.
- 81 To June 1978, the BODC had borrowed \$16.1 million from the Commonwealth Government, \$11.8 million from the New South Wales Government and \$13.1 million on the private market. The Corporation borrowed another \$9 million on the private market in 1978/79. A total of \$50 million had been borrowed by June 1979. The BODC's borrowings were to remain at this level. The operations of the BODC underwent a major upheaval in late 1979 and early 1980, after a review of its operations. One of the changes made at this time was that no further borrowings were to be undertaken.

in the centre. Bathurst would grow from a population of nearly 18,000 in 1974 to 50,000 in 2006, Orange would grow from 25,500 to 60,000 over the same period, the small town of Blayney would grow from 2,400 to 10,000 while a new town at Vittoria located on the main highway between Bathurst and Orange would reach a size of 110,000 people by 2006.<sup>82</sup>

Some 12,600 hectares of land was designated for urban development in the growth centre, 1840 hectares in Orange, 1980 hectares in Bathurst, 535 hectares in Blayney and 8,250 hectares for the new city. All of this land would be acquired over a six year period.<sup>83</sup> The Corporation would also develop residential and industrial land and build houses. These activities would be initially confined to the townships of Bathurst and Orange.<sup>84</sup> Relocation of State and Federal public servants would be important in the early stages of the centre's growth.<sup>85</sup>

Between 1974 and 1980, some 8,100 hectares of land was acquired for future urban development in the centre. Of this, 5,500 hectares of land was acquired in the Vittoria area for the new city. \$21.9 million was paid for this land, an average of just over \$2,700 per hectare.<sup>86</sup> Early in the acquisition period, there were complaints that speculators were operating in the areas to be acquired by the BODC, especially around the Bathurst and Orange townships. There were also suggestions of great variation in the land prices paid by the Corporation.<sup>87</sup> The land price figures included in the BODC Annual Reports bear this out. For the 640 hectares acquired in 1974/75, an average of just over \$7,800 per hectare was paid. Over the next three financial years, the average was between \$2,500 and \$2,900 per hectare.<sup>88</sup>

Over the ten years to June 1984, the BODC developed thirteen residential estates comprising some 1,200 lots and built some 410 houses and units. The

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82 Bathurst-Orange Development Corporation, *op.cit.*, pp. 1-3.

83 Bathurst-Orange Development Corporation, *op.cit.*, p. 7.

84 Bathurst-Orange Development Corporation, *op.cit.*, pp. 11, 13.

85 Bathurst-Orange Development Corporation, *op.cit.*, p. 15.

86 Bathurst-Orange Development Corporation, *Annual Reports*.

87 See M. Wilson, 'The Land Dealers : Where the money went', *National Times*, April 26 - May 1, 1976, pp. 4-5.

88 Bathurst-Orange Development Corporation, *Annual Reports*.

Corporation also developed four industrial estates and 18 factory units over those years.<sup>89</sup>

In 1978/79, the activities of the BODC were reassessed in response to reduced population expectations and the worsening economic climate. In that year, a decision was made not to acquire any more land for future urban development.<sup>90</sup> The land purchased in 1979/80 was subject to contracts made in 1978 under a 'term purchase' scheme.

The reassessment of the project continued in the year 1979/80. Towards the end of 1979, the Corporation was restructured in a major way with its main emphasis changing from land development to 'industrial marketing'. Public principles of management would be replaced by private 'profit and loss' principles. A new chairman and other executives were appointed and a number of new directions for the Corporation were defined. No further borrowings were to be undertaken, all properties were to be revalued and written down to their true market value, all marketable property assets were to be identified and operating costs were to be reduced. The Corporation was to attempt to trade its way out the financial position imposed by historical funding and accounting procedures. The overall aim of the organisation was to achieve an annual 'no loss' result.<sup>91</sup>

Over the next few years, the BODC pursued its new marketing and promotional aims and achieved a surplus by selling off its detached and medium density housing, developed residential and industrial lots and undeveloped broadacre land. The Corporation had some success with this disposal strategy. Over the period 1980-81 to 1985-86, property sales generated just over \$25 million. Surpluses before interest for these years ranged between a high of \$1.3 million and a low of \$0.66 million.<sup>92</sup>

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89 Bathurst-Orange Development Corporation, *Annual Report 1983-84*, BODC, 1984, p. 7.

90 Bathurst-Orange Development Corporation, *Annual Report 1978-79*, BODC, 1979, p. 3.

91 Bathurst-Orange Development Corporation, *Annual Report 1979-80*, BODC, 1980, pp. 3-5. See also L. Tingle, 'Growth centres invite the private developers to help', *Australian Financial Review*, April 24, 1981, p. 22.

92 Bathurst-Orange Development Corporation, *Annual Reports*.

The BODC's broadacre landbank was reduced from 8,100 hectares in 1980 to 4,130 hectares in June 1984. Of the 5,500 hectares acquired for the new city only 1,950 hectares remained in the Corporation's ownership in June 1984.<sup>93</sup> The BODC sold its broadacre land at significantly lower prices than were paid for the land in the mid 1970s. The 2,750 hectares sold in the three years 1980-81 to 1982-83 brought \$3.54 million or about \$1290 per hectare.<sup>94</sup> Some 400 residential lots, 35 industrial lots and 140 detached and medium density houses were sold between 1981 and 1986.

In its 1980/81 Annual Report, the BODC drew attention to its impending debt problems. By June 1981, debt to the Commonwealth and State Governments on loans and accumulated interest totalled just over \$46 million. Repayments were due to commence in 1983/84. The Corporation Board highlighted the need to restructure this debt. This would allow the Corporation to service its private debt without calling on government assistance. The BODC argued that through its assets sales, it was building liquidity to allow it to contribute to any restructured repayment program. But the overall problem was that 'volume of funds invested in the centre was out of proportion with development prospects.' It was therefore necessary for the debt to be restructured and reduced, and for a further repayment holiday on Commonwealth and State loans to be granted.<sup>95</sup> The BODC continued to highlight these problems over the next few years.

In late 1982, the NSW Minister of Development and Decentralisation requested the Development Corporation of New South Wales to review the Bathurst-Orange Growth Centre and, in particular, the financial and funding arrangements for its development. At the time, the BODC noted that while it could, with reasonable certainty, repay its private loans, it would be unequal to the task of repaying the Commonwealth and State loans under the original formula.<sup>96</sup> The report of the Development Corporation of New South Wales argued that despite the \$50 million of Commonwealth, State and private funds injected into the growth centre since its

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93 Bathurst-Orange Development Corporation, 1984, *op.cit.*, p. 17.

94 Bathurst-Orange Development Corporation, *Annual Reports*.

95 Bathurst-Orange Development Corporation, 1981, *op.cit.*, p. 5.

96 Bathurst-Orange Development Corporation, *Annual Report 1982-83*, BODC, 1983, p. 5.

establishment, it had not grown any faster than other towns in western New South Wales. The Bathurst-Orange experience had not demonstrated that residential and industrial development ahead of demand was a significant incentive to attract people to the centre. The report recommended that the Corporation sell all of its remaining land over the following five years.<sup>97</sup>

The report was criticised as a political document. The growth centre concept had not been given enough time to fully prove itself while the dismantling of the BODC would have negative economic consequences on the area. If the report's recommendations were acted upon, selective decentralisation would be effectively abandoned in western New South Wales.<sup>98</sup>

In 1983, the Wran Government made an election promise to maintain Bathurst-Orange as a growth centre and not to dismantle the BODC. Nevertheless, changes were imminent. In 1985, the Public Accounts Committee of the NSW Parliament undertook a review of the Macarthur growth centre. In response to the report of that committee and to a review of the operations of the State Department of Development and Decentralisation, the Wran Labor Government decided, in September 1985, to restructure the activities of both the body responsible for the development of Macarthur and the BODC. Both would be replaced by 'Regional Economic Development Units' by 1992. The main purpose of the new organisation at Bathurst-Orange would be to encourage and promote economic and business development in the western region of New South Wales. While surplus land holdings would be sold off over the seven years to 1992, strategic industrial and commercial land would be retained in public ownership to facilitate economic growth. The Wran Government's decision reinforced the direction taken by the BODC since 1980. The general emphasis would now be on marketing and development promotion. The '1960s concept' of decentralisation

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97 J. Glascott, 'Govt to axe Bathurst-Orange growth area', *Sydney Morning Herald*, February 10, 1983, p. 3.

98 For a critique of the report of the Development Corporation of New South Wales see 'Selective decentralisation lost in Bathurst-Orange', *Australian Urban Studies*, 10, 4 (March 1983), pp. 5-6.

through land acquisition and development in a selected centre was abandoned through this decision.<sup>99</sup>

There were many similarities in the BODC's change of direction in 1980 and the Wran Government's decision of 1985. Despite this, the BODC reacted angrily to the Wran Government's decision mainly because it did not include the restructuring of the Corporation's debt on its Commonwealth and State loans. The BODC decided to take this matter into its own hands. It changed its accounting policies by ceasing to capitalise interest charges on the Commonwealth and State loans against its income and expenditure and by removing those charges from its balance sheet.<sup>100</sup>

The Corporation justified these changes on a number of grounds. It argued that if it had been allowed to develop and trade in property for twenty years from 1985, it would have generated enough funds to repay its private loans and allowed the Commonwealth and State Governments to recover their initial advances. The Wran Government's decision now prevented that. Further, the Corporation saw the repayment of its private loans as its overriding commitment. It was anxious not to put that commitment in jeopardy by including figures in its balance sheet which would have given rise to suggestions that the repayment of its private loans may be deferred in favour of repayment of the Commonwealth and State loans.<sup>101</sup>

In terms of population growth and level of investment, the achievements of the Bathurst-Orange growth centre over the past thirteen years are half those achieved at Albury-Wodonga. The population of the Bathurst-Orange Statistical Division grew from 52,500 in 1971 to an estimated 65,900 in 1986. This represents an average annual

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99 C. Jay, 'Regional growth bodies to lose their land development role', *Australian Financial Review*, September 6, 1985, p. 12 ; Bathurst-Orange Development Corporation, *Annual Report 1984-85*, BODC, 1985, p. 3.

100 Bathurst-Orange Development Corporation, 1985, *op.cit.*, p. 16.

101 Bathurst-Orange Development Corporation, 1985, *op.cit.*, pp. 16-17. The BODC made a number of other arguments to justify this decision. It argued that the State and Commonwealth loans should really be seen as 'venture risk capital' in the growth centre, finance which should not be given the status of interest bearing loans especially given the reduced life of the BODC. It also argued that since all surplus funds on the winding up of the Corporation would return to the State and Commonwealth Governments and since the State and Commonwealth are not tax paying investors, no good purpose is served by classifying this funding as partly capital and partly interest.



growth rate of just over 1.5%. Total investment in the growth centre to June 1984 was in excess of \$450 million with a number of major companies establishing themselves in the centre over the period.<sup>102</sup> Some State Government agencies have been relocated to the centre, in particular, the Central Mapping Authority employing some 600 people, but the proposals for transfer of federal government agencies did not eventuate.

In the mid 1980s, the transition to a regional economic development unit and the possibility of the establishment of an army base dominate the BODC's thinking about the area's future.<sup>103</sup> The Corporation will continue to develop and market land as well as dispose of broadacre land over the years to 1992. The restructuring of the debt on Commonwealth and State loans had not been resolved by June 1986.

### 3.3. Macarthur : the satellite growth area on Sydney's south western fringe

The idea of the Macarthur Growth Centre originated in the 1968 Sydney Region Outline Plan. That plan, prepared by the NSW State Planning Authority, proposed that three self-contained cities centred on Campbelltown, Camden and Appin be developed to eventually house 500,000 people. The area is on the south west fringe of the Sydney metropolitan region between 50 and 75 kilometres from the Sydney CBD.<sup>104</sup> The Whitlam Government became involved in the development of the area and included it in the growth centres program because of its commitment to planned urban development on Sydney's fringes.

The development of the area has been primarily the responsibility of the NSW Government. The Macarthur Development Board was established but the project has always been under strong State government direction. Until 1981, the project was the responsibility of the NSW Planning and Environment Commission (later the NSW Department of Environment and Planning). Responsibility was then transferred to the NSW Department of Industrial Development and Decentralisation where it remains. The

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102 Bathurst-Orange Development Corporation, 1984, *op.cit.*, pp. 4-5.

103 G. Cole, 'Future direction of BODC resting on Govt, Army plans', *Australian*, January 17, 1986, p. 15.

104 R. Meyer, 'Macarthur : An answer to sprawl', *Royal Australian Planning Institute Journal*, 15, 4 (1977), p. 117.

Macarthur Development Corporation was established in 1985 as a division of the latter department.

The Whitlam Government played a catalytic role in getting the planned development of the area underway. The negotiations between the Australian and State Governments led to a 'designated area' of 10,000 hectares being declared. Most of this was at Appin for development in the 1990s but it also included the John Macarthur estate at Camden, an area of some 2,700 hectares, to be conserved as part of the national heritage. Also, in 1973, the Whitlam Government made a decision that land owned by the Australian Army at Holsworthy, immediately to the north of Campbelltown, be made available for urban development as part of the Macarthur Growth Centre.<sup>105</sup>

As a result of the Whitlam initiative, just over \$28 million in Commonwealth loan funds were allocated to the project between 1975 and 1978. Much of this money was used to finance major infrastructural works for the development.

The area has grown rapidly from a population of 58,000 in 1971 to an estimated 170,000 in 1986.<sup>106</sup> This represents an average annual growth rate of just over 7.4% over this period. Over the decade to June 1981, some 6,300 hectares of land was brought into public ownership for a wide range of urban development purposes.<sup>107</sup> By June 1985, nearly 4,600 hectares of land remained in public hands.<sup>108</sup> Residential development in the area is undertaken by the private sector, and the Land Commission of New South Wales and the Housing Commission of New South Wales, amalgamated into the Department of Housing in 1986. The major function of the Macarthur Development Corporation is the development of commercial centres - regional, district

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105 'Army to lose land for federal housing', *Australian Financial Review*, December 19, 1973, pp. 1, 7. By 1987, the Holsworthy land had not been developed because of drainage problems with it. At that time, the land was under the control of the Federal Department of Local Government and Administrative Services.

106 Macarthur Development Corporation, *Annual Report Year Ended 30th June 1986*, Sydney, Department of Industrial Development and Decentralisation, 1986, p. 37.

107 Department of Environment and Planning, *Annual Report 1980-81*, Sydney, New South Wales Government, 1982, p. 41.

108 Macarthur Growth Area, *Annual Report 1984-85*, Sydney, Department of Industrial Development and Decentralisation, 1985, pp. 24-25.

and town - and industrial estates. The Corporation has concentrated its efforts in these areas because of the need to generate local employment for the resident population. In 1977, it was estimated that about 60% of the workforce in the area commuted to the Sydney metropolis and that the centre needed to generate about 2,500 to 3,000 new jobs just to keep this proportion steady.<sup>109</sup> In the mid 1980s, the Corporation's role of attracting industrial and tertiary investment has gained momentum. A nationwide advertising campaign commenced in 1986 and continues into 1987.

As mentioned earlier, the activities of the Department of Industrial Development and Decentralisation, the organisation responsible for the development of Macarthur, were reviewed in 1985. As a result of that review, the Wran Government decided that the Macarthur Development Corporation would be replaced by a 'Regional Economic Development Unit' by 1992 in the same way as the BODC. This change will continue what has been a progressive shift in the mandate of those responsible for the development of Macarthur from 'the acquisition of land and the planning and co-ordination of its use, to one of promotion and marketing.'<sup>110</sup> The holding of a land bank will not be an overriding function of the new development unit. Land owned by the Macarthur Development Corporation will be sold except for strategic industrial and commercial land. A task force was established in 1986 to implement these changes. It recommended that just over 2,000 hectares of land be sold. Most of this land is non-urban.<sup>111</sup>

In the early 1980s, moves were made to restructure the Corporation's debt on Commonwealth and State loans. This had not been resolved by June 1986 but the capitalised interest on those loans has been transferred to the State Treasury. The effect of this has been to write back the accumulated deficiency on the Macarthur Development Corporation's financial balance sheet by some \$100 million.<sup>112</sup>

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109 Reported in 'Industry turns its eyes to buoyant growth centre', *Sydney Morning Herald*, December 5, 1977, p. 19.

110 Macarthur Growth Area, *op.cit.*, p. 32.

111 Macarthur Development Corporation, *op.cit.*, p. 29.

112 *ibid*, p. 48.

Macarthur has had trouble maintaining its legitimacy as a 'growth centre' because of its location on the fringe of the largest city in Australia. Nevertheless, it is important to remember that the need for planned satellite cities did comprise an important part of the strategic thinking behind the growth centre program. In this context, the Macarthur development has been a success.

#### 3.4. The failure of Monarto

In the early 1970s, Adelaide was projected to grow from 800,000 people in 1971 to between 1.4 and 1.6 million by the year 2000 assuming that immigration continued at the rate of the late 1960s. Many argued that a new city some distance from Adelaide to accommodate some 500,000 people was needed to cater for this growth. It was noted at the time that 'this implies that a serious attempt should be made to keep the population of Adelaide below about one million.'<sup>113</sup> On his own account, Don Dunstan, the South Australian Premier, took some time to be convinced but he eventually saw the need.<sup>114</sup> The idea of a new city at Monarto, located some eighty kilometres to the east of Adelaide on the leeward side of the Mount Lofty Ranges, emerged to fulfill this need.

There were two main reasons why Monarto was chosen as the site for a new city. First, it was thought that a new city should not be too close to Adelaide to be indistinguishable from it nor too far away to prevent viable administrative, commercial and industrial links with Adelaide.<sup>115</sup> It was argued that the 'Iron Triangle' cities - Whyalla, Port Augusta and Port Pirie - and Mount Gambier in the south east of South Australia were too far away<sup>116</sup> while the Willunga Basin to the immediate south of

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113 *Report of the Committee on Environment in South Australia*, Adelaide, Government Printer, May 1972, pp. 90-91, 200.

114 D. Dunstan, *Felicia : the political memoirs of Don Dunstan*, Melbourne, Macmillan, 1981, pp. 190-191.

115 A. Parkin and C. Pugh, 'Urban Policy and Metropolitan Adelaide', in A. Parkin and A. Patience (editors), *The Dunstan Decade : Social Democracy at the State Level*, Melbourne, Longman Cheshire, 1981, p. 104 ; Dunstan, *op.cit.*, p. 191.

116 For example, Dunstan argues that, "Some of those who talked blithely of decentralisation of industry to country towns over 150 miles from Adelaide just had not studied the topic. We had already found real disabilities for industries relying on a metropolitan supply base at less than that distance." (*op.cit.*, p. 190) And later, with regard to the argument that Mount Gambier

metropolitan Adelaide was too close. Environmental considerations also went against the Willunga Basin. Many thought that this important viticultural and horticultural area had an aesthetic value which should not be compromised by urban development.<sup>117</sup> The Monarto site was unexceptional from an agricultural and aesthetic point of view. It was also close to a water supply - the River Murray - and was on main road and rail routes necessary for the new city's accessibility to Adelaide and for its commercial viability. Finally, the Monarto site was sufficiently distant from Adelaide and was comprised of large enough parcels to prevent land speculation and holdout.<sup>118</sup> Both had been problems at Elizabeth, the satellite new town developed during the 1950s and 1960s on the northern fringes of Adelaide.

The second explanation for the choice of Monarto is harder to document but forms such a central part of the folk memory that it should be mentioned. The location of Monarto was a response to the fact that the Labor Party nearly lost the Murray Bridge seat in the 1968 State elections.

In many ways, Monarto was a unique and idiosyncratic proposal within the growth centre program. First, it was really a state initiative and choice made before the election of the Whitlam Government.<sup>119</sup> A growth centre in South Australia was a possibility but the Whitlam Government had no real say in where it was to be. While Monarto shared this characteristic with Bathurst-Orange, the latter had been more

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represented a better place to decentralise than Monarto, ". . . our investigations of decentralisation of industry had demonstrated that it was impossible to decentralise *artificially*. One had, in any remote area (and Mount Gambier is far distant from markets and industrial supplies) to base industry on a proven local resource. . . . Monarto . . . would relieve pressure on Adelaide by creating a separate development area, within reach of Adelaide's industrial supply base." (*op.cit.*, p. 247, emphasis in the original).

- 117 Parkin and Pugh, *op.cit.*, p. 104 ; Dunstan, *op.cit.*, p. 191. Nevertheless, for an argument that a satellite new city in the Willunga Basin offered hope, if well planned and executed, of resolving some of the problems of the continued sprawl of Adelaide see H. Stretton, *Ideas for Australian Cities*, Adelaide, the author, March 1970 ; Melbourne, Georgian House, June 1970, pp. 190-194 and H. Stretton, 'Future Urban Development : Some Options', in C.A. Forster and R.J. Stimson (editors), *Urban South Australia : Selected Readings*, CASSR Monograph Series No. 1, School of Social Sciences, Flinders University of South Australia, 1977.
- 118 Although the secretary of the State Planning Authority used his inside knowledge to make speculative land purchases with others within the Monarto 'designated area'.
- 119 For a somewhat cynical account of the background to the Monarto decision which argues that Dunstan had recognised the importance of new cities within the Whitlam urban program by 1971 and sought to guarantee South Australia's involvement see J. Wanna, 'Urban Planning under social democracy - the case of Monarto, South Australia', *Australian Quarterly*, 54, 3 (1982), pp. 260-262.

generally mooted as a site for a growth centre. Perhaps the more distinguishing aspect of the Monarto proposal was that it was neither a new satellite city on Adelaide's fringes or an autonomous regional centre. It sat somewhere between these two poles. Also, it was the only literal 'new city' in the growth centre program, that is, a new city to be built on a virgin site. While Monarto was adjacent to the township of Murray Bridge, the new town was planned as if the latter did not exist. The relationship was to be very much like that between Canberra and Queanbeyan. Monarto's ambivalence in relation to the strategy behind the growth centre program, its conception as a totally 'new' city, and the fact that the site was not immediately attractive were to make it very difficult for Monarto's advocates to establish its political legitimacy. Nevertheless, the project was consistent with the visionary nature of Dunstan's program of social democratic reform.<sup>120</sup>

The Monarto Development Commission (MDC) was established in 1974 and embarked on a sophisticated planning exercise for the development of the site, covering physical, environmental, social and economic aspects.<sup>121</sup> Virtually all of the Monarto 'designated area' comprising some 15,200 hectares had been acquired by June 1975 at a cost of just under \$8 million. An additional 4,300 hectares outside the designated area was also acquired at a cost of about \$2.4 million.<sup>122</sup> Between January 1973 and June 1976, over \$9 million had been borrowed from the Commonwealth Government for

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120 See Neilson, 1974, *op.cit.*, p. 14 on Monarto as the only literal new city within the growth centre program. The 'originality' intentions for Monarto were well described in a press article published in January 1973 as part of a series on the project under the general title 'Creating a Community': "Murray New Town (the name 'Monarto' was announced in February 1973) is not being treated as a bigger, brighter and better version of what we have done before. It is not being handled as another Elizabeth, Christie Downs or West Lakes (all areas of urban development on Adelaide's fringes undertaken in the 1950s and 1960s), tarted up with the latest fads of planners and the like. It is being approached as a unique chance to come to terms with opportunities and grapple with difficulties, the start of a new generation of communities, not an extension of the past." (B. Guerin, 'Starting with a clean slate', *Advertiser*, January 18, 1973, p. 5, my additions).

121 Dunstan argues that "The planning was done with great care - no new city had had such careful study carried out for its establishment this century ; the Monarto plans are models for all future planners." (Dunstan, *op.cit.*, , p. 191). For general accounts of the approach taken in the planning of Monarto see P. Eltham, 'SA Government sets sail with Monarto development', *Australian Financial Review*, November 16, 1973, pp. 52-53 and A. Hutchings, 'Monarto : Just a bit better', *Royal Australian Planning Institute Journal*, 15, 4 (1977), pp. 124-127.

122 Monarto Development Commission, *Annual Report 1974/1975*, Adelaide, Monarto Development Commission, 1975 ; Monarto Development Commission, *Annual Report 1975/1976*, Adelaide, Monarto Development Commission, 1976.

land acquisition and for administration and planning purposes. The MDC's borrowings from the State Government were also heavy.

During these early establishing years, a number of controversies emerged which challenged both the very idea of a new city at Monarto and the way in which its growth was to be fostered. There were two aspects to the general challenge. The projected decline in population growth was thought to undermine the need for Monarto while many questioned it as a suitable site and location for a new city. On the issue of Monarto's growth, conflict emerged over the idea that public servants would be relocated as an early source of population for the new city. Dunstan eventually backed down on this.<sup>123</sup>

In late 1976, the Fraser Government advised that additional federal funds for the development of the Monarto site would not be available in 1976/1977. In response, the Dunstan Government decided to defer the commencement of the development of Monarto until June 1978 arguing that, without funds, the project was stymied.<sup>124</sup> In early 1978, the commencement was put back further until January 1983.<sup>125</sup> From late

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123 In early 1974, Peter Scott, Professor of Geography at the University of Tasmania and member of the Cities Commission questioned both the Monarto site and the need for the new city in South Australia in the light of the declining population projections. See C. Milne, 'Monarto a curious choice - professor', *Advertiser*, February 28, 1974, p. 24. For other criticism of Monarto in these terms and for government and other responses see P. Eltham, 'Dream city' Monarto - all quiet since about 1847', *Australian Financial Review*, April 5, 1974, pp. 45, 47 ; 'Merits of project being questioned', *Advertiser*, November 18, 1974, p. 4 ; 'Fierce debate on choice of site', *Advertiser*, November 19, 1974, p. 4 ; G. Kelton, 'Detailed economic study not made', *Advertiser*, May 6, 1975, p. 10 ; G. Kelton, 'Opposition parties call for halt to Monarto', *Advertiser*, May 7, 1975, p. 3. Steele Hall also criticised the location of Monarto and the need for it in the light of the revised population projections. See 'Population Report Sets The Rules : Doubt cast on plans for new growth centres', *Australian Financial Review*, June 23, 1975, Property Feature, pp. 8-9 for an account of Hall's criticisms.

For the MDC's argument that Monarto was needed despite declining population growth see Monarto Development Commission, *Annual Report 1975/76*, Adelaide, Monarto Development Commission, 1976, 'Restraining Adelaide's growth', pp. 4-5. See also 'Population trend shows new town 'urgent'', *Advertiser*, June 22, 1976, p. 7.

On the question of relocation of public servants see 'PS men to vote on transfer to Monarto', *Advertiser*, February 24, 1975, p. 3 ; 'PS men 'must go to Monarto'', *Advertiser*, February 26, 1975, p. 3 ; 'PS meeting demands choice on Monarto', *Advertiser*, March 5, 1975, p. 1 ; 'PS men 'need not live at Monarto'', *Advertiser*, March 6, 1975, p. 1.

124 Monarto Development Commission, *Annual Report 1976/1977*, Adelaide, Monarto Development Commission, 1977 ; G. Kelton, 'Monarto deferred for 18 months', *Advertiser*, December 17, 1976, p. 3.

125 Monarto Development Commission, *Annual Report 1977/1978*, Adelaide, Monarto Development Commission, 1978.

1976 onwards, MDC staff were redeployed on other public and private consultancies, transferred to other public service positions and, in some cases, were retrenched.

The Tonkin Liberal Government gained office in September 1979 and immediately made clear its intentions to abandon the Monarto project. By July 1980, it had renegotiated the federal loans with the Fraser Government. The debt on the federal loans had accumulated to some \$14 million to June 1980. It was agreed that the State Government repay \$5.1 million over three years in lieu of this debt.<sup>126</sup> Editorial opinion suggested that scrapping the project was the 'most sensible thing to do' in view of the projected decline in economic and population growth.<sup>127</sup>

The State Government had also loaned money for the Monarto project. The debt from this source was also written off, but some of it was recovered by sale of much of the Monarto site. The land was offered to the original owners first and, if they were not interested, it was offered for sale on the open market. By May 1982, 6,100 hectares had been sold back to the original owners, 7,080 hectares had been sold on the market and some 2,700 hectares remained to be sold. 1,760 hectares, adjacent to the main eastern freeway into Adelaide on which a million trees had been planted by the MDC in the early 1970s, was retained as a permanent conservation area. An additional 1,000 hectares was kept in public ownership as a possible site for an open-range zoo.<sup>128</sup> Even the zoo proposal now seems uncertain.<sup>129</sup>

It has been noted that :

"DURD and the Cities Commission were never very enthusiastic about Monarto, largely because they felt that South Australia did not have sufficient growth and that it would be better to ensure that Adelaide's growth developed along more efficient lines. Despite these reservations, support was proffered for site acquisition and some developmental work."<sup>130</sup>

It seems that the Whitlam Government was unable to reconcile the tension between its support of a general growth centre policy and the inadequacies of a particular proposal

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126 'Fraser waives interest : \$5.1m. Federal, State deal ends Monarto', *Advertiser*, July 24, 1980, p. 1.

127 Editorial : 'End for Monarto', *Advertiser*, July 24, 1980, p. 5.

128 C. Russell, 'Monarto : From the dream to the reality', *Advertiser*, May 8, 1982, p. 32.

129 'Monarto zoo has uncertain future', *Advertiser*, April 3, 1987, p. 4.

130 Lloyd and Troy, *op.cit.*, p. 161.



which emerged from and built upon that policy. This was especially the case when the proposal came from a politically sympathetic and enthusiastic state government.

#### 4. THE STRATEGY BEHIND THE PROGRAM : THE SIGNIFICANCE OF THE CONTROVERSIES

The growth centre program has been the subject of much debate and criticism. It is the purpose of this section to review the substance of those debates in the light of the above account of the program in operation and current urban and regional trends in Australia. Before the more specific controversies are discussed, the general theoretical debates about the growth centre program and regional policy in the 1970s and 1980s will be reviewed.

##### 4.1. The theoretical debates of the 1970s

In the same way as the debates about the land commission program, the debates about the growth centre program reflect the range of theoretical opinion about the worth of urban and regional policy. This opinion divides into three main camps - social democratic advocacy of the program and criticism on both the left and the right. Both critiques combine economic rationalism with social and political objections to the idea.

As noted earlier, the idea that regional growth centres were necessary in Australia was based upon the view that Sydney and Melbourne had reached sizes beyond which further growth would present major problems particularly for distributional equity and the economical provision of public infrastructure. Also, satellite and corridor growth centres would provide for more rational urban development on the fringes of the big cities. The advocates of the program highlighted the advantages conferred by new town development through strong public sector involvement in physical planning, land acquisition, the provision of infrastructure, and general economic development. Canberra provided an important model in this thinking.

This advocacy, particularly as it is manifest in Neutze's and Stretton's early work, has a number of premises. First, it is grounded in an essentially *historical*

analysis of the Australian pattern of urban settlement which emphasises the imbalance in city sizes. Contrary to what many of the critics of the program would like to think, it is not based upon the concept of an 'optimum city size'. Secondly, it is focussed on the *distributional* consequences of the existing concentration of population in the big cities, in particular the *negative externalities* associated with that concentration. Thirdly, its *political engagement* is conscious and clear. That is, it advocates a strong policy response based upon the *extension of public enterprise* to deal with the problems it identifies. *Hermeneutic and interpretative* social theory, with its holistic and idealistic view of society, informs these arguments.<sup>131</sup>

These arguments are also informed by *institutionalist* economic theory and the theory of *cumulative causation*.<sup>132</sup> These theories view the economy as a holistic system and see the theoretical relation between efficiency and equity within that system as one of interdependence rather than trade-off. Economic activity is not characterised by uniformities, constants and givens nor does it tend towards equilibrium. Rather, different sectors of the economy have different behaviors. The industrial sector is in dynamic disequilibrium and characterised by cumulative growth or increasing returns to scale. Applied to the problem of regional underdevelopment, this theoretical perspective

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131 See M. Neutze, *Economic Policy and the Size of Cities*, Canberra, Australian National University Press, 1965 and H. Stretton, *Ideas for Australian Cities*, Adelaide, the author, March 1970.

132 While Neutze's work emerges from a critique neo-classical economic theory, it does reflect the methodological premises of institutionalist economic theory and hermeneutic social theory. This was highlighted in the earlier summary of *Economic Policy and the Size of Cities*. The cumulative causation logic for establishing growth centres is highlighted in Neutze's later work. See M. Neutze, *Australian Urban Policy*, Sydney, Allen and Unwin, 1978, pp. 67-70, 77-78, 82-83. Nevertheless, it is probably true to say that *Australian Urban Policy* and Neutze's later essays are concerned less with developing the institutionalist position and more with a critical response to the liberal/neo-classical perspective. For Neutze's rather pessimistic reflections on his early work and its policy manifestations see M. Neutze, 'Urban Studies in Australia : Ten Years On', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, 1985.

Stretton's arguments more clearly reconcile historical interpretation, institutionalist economic theory and hermeneutic social theory. For more fully developed examples of Stretton's reconciliation of these perspectives in analyses of urban planning, housing, the welfare state and the environmental question see H. Stretton, *Capitalism, Socialism and the Environment*, Cambridge, Cambridge University Press, 1976 and H. Stretton, *Urban Planning in Rich and Poor Countries*, Oxford, Oxford University Press, 1978.

yielded the concept of growth centres or poles. They could further exploit the cumulative effects of growth for the underdeveloped region.<sup>133</sup>

While underdevelopment was not a major problem in Australia, the cumulative effects of growth in the big cities were. Selective decentralisation emerged in response to that problem. It is based upon the idea that interdependence and trends in the economic system can be directed and reinforced through public policy.<sup>134</sup>

The economic rationalists on the right<sup>135</sup> argue that there is no such thing as an 'optimum city size' and that, in any case, the concept refers only to the costs of urban growth. While the big cities may suffer from the problems of high costs and inequality, per capita income levels within them are higher than in small urban centres while inequality is more pronounced in rural areas. Nevertheless, Australia does not experience the problem of depressed regions. Further, urban problems in Australia are not the result of city size but rather of under-investment in infrastructure, a problem caused by the structure of Australian federalism.<sup>136</sup> Despite these problems, big cities

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- 133 Institutional economic theory and the theory of cumulative causation are best associated with the work of Gunnar Myrdal, Paul Streeten and Nicholas Kaldor. These theories have been applied to the questions of regional development and underdevelopment and regional policy by Myrdal, Kaldor, Albert Hirschman and John Friedmann. See G. Myrdal, *Economic Theory and Underdeveloped Regions*, London, Duckworth, 1957 ; N. Kaldor, 'The Case for Regional Policies', in N. Kaldor, *Further Essays on Economic Theory*, London, Duckworth, 1978 ; A.O. Hirschman, *The Strategy of Economic Development*, New Haven, Yale University Press, 1958 and J. Friedmann, 'A General Theory of Polarised Development', in N.M. Hansen, *Growth Centers in Regional Economic Development*, New York, Free Press, 1972. For an Australian summary of the theory of cumulative causation see J. de Ridder, 'Cumulative Causation Versus Comparative Advantage', *Journal of Australian Political Economy*, 20, 1986, pp. 44-48.
- 134 For an interesting early application of the theory of cumulative causation to the decision of Borg-Warner to locate at Albury in the early 1970s see F.J. Bubl, 'Borg-Warner at Albury - A Case Study in Decentralisation', *Royal Australian Planning Institute Journal*, 8, 3 (1970), pp. 62-66.
- 135 M.A. Jones, 'Optimum City Size', *Australian and New Zealand Journal of Sociology*, 9, 2 (1973), pp. 32-36 ; J. Paterson, 'Economics of urbanization policy', *National Bank Monthly Summary*, July 1973, pp. 3-8 ; P.L. Simons and N.G. Lonergan, 'The Mythical Arguments for Decentralisation', *Royal Australian Planning Institute Journal*, 11, 3 (1973), pp. 85-90 ; 'Australian Cities - How Big and Where?', *Bank of New South Wales Review*, 15 (July 1975), pp. 3-8 ; J. Vipond, 'Are National Decentralisation Policies Necessary? A Review Article', *Australian Quarterly*, 49, 2 (1977), pp. 61-74 ; R.A. Carter, 'Australian Regional Development Policy in the 1970s', *Canadian Journal of Regional Science*, 1, 2 (1978), pp. 77-93 ; R.K. Wilson, 'Urban and regional policy', in R.B. Scotton and H. Ferber, *Public Expenditures and Social Policy in Australia : Volume 1 The Whitlam Years, 1972 - 1975*, Melbourne, Longman Cheshire, 1978 ; M.A. Jones, 'Australian Urban Policy', *Politics*, 14, 2 (1979), pp. 295-303. See also R.A. Carter, 'Policy for non-metropolitan regions : the case for a reassessment', *Australian Quarterly*, 55, 3 (1983), pp. 319-333.
- 136 It is rather ironical that this should be used as an argument against the Whitlam initiatives. As we saw earlier, Whitlam justified federal involvement in urban policy to deal with these problems and some of the urban and regional programs of his government did address them.

are economically more efficient than small urban centres. Their growth will continue at a high rate because of the agglomeration economies which exist within them. The growth centre program tended to downplay the benefits of continued concentration in the big cities and to ignore existing locational preferences in regional areas - the 'demand side' - and focussed instead upon the costs of urban growth and the economical provision of public infrastructure and other services in the growth centres - the 'supply side'. Some pointed to the opportunity costs of the program's emphasis on the supply side. Others argued that the emergence of the 'low growth' economy lessened the case for new towns. In making these arguments, critics drew freely upon the international literature of the time.<sup>137</sup>

Many disagree with the view that Canberra is an exemplar for the development of regional growth centres in Australia. Rather, Canberra is a 'privileged deviant' particularly in terms of the role that the growth of the federal public service has played in its development.<sup>138</sup>

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137 In particular, the work of the American William Alonso and the Englishman Harry Richardson. See W. Alonso, 'The mirage of new towns', *Public Interest*, 19 (1970), pp. 3-17; W. Alonso, 'The Economics of Urban Size', *Papers of the Regional Science Association*, 26 (1971), pp. 67-83 ; W. Alonso, 'Metropolis without growth', *Public Interest*, 53 (1978), pp. 68-86 ; H.W. Richardson, 'Optimality in City Size, Systems of Cities and Urban Policy : A Sceptic's View', *Urban Studies*, 9 (1972), pp. 29-48 ; H.W. Richardson, *The Economics of Urban Size*, Westmead, Hampshire, Saxon House, 1973.

Alonso was one of a number of overseas experts who advised the Whitlam Government on urban and regional policy. See W. Alonso, 'A Report on Australian Urban Development Issues', in Cities Commission, *Urban and Regional Development : Overseas Experts' Reports 1973, Occasional Paper No. 1*, Canberra, AGPS, 1974. For a press account of this report see R. Ackland, 'New Cities Clanger - 'improve existing urban areas' ', *Australian Financial Review*, August 8, 1974, pp. 1,6. Australian critics of the growth centre program also draw on this paper. The Cities Commission volume also contains papers by Elkouby and Labro from the French regional planning organisation DATAR and Emanuel, an English regional planner working with the OECD. See also Cities Commission, *The Australian System of Cities Need for Research, Occasional Paper No. 3*, Canberra, AGPS, 1975 for other advice from overseas researchers. For a summary of some of this advice see L. Neilson, 'Regional Systems Research from the Planning and Policy Viewpoint - The Australian Experience', in R. Sharpe (editor), *Proceedings of the Ausplan Workshop on Regional Systems Research*, Surfer's Paradise, 1975, pp. 288-294.

138 For this argument see Alonso, 1974, *op.cit.*, p. 15 ; National Population Inquiry, *Population and Australia : A Demographic Analysis and Projection : Volume One*, Canberra, AGPS, 1975, pp. 415-416 ; 'Australian Cities - How Big and Where?', *Bank of New South Wales Review*, 15 (July 1975), p. 7 ; A.J. Robinson, *Economics and New Towns : A Comparative Study of the United States, the United Kingdom and Australia*, New York, Praeger Publishers, 1975 ; L. Kilmartin, ' "Spitting into the Wind" : Further Comments on Lyndsay Neilson's Paper', in R.J. Pryor (editor), *population redistribution : policy research*, Canberra, Department of Demography, ANU, 1976, p. 57 ; Vipond, *op.cit.*, pp. 62, 72 ; Jones, 1979, *op.cit.*, pp. 295, 297-298 ; P.D. Day, 'Canberra - a dubious exemplar', *Royal Australian Planning Institute Journal*, 18, 4 (1980), p. 126-128.

A range of policy arguments emerged from this critique. Some advocated the concentration of growth in the big cities ". . . to whatever degree necessary to be consistent with national economic development and the desire to maintain the growth of per capita incomes."<sup>139</sup> They also argue that income inequality is better dealt with through metropolitan planning and national welfare policies than a national settlement policy based upon the development of growth centres.<sup>140</sup> Programs of income redistribution and investment in infrastructure in the large cities are likely to achieve more than an urban and regional policy built upon population redistribution.<sup>141</sup> Even in terms of decentralisation policy itself, direct incentives to attract people and industries to regional centres are likely to achieve more than massive land acquisition in growth centres.<sup>142</sup> Underlying these arguments are the larger debates about economic versus urban policy<sup>143</sup> and debates about the best way to redistribute income - money versus the direct public provision of services and facilities.<sup>144</sup>

The main points of the 'right' critique of the growth centre/new town idea are well summarised by Alonso. First, by ignoring the 'agglomeration economies' associated with big cities, the new town idea ignores the 'connectivity' and 'integration' of modern society.<sup>145</sup> It also seems

". . . to fall into a deterministic fallacy which, under the guise of increasing choice, would actually reduce it in nearly-closed subsystems of too small a scale. . . . It is curious that an idea rooted in humanism should assume

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139 Carter, 1978, *op.cit.*, p. 91.

140 Carter, *ibid*, p. 87.

141 Carter, *ibid*, p. 91.

142 Phil Day's comments reported in C. Wagner, 'From greening to greying : The 1970s in retrospect', *Royal Australian Planning Institute Journal*, 19, 3 (1981), p. 106.

143 For the advocacy of 'economic and distributional' policy against urban policy see J. Paterson, 'Where Have All The Urban Problems Gone?', *Social Alternatives*, 1, 8 (1980), pp. 53-54.

144 In the context of the Australian urban policy debates, John Paterson and Martin Painter advocate redistribution though the direct provision of income in the light of what they see as the difficulties and pretensions of urban policies and programs. See M. Painter, 'Urban Government, Urban Politics and the Fabrication of Urban Issues : the Impossibility of Urban Policy', *Australian Journal of Public Administration*, 38, 4 (1979), pp. 335-346 and John Paterson's comments reported in C. Wagner, 'From greening to greying : The 1970s in retrospect', *Royal Australian Planning Institute Journal*, 19, 3 (1981), p. 107. For the argument that redistribution through income and services go hand in hand, a view grounded in the holistic institutionalist economic theory referred to earlier, see H. Stretton 'Social Policy : Has the Welfare State all been a terrible mistake?', in Evans, G. and Reeves, J. (editors), *Labor Essays 1980*, Melbourne, Drummond, 1980.

145 Alonso, 1970, *op.cit.*, pp. 11, 16.

such materialist and deterministic dimensions, and end up slighting the importance of freedom, communication and interaction."<sup>146</sup>

The left's critique of the growth centre program also combines economic rationalism with sociological and political objections to the concept.<sup>147</sup> The economic rationalism is evident in the view that the growth centre program ignored the pressures in the capitalist economy for concentration in the big cities - the neo-marxist version of the neo-classical agglomeration argument. Any attempt to change the Australian settlement pattern was doomed to failure because of these pressures. These critics also argue that the growth centre program distracted attention away from the problems of the big cities. The left's version of the right's 'opportunity cost' argument is that since the growth centre program will only benefit a small proportion of Australians of unknown socio-economic background, large public investment to encourage their development may be inequitable.<sup>148</sup>

These critics also challenge the growth centre program on sociological and political grounds. The decentralisation idea, as defended by Neutze in particular, is unduly economic and lacks a commitment to a developed concept of social welfare. Further, the idea assumes that 'objective' urban problems are actually perceived by city

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146 Alonso, *ibid*, p. 16. It should be noted here that Alonso's report to the Australian Government was less strident in its criticisms of the growth centre idea. It did repeat many of the economic rationalist criticisms of the growth centre idea - that it was based upon the unprovable argument that Sydney and Melbourne were too big, that it focussed too much on the costs and too little upon the economic benefits of urban development and that the choice of growth centre sites ignored existing preferences. Alonso also argued that more attention should be given to improving the big cities. However, Alonso supported the growth centre program on pragmatic grounds. He argued that the opportunity costs of the program were not very high while pushing ahead with a growth centres program kept open future options for urban development in Australia. See Alonso, 1974, *op.cit.*

147 L. Kilmartin, 'Urban Policy in Australia : The Case of Decentralisation', *Australian and New Zealand Journal of Sociology*, 9, 2 (1973), pp. 36-39 ; L. Kilmartin, 'New Towns in Australia : Some Planning Problems', *Australian Journal of Social Issues*, 10, 4 (1975), pp. 271-282 ; L. Kilmartin, ' "Spitting into the Wind" : Further Comments on Lyndsay Neilson's Paper', in R.J. Pryor (editor), *population redistribution : policy research*, Canberra, Department of Demography, ANU, 1976 ; L. Kilmartin, 'Social Planning as a Neglected Dimension : The Case of Population Decentralization', in J.S. Western and P.R. Wilson (editors), *Planning in Turbulent Environments*, St. Lucia, University of Queensland Press, 1977 ; R. Birrell and C. Hay, 'The National Population Inquiry : the findings and the political response', *Current Affairs Bulletin*, 52, 8 (1976), p. 11 ; A. Phillips and L.W. Turner, 'The Failure of the New Cities Programme', *Regional Journal of Social Issues*, 10 (1982), pp. 12-19.

Some of these 'left' critics, in particular Les Kilmartin, went on in the late 1970s to articulate the 'new' neo-marxist urban sociology in the Australian context. Structuralism and political detachment characterises this work. The role of public policy to address problems does not form a central part its agenda. See L. Kilmartin and D. Thorns, *Cities Unlimited : The Sociology of Urban Development in Australia and New Zealand*, Sydney, Allen and Unwin, 1978.

148 Kilmartin, 1975, *op.cit.*, pp. 272-273 ; Kilmartin, 1977, *op.cit.*, pp. 134-135.

dwellers. It also assumes an 'urban crisis' which, in the Australian context, seems overstated. The advocates of the program have an unwarranted commitment to rational planning and ignore locational preferences. Given all of these factors, the growth centre program seems overly dictatorial. Some of these critics conclude from this that since urban problems are social problems, it is naive to think in terms of urban policy. Despite these arguments, some critics remain committed to a theoretical and normative concept of social planning based upon the need for intervention to achieve the 'just' society.<sup>149</sup>

Other left critics argue that the program was not well conceived in terms of its place within the existing Australian political economy and the existing Australian settlement pattern. The implementation of the Monarto development in South Australia ignored the problems of economic decline in the 'Iron Triangle' cities of Whyalla, Port Pirie and Port Augusta and the potential which existed for the development of towns in the South East of the state.<sup>150</sup> Others have argued that the program ignored the problems of old industrial cities in New South Wales, in particular Wollongong and Newcastle.<sup>151</sup>

The Monarto proposal, in particular, demonstrates all of the problems of attempting to induce urban growth rather than cater for it. Monarto was not linked to a viable long term project without which a new urban centre will have trouble establishing itself.<sup>152</sup> Others point to the program's poor conception from a general strategic and planning point of view.<sup>153</sup>

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149 Kilmartin, 1977, *op.cit.* In advancing these arguments, it is interesting that these 'left' critics draw upon Alonso's arguments. See, in particular, Kilmartin, 1973, *op.cit.*, p. 38 and Kilmartin, 1977, *op.cit.*, pp. 133-134. For Alonso's argument that the problems of the big cities should not be ignored in order to encourage the growth of smaller cities see Alonso, 1974, *op.cit.*, pp. 9-10. Richardson also advances the argument that policies to redistribute population may distract from more pressing social problems in the big cities - see Richardson, 1972, *op.cit.*, p. 46.

150 J. Wanna, 'Urban Planning under social democracy - the case of Monarto, South Australia', *Australian Quarterly*, 54, 3 (1982), pp. 266.

151 Graham Larcombe's comments in a seminar at Macquarie University in which the author presented some very early arguments about the urban and regional policies of the Whitlam Government. See also Paterson, 1973, *op.cit.* for the argument that regional policy should concentrate on providing a wider range of job opportunities in cities like Wollongong rather than establishing new cities with their high cost and uncertain benefits.

152 Wanna, *op.cit.*, pp. 266, 268-269. Again, a marxist detachment and cynicism underlies Wanna's argument as in the following passage - "As a social democratic sojourn (Monarto) displayed

These criticisms have a number of premises. First, they are *positivistic* in orientation and are grounded in *neo-classical* and *marxist* theory. While these theories also have holistic views of economy and society, they tend to see the conflict between rival principles and interests within them as insurmountable. In the case of marxist theory, class conflict dominates all else. Neo-classical economic theory sees the theoretical relation between efficiency and equity, or between private and public principles of resource allocation, as one of trade-off and conflict. Economic policy is better able to deal with that conflict than urban and regional policy. To the extent that urban and regional policy is necessary, it is likely to achieve more if it is consciously guided by economic considerations and existing preferences. Economic rationalists, on the right in particular, emphasise what they see as the *productive* consequences and the *positive externalities* associated with the existing concentration of population in the big cities. Further, *political detachment* characterises the arguments of the critics at least in terms of the need for urban and regional policies. That is, the critics do not advocate strong policy responses to urban and regional problems. The economic rationalists on the right tend to defer to the forces of the market while the marxists defer to capitalist structures. The growth of the big cities is not conceived as an important object of public policy in either perspective.

In general, these criticisms are very cavalier and reflect the problem of analysing a new initiative in the absence of an accumulated body of experience in implementing it. They also reflect the limits of applying preconceived and detached theory to inherently political and practical issues. On this front, there is some irony in the challenge to the new town idea and, in particular, to the concept of an 'optimum city size'. Critics argue that both are based in a 'deterministic fallacy' and assume a knowledge we simply do not have. But, as we saw earlier, the advocates of the growth centre idea are not

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much confidence in the capacity of social engineers to reconstruct a better kind of capitalism. It pinned faith on an improved, bureaucratically regulated quality of life. It attempted, in Keynesian fashion, to use the crutch of government social investment to support expanding demand." (p. 268) While the Monarto project may have been an overambitious and poor reflection of these principles, there is nothing in Wanna's argument to indicate that they are generally wrong.

153 M. Payne and G. Mills, 'The Case for New Cities in Australia', *Royal Australian Planning Institute Journal*, 11, 1 (1973), pp. 5-8.



positivists. Their arguments for growth centres and 'optimality' in city sizes emerge from an interpretative and historical analysis which argues that some Australian cities are too big in terms of the costs they impose on certain people and groups within them. Further, the economic rationalism employed by the critics of the program is thoroughly imbued with positivist assumptions. That is, detached theoretical arguments are used to disguise sociological and political interests. 'Economy' is seen only from the viewpoint of the private and capitalist interest. The accusation of determinacy and materialism in the arguments of the advocates of the new town idea applies with equal force to the arguments of the critics.

Some of the 'left' criticism of the growth centre program is similarly inconsistent and misinterprets the principles behind the advocacy of the program. As expressed in Kilmartin's critique<sup>154</sup>, there are two inconsistencies. The first is between the commitment to interventionist social planning to help achieve social justice and the critique of the decentralisation idea as dictatorial and deterministic. All intervention implies a particular analysis which, in turn, implies some understanding of cause or determination. Kilmartin ignores such trifling considerations. He leaves open the question of what *urban* policy and interventions may help achieve the 'just' society he seeks. Secondly, he ignores the fact that Neutze's economic analysis of the impact of urban size is grounded in a notion of 'social welfare'. Kilmartin never defines his concept of 'social welfare' except to say that it must have a sound 'sociological' basis.<sup>155</sup>

Further, the view that the growth centre program distracted attention away from the causes of the problems of the big cities and possible solutions to them is similarly crude and misplaced. This leads to the reductionist and naive view that because urban problems are social problems it is pointless to think that urban policy will help solve them. These arguments assume some straight forward relation between cause and effect in addressing problems. If the causes of problems can be properly identified then

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154 Kilmartin, 1977, *op.cit.*

155 Kilmartin, *ibid*, p. 126.

'correct' solutions can be devised and implemented. It does not recognise that urban problems *are* social problems and that urban policy may have some role to play in addressing them.<sup>156</sup> Also, it does not recognise that the growth centre program was but one part of DURD's overall effort, an effort which addressed the problems of the big cities in many other ways.<sup>157</sup>

Finally, the 'opportunity cost' argument against investment in public infrastructure in growth centres ignores the fact that, from the viewpoint of the national economy, this investment would be necessary to cater for normal growth, assuming the same standard of provision for all urban dwellers. The economy involved in growth centre development through a public development corporation suggests that, at least in principle, the eventual cost of investment in infrastructure throughout the whole urban and regional system would be less than it would be if the 'normal' pattern of unplanned development in the big cities were to continue unabated.<sup>158</sup>

To conclude, the critics do not undermine, in any way, the need for creative public policy and programs, of which growth centres might be one component, to address the social problems of Australia's cities. Stretton and Neutze's essential point that the incidence of social cost and private benefit in processes of urban change differs and works to the disadvantage of already deprived social groups in large cities has not been dismissed in the economic rationalist critique. Accounting for cities as producing units does nothing to address the important social costs accrued within them. While critics do envisage some public intervention and redistribution to redress the structural imbalance between 'private wealth and public squalor' in Australia's cities, it is meaningless to invoke some 'national interest' to support the case for further metropolitan concentration as Carter does, for example.<sup>159</sup> This 'national interest' is

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156 For a critical response in these terms to Kilmartin's 1975 essay see J. Roseth, 'A Rejoinder to 'New Towns in Australia : Some Planning Problems' ', *Australian Journal of Social Issues*, 11, 1 (1976), pp. 41-42. Roseth argues that Kilmartin's critique of the growth centre idea is reductionist and over-extended, and that the idea is coherent if it is seen as an incremental policy.

157 See, in particular, the analysis in Chapters Three and Four above.

158 For this argument see Roseth, *op.cit.*, p. 42.

159 Carter, 1978, *op.cit.*

the interest of the private capitalist economy. It should be recognised as one interest, not the only one.

While the theory of cumulative causation also recognises that economic, social and urban systems are 'connected' and 'integrated', it does not capitulate before those systems. It never loses sight of the fact that they can be pushed in different policy directions to achieve different objectives and to serve different interests. Whereas the critics have a 'closed' view of systems, the institutionalists have an 'open' view. The more recent debates about regional policy are beginning to rediscover this basic point. Nevertheless, the changed economic circumstances of the 1980s have led the regional policy debates away from the growth centre idea. The economic rationalist critique of the growth centre idea continues to inform these debates as the next section will show.

#### 4.2. The regional policy debates in the 1980s

In the 1980s, the international debate about new towns and regional policy has taken new directions in response to economic crisis and structural change within the capitalist democracies. A recent overview of trends and debates about urban and regional policy<sup>160</sup> summarises the change from the 1960s and 1970s to the 1980s as a shift away from policies to cater for urban growth - what the OECD reports call the 'urban containment/localised dispersal' strategy - towards policies to revitalise declining urban and regional areas and to address problems of fiscal crisis. Clearly, the decentralisation/new town idea was part of the former strategy.

Nevertheless, the OECD reports make a number of points which suggest that the new town idea should not be written off. While new towns must be seen as part of a larger settlement strategy, government can play an important role in attracting substantial population and economic activity to new areas. For example, in England and Wales between 1951 and 1978, new towns accounted for approximately one third of

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160 Organisation for Economic Cooperation and Development, *Managing Urban Change : Volume 1 - Policies and Finance*, Paris, OECD, 1983a ; Organisation for Economic Cooperation and Development, *Managing Urban Change : Volume 2 - The Role of Government*, Paris, OECD, 1983b.

the net growth in urban population. Extensive public land ownership in the British new towns has enabled the development corporations to ensure land availability, to keep down the price of land and to closely control land use. And the coordination evident in the development of most new towns improves the efficiency of public and private investment.<sup>161</sup> Also, the new town idea was adapted to new tasks throughout these years. For example, 'new towns in town' were conceived as one way through which to deal with inner city problems in the USA in particular. The OECD goes on to note, however, that new town development through public corporations is limited because the urban problems which now confront the capitalist democracies are different from when most new towns were conceived and built. In periods of slow overall growth, there is less need for instruments to channel excessive urban growth. Also, there are less resources to deal with the problems of urban growth. Encouraging the growth of new towns may have contributed to the decline of the large cities.<sup>162</sup>

The Australian debates of the 1980s reflect the shift in policy emphasis highlighted by the OECD. In the current period, processes of structural change in the Australian economy have resulted in high unemployment and its associated deprivations in regional communities. The dominant policy interest is in restructuring those sectors of the Australian economy which are in crisis. The debates about urban and regional policy have no real choice but to adapt to this new reality. In the same way as the urban and regional policies of the 1960s and 1970s were addressing the dominant problems of that time, so they are in the 1980s. There are important spatial dimensions to the economic changes which require analysis and policy responses.

The need for local economic development strategies to address the problems caused by economic restructuring has emerged as a dominant theme in recent Australian urban and regional policy analysis. Some argue for targeted urban and regional policies which concentrate on retraining and the generation of local employment. Nevertheless,

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161 Organisation for Economic Cooperation and Development, 1983a, *op.cit.*, pp. 40-41.

162 Organisation for Economic Cooperation and Development, *ibid*, p. 41.

they recognise that this may shuffle available jobs rather than create new ones.<sup>163</sup> Reacting to the debate about the need for a renewed federal role in urban and regional affairs in Australia, another urbanist argues that, at a time of high unemployment, central government justifiably concentrates on general economic and employment creation policies.<sup>164</sup> Others argue that regional policy in Australia should evolve towards 'region-specific strategies' and away from 'blanket, as-of-right decentralisation incentives to manufacturing industry'.<sup>165</sup> Others suggest that European concepts of regional equity are inappropriate in Australia and that regional efficiency and specialisation are the most relevant criteria for policy making. Regions have diverse adjustment capacities and assistance should be tailored to address that diversity.<sup>166</sup> For some, responses to the current range of problems must include employment policy comprising local economic development planning, industry policy with a specific spatial dimension, and education and training policies which address sectoral shifts in the economy and the future likelihood of jobless growth.<sup>167</sup>

More recently, the debate about regional policy in Australia has returned to the theoretical issues discussed earlier, in particular, the question of 'comparative advantage versus cumulative causation' as the basis for regional policy making.<sup>168</sup>

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- 163 M.I. Logan, 'Urban Policies and National Economic Development : Lessons for Australia', *Australian Urban Studies*, 11, 4 (1984), pp. 2-3.
- 164 M. Neutze, 'Land Use Planning and Local Economic Development', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, 1984 ; M. Neutze, 'Urban Studies in Australia : Ten Years On', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, 1985.
- 165 R.A. Carter, 'Policy for non-metropolitan regions : the case for a reassessment', *Australian Quarterly*, 55, 3 (1983), pp. 331.
- 166 T. Uren, 'Contribution' in P. McLoughlin (editor), 'The Scope for Commonwealth Regional Economic Policies', *Urban Policy and Research*, 3, 4 (1985), pp. 35-37 ; Bureau of Industry Economics, *The regional impact of structural change - an assessment of regional policies in Australia*, Canberra, AGPS, 1985. See also E.J. Blakely and K. Bowman, *Taking Local Development Initiatives : a guide to economics and employment for local government authorities*, Canberra, Australian Institute of Urban Studies, 1986.
- 167 L. Sandercock and J. Friedmann, 'Economic Restructuring and Community Dislocation : The Challenge to Planners', WCP 9, Graduate School of Architecture and Urban Planning, University of California Los Angeles, 1985 ; L. Sandercock and J. Friedmann, 'Planners and Employment Policy : the next stage of the debate?', DP 201, Graduate School of Architecture and Urban Planning, University of California Los Angeles, 1986.
- 168 J. Conroy, 'Local area economic strategy studies : an overview' ; R. Kirwan, 'Local economic growth and comparative advantage' ; R. Kirwan, 'Local area economic strategies : some international experience' and W. Street, 'Techniques used to assess regional comparative advantage and opportunities for employment and income growth', in Department of Local Government and Administrative Services, *Australian Regional Developments 6. An evaluation of Local Area Economic Strategy Studies*, Canberra, AGPS, 1987. This research has been

Some of this work explicitly reflects the trend in policy thinking highlighted by the OECD. The Australian growth centres program, based upon the idea of cumulative growth in manufacturing and service industries to a preconceived target and provision for that growth through the establishment of public development corporations and programs, may be appropriate in some already advantageous circumstances. But,

". . . in the overwhelming majority of regional areas the impact of unemployment and changing economic circumstances has meant that basing economic strategies on the growth of production sectors is no longer a sound strategy."

Rather, regional policy must recognise that, in the economic climate of the 1980s, most growth will occur in the small business area. Strategies must reflect the need to develop local employment for the existing and expected population ". . . rather than assume that the attraction of development from outside will create the necessary flow-on effects."<sup>169</sup>

Others are more positive about the cumulative causation model and interventionist regional policy while noting that ". . . interdependencies created as a matter of policy may render regions particularly vulnerable in contemporary conditions of external shock and economic decline."<sup>170</sup> Regional policy is inherently political and involves qualitative judgment. In this context, three approaches to regional policy and local economic strategy are reviewed - 'preactive' or 'capacity building', 'reactive' and 'proactive'.<sup>171</sup> 'Preaction' best captures the strategy behind the growth centre program particularly as it has developed in Albury-Wodonga. It involves ". . . the development of local capacity to anticipate and react to economic change and to stimulate and initiate local economic development." Preaction emphasises strategy development through the process of implementation rather than through analysis.<sup>172</sup>

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undertaken as part of the Hawke Government's 'Country Centres Project' which forms a minor part of that Government's rural policy announced in April 1986. \$0.5 million was allocated to the 'Country Centres Project' in 1986/87 to foster ". . . strategic plans for country centres and surrounding regions to provide a basis for future development by the private sector and State and local government." Parliamentary Debates, House of Representatives, 15 April 1986, p. 2290.

169 Street, *op.cit.*, p. 26.

170 Conroy, *op.cit.*, p. 2.

171 Conroy, *op.cit.*, pp. 3-4 ; R. Kirwan, 'Local area economic strategies : some international experience', pp. 20-23. These concepts are taken from some recent OECD work on local and municipal economic strategy.

172 Conroy, *op.cit.*, p. 3.

This renewed theoretical interest in interventionist regional policy is not well integrated with an analysis of the experience with the growth centre program. To the extent that it is, the growth centre idea is seen in negative light. The recent Australian debates, which include contributions from those who helped articulate the need for growth centres in Australia<sup>173</sup>, are generally less enthusiastic about growth centres and new towns than even the OECD. This is probably because the Australian new town experience is less developed than elsewhere. It is also because the Australian experience, as this chapter has documented, has been controversial and flawed.

While this scepticism is understandable, it is regrettable. The encouragement of regional growth away from the big cities and the development of corridor and satellite growth on their fringes remain important objectives. Recent trends in regional Australia and the history of the growth centre program suggest some changes in the way the decentralisation idea is implemented. More attention should be paid to patterns of economic change, population movement and locational preferences while important questions remain about the role of the public sector in developing regional growth centres. Before considering these detailed issues, another major controversy about the growth centre program needs to be addressed - the question of the program's relation to population policy in Australia. In reviewing this debate, we will see that the need for regional development to lessen the pressures on the big cities is as necessary today as it ever was.

#### 4.3. The relationship of the program to population policy

The growth centre program was conceived at a time when Australia's population was projected to increase from some 13 million in 1972 to between 21 and 23 million by the year 2001 assuming annual immigration rates of 60,000 and 120,000 respectively. On the basis of these projections, Sydney was expected to grow to 5 million people and Melbourne to 4.5 million people by the year 2001. The Cities Commission projected that the population of the major cities in Australia would increase

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173 See Neutze, 1985, *op.cit.*

by some 9 million over the period 1971 to 2001. It recommended a growth centre program to house some 1 million people or about 10% of the projected growth over the period to 2001.<sup>174</sup>

Despite the growth centre initiatives, some in the Whitlam Government also thought that continuing high levels of immigration were placing undue strain on the big cities. The backlog in urban services particularly in Sydney and Melbourne had already reached crisis proportions. Uren and DURD floated the idea that immigration be reduced 'at least for some years' to give some 'breathing space' to deal with urban problems in the big cities.<sup>175</sup> This argument formed part of the Whitlam Government's general view that high rates of immigration had a detrimental effect on the Australian economy, particularly on the capacity for rational economic restructuring.<sup>176</sup> Uren and DURD's idea brought a strong reaction. High levels of migration were needed to provide the labour for the demanding work involved in providing the urban services which DURD said were lacking.<sup>177</sup>

In summary, the Whitlam Government's thinking on the relation of the projected increase in population to its urban and regional policies was two-pronged. Growth centres would house some 10% of the population increase to the year 2001 while limits on migration intake would lessen the pressures on the big cities.

The First Report of the National Population Inquiry (the Borrie Report) was released in February 1975. It made three population projections to the year 2001 - 15.9 million assuming no net immigration, 17.6 million assuming a net intake of 50,000

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174 Cities Commission, *A Recommended New Cities Programme for the Period 1973 - 1978 : June 1973*, Canberra, Government Printer of Australia, 1974, pp. 18-19. See also L. Neilson, 'The New Cities Programme', *Royal Australian Planning Institute Journal*, 12, 1 (January 1974), pp. 19.

175 See R. Ackland, 'City Growth Alarm : Migration strains concentrated in urban areas', *Australian Financial Review*, April 9, 1973, pp. 1, 4 ; 'Cut population pace, says Uren : 0.8 p.c. cut in growth rate advocated', *Age*, July 10, 1973, p. 1.

176 As Birrell and Birrell have it, 'economic rationalism' dominated the thinking of the Whitlam Government on the need for changes to immigration policy to facilitate the restructuring of the Australian economy. In the debates of the late 1960s and early 1970s, high immigration was associated with economic inefficiency. During this time, ". . . the view that immigration-induced population growth was causing excessive investment of scarce capital in population servicing and heavily protected manufacturing goods was widely canvassed." R. Birrell and T. Birrell, *An Issue of People : Population and Australian Society* (Second Edition), Melbourne, Longman Cheshire, 1987, pp. 92-94.

177 Editorial 'The reality of living in cities', *Australian Financial Review*, April 10, 1973, p. 2.



migrants per year and 18.5 million assuming a net intake of 75,000 migrants per year. The 'most preferred' projection was 17.6 million.<sup>178</sup> On the basis of the two lowest projections, the growth of Australia's population would range between 3.1 and 4.8 million above the 1971 Census total.<sup>179</sup>

On the basis of the revised projections, the Borrie Report estimated that the population increase in the major urban areas would range between 1.7 and 2.5 million assuming no net immigration, various internal migration patterns and various urban/rural population distributions. With a net migration rate of 50,000, the major urban areas would increase by between 2.9 and 4.1 million.<sup>180</sup> On the same assumptions, Sydney would reach a maximum size of 4.0 million and Melbourne a size of 3.7 million by the year 2001. These projections assumed that these two cities would continue to absorb a high proportion of the population increase. In the post war period, migrants made up a large proportion of that increase. The Borrie Report argued that since immigration rates may reduce over the period to 2001, ". . . somewhat lower (projections), between about 3.3 and 3.8 millions for Sydney and 2.9 and 3.4 millions for Melbourne, might well be appropriate."<sup>181</sup>

On this basis, the Borrie Report challenged the need for growth centres. It argued that the slowdown in population growth may have a larger impact on the new cities than it does on existing large cities because of the likely decline in immigration. The report argued that the success of the growth centres will depend at least as much on ". . . preventing immigrants (both internal and international) from settling in the major urban areas as they will on drawing people out of the major capitals . . .", a scenario it did not view favourably.<sup>182</sup>

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178 National Population Inquiry, *Population and Australia : A Demographic Analysis and Projection : Volume One*, Canberra, AGPS, 1975, pp. 255-302.

179 *ibid*, p. 436.

180 *ibid*, pp. 438-440.

181 *ibid*, p. 449, my additions.

182 *ibid*, p. 436. For a press report of the implications of the Borrie Report particularly for the growth centres program see S. Simson, 'Key Govt programs in doubt : Borrie Report a 'blockbuster' ', *Australian Financial Review*, February 24, 1975, pp. 1, 4-5. For an earlier critique of the Cities Commission growth centre plans see W. Wentworth, 'People planners' maths flop', *Bulletin*, October 5, 1974, pp. 27-28.

Many accepted the Borrie challenge to the urban and regional programs of the Whitlam Government. Some questioned the strength of commitment to the growth centre program in the light of the Borrie forecasts. They argued that the program should be limited to one or two centres and that more attention should be given to developing lower order regional centres.<sup>183</sup> Others argued more strongly that the forecasts undermined the growth centre program in a fundamental way and noted, somewhat ironically in view of DURD's earlier argument, that if the Borrie forecasts proved to be realistic, ". . . the next two decades could well provide a valuable breathing space in which to catch up with the consequences of some of the piecemeal urban development of the past."<sup>184</sup> Other commentary on the Borrie Report and the political response to it sided with the Borrie findings on environmental grounds.<sup>185</sup> Others agreed that the decline in the birth rate and in rates of immigration weakened the case for new towns in Australia. The fact that the program was based upon the alarmist population projections of the early 1970s demonstrates the 'inherent fallacy' of urban policies that rely upon 'crisis' theories to prompt dramatic action.<sup>186</sup> Some original advocates of the growth centre idea accept the argument that the Borrie findings undermined the need for them.<sup>187</sup>

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183 M.I. Logan, C.A. Maher, J. McKay and J.S. Humphreys, *Urban and Regional Australia : analysis and policy issues*, Malvern, Sorrett Publishing, 1975, p. 104. This argument was picked up in the press. See 'Report attacks Uren's growth centre policy : 'Simply not enough population', *Australian*, June 10, 1975, p. 4. For this line of argument see also L.S. Bourne and M.I. Logan, 'Changing Urbanization Patterns at the Margin : The Examples of Australia and Canada', in B.J.L. Berry (editor), *Urbanization and Counter-Urbanization*, Beverly Hills, Sage Publications, 1976, pp. 135-136.

184 'Australian Cities - How Big and Where?', *Bank of New South Wales Review*, 15 (July 1975), pp. 3-8.

185 R. Birrell and C. Hay, 'The National Population Inquiry : the findings and the political response', *Current Affairs Bulletin*, 52, 8 (January 1976), pp. 4-15.

186 M.A. Jones, 'Australian Urban Policy', *Politics*, 14, 2 (1979), p. 297. This point has also been made in less critical tone by Gordon Craig, Chairman, Albury-Wodonga Development Corporation : "In the late 1960s there was a perception that the population of Australia would grow to 25 million by the end of the century. It was this perception of growth that demanded strong action for its accommodation. This perception that required a new city in each State when clearly the demands of each State were so different. This is what first of all helped create the programme and then created the seed for its almost demise." See G. Craig, 'Developing a New Initiative in a Changing Environment : 1981 Tom McKenna Memorial Lecture', *South Australian Planner*, 2, 1 (1982), p. 14.

187 M. Neutze, *Australian Urban Policy*, Sydney, Allen and Unwin, 1978, pp. 16, 66, 90-91. See also Neutze, 1985, *op.cit.*

Uren and DURD responded strongly to these arguments. Government planning was not based upon the Cities Commission projection of between 22 and 23 million population by 2001. In his response to the Borrie Report, Uren noted that the Cities Commission had advised the government that the national population by the year 2000 could be anywhere between 17 and 23 million depending upon fertility rates and immigration, and that a long term growth centre program would be appropriate even with lower population projections. Uren also noted that the Borrie report misinterpreted the information given to it by the Cities Commission. It reproduced an outdated Cities Commission table suggesting that a large number of growth centres would be developed to house 1.1 million people. Uren noted that the only growth centres which attracted government support were Albury-Wodonga and Bathurst-Orange which together with Canberra were planned to house some 700,000 people by the year 2001. Even if Australia's population grew to the lowest Borrie projection, these growth centres would only house 17% of the population growth over the period to 2001. Future growth rates were uncertain and planning for growth centres was able to take heed of those uncertainties.<sup>188</sup>

Uren responded in similar terms to the arguments contained in the book *Urban and Regional Australia*. Lower population growth was not incompatible with a vigorous growth centre program. Uren highlighted an argument he had put in 1972 that Australia's population should be held to 17 million by 2001. This would mean an increase of 4 million people, 3 million of which would be housed 'through coordinated development of urban programs in the existing cities' and 1 million 'through a rational growth centre program'.<sup>189</sup> These arguments reflected the general stance of the Whitlam Government to population and urban policy noted earlier. This stance has been much maligned and misunderstood in the commentary on Australian population policy.<sup>190</sup>

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188 S. Simson, 'Borrie under fire : 'Serious misinterpretations' ', *Australian Financial Review*, February 27, 1975, p. 7.

189 T. Uren, 'Book on urban growth' (letter to the editor), *Australian*, June 17, 1975, p. 8.

190 Most recently in Birrell and Birrell's *An Issue of People*. Birrell and Birrell are very inconsistent in their attempt to reconcile the Whitlam Government's stance on population policy in relation to urban and regional policy with the arguments of the Borrie Report on that relation. On the one hand, they note the general stance of the Whitlam Government on the need to curtail

Others argued that the Borrie projections implied a population increase of some 4.0 to 4.5 million over the 25 years to 2001 and that the increase could be larger if fertility rates were higher than anticipated by the National Population Inquiry. Much new urban and regional development would be needed to cater for this growth.<sup>191</sup> Some challenged the low fertility assumptions of the Borrie projections suggesting that they were based upon the 'freak years' of 1972 and 1973. The low birth rates of those years could be explained by economic uncertainty and the increasing participation of women in the workforce. Neither assumption provided 'a stable basis for long-term projection'.<sup>192</sup> Further, aggregate population projections were of only limited use for urban and regional planning purposes. Rather, rates of household formation more accurately reflect future urban needs. These were expected to increase well into the 1980s. The National Population Inquiry did not investigate this issue.<sup>193</sup>

Despite these reactions, the 1978 Supplementary Report of the National Population Inquiry continued the criticism of the growth centre idea. It again emphasised the political objections to the new town idea. Direct recruitment of immigrants for growth centres poses many moral questions particularly from the viewpoint of multiculturalism. The report also noted that urban decline rather than

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population growth in order to lessen the pressures on the big cities. On the other hand, they argue that the Whitlam Government's growth centre program was built on the high growth expectations and aspirations. They do not recognise that the Whitlam policies were based on the view that a strong growth centres program was compatible with less population growth overall. The inconsistency on this matter derives from the fact that Birrell and Birrell are opposed to the growth centre idea on other grounds, particularly environmental and economic. See Birrell and Birrell, *op.cit.*, pp. xiii-xiv, 93-94, 184, 200-201 and Birrell and Hay, *op.cit.* See also note 38 above for Bob Birrell's criticisms of the Geelong growth centre on population and environmental grounds.

- 191 R. Lansdown, 'Issues of National Settlement Policy', *Australian Quarterly*, 49, 1 (1977), pp. 57-58. This argument is highlighted in an interesting way in an article which takes the Borrie findings to undermine the urban and regional policies of the Whitlam Government. It notes that "The most likely prospect appears to be, therefore, that Australia's population will increase by between 3.5 and 4.5 million over the next 25 years, compared with an increase of over 5.1 million in the past quarter century." ('Australian Cities - How Big and Where?', *Bank of New South Wales Review*, 15 (July 1975), p. 3.) What this comment actually says is that the rate of population growth will be of the same order as it was over the period 1950 to 1975. As we know, this period was a time of unprecedented urban growth, indeed the period when unplanned provision for this growth led to the urban problems which Whitlam and Uren articulated as the Australian 'urban crisis'.
- 192 John Paterson's argument reported in 'Conclusions based on 'freak years'', *Australian Financial Review*, February 27, 1975, p. 7.
- 193 Lansdown, 1977, *op.cit.*, pp. 57-59.

urban growth was the major problem confronting urban Australia. It suggested that ". . . growth centres to redistribute populations essentially within the two most populous States may be missing the most significant point of all : if improvement in the quality of life in these relatively densely settled areas is associated with the slowing down of metropolitan growth, the best way of achieving the objective might be massive investments in development in the eastern and western peripheries of Australia."<sup>194</sup> Other commentary highlighted the futility of standing in the way of the existing pattern of migrant settlement in the big cities or the 'beaten path syndrome'.<sup>195</sup>

The debate about the growth centre program was further complicated when the 'migration turnaround' was identified in the mid 1970s.<sup>196</sup> Some took this phenomenon as confirming the sense of policies which catered for regional growth. People were seeking alternatives to the big cities and it was important to cater for this trend.<sup>197</sup> Others saw the turnaround, in the context of lower overall growth, as taking the pressure off the big cities. They drew the policy conclusion that ". . . more attention will need to be given to the pattern of urban centres outside the metropolitan areas and less to restricting their growth by getting people to live anywhere else."<sup>198</sup> Later, in the context of a generally pessimistic view of the growth centres program, Neutze noted that the new regional growth ". . . has not been going to the nominated new cities but rather to a range of coastal centres . . ."<sup>199</sup> Others argued that the slowdown on the growth of the big cities ". . . suggests that individual households and firms are not as

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194 National Population Inquiry, *Population and Australia : Recent Demographic Trends and Their Implications : Supplementary report of the National Population Inquiry*, Canberra, AGPS, 1978, pp. 178-179. For these arguments see also W.D. Borrie, 'Population trends and policy', in P. Scott, *Australian Cities and Public Policy*, Melbourne, Georgian House, 1978.

195 R.J. Pryor, 'Population Redistribution Policies in Developed Countries and the Case of Australia', unpublished paper given to Symposium on Population Redistribution Policies, International Geographical Union, Commission on Population Geography, Oulu, Finland, 1978, p. 10.

196 For a press account of the early debates about the policy significance of the turnaround see A. Clark, 'Canberra just talks on while Australians abandon the cities', *National Times*, April 5-10, 1976, p. 16.

197 Lansdown, 1977, *op.cit.*, pp. 59-62.

198 Neutze, 1978, *op.cit.*, p. 91.

199 Neutze, 1985, *op.cit.* For this argument, see also Vipond, *op.cit.* and Editorial 'Growth centre question', *Australian Financial Review*, October 4, 1985, p. 12.

stupid as the paternalistic proponents of urban (and growth centre) policy often suggest."<sup>200</sup>

It is certainly true that the growth centre program needed to be modified to take heed of the decline in population growth. As we saw earlier, it was. The initial aim of the program to house 1 million people to the year 2001 was eventually reduced to 400,000. Both figures comprised 10% of the projections upon which they were based. The high population projections of the late 1960s and early 1970s did create the unrealistic view that 10 or 12 growth centres were needed. However, if Neutze's initial rationale for new cities had been adhered to, this would not have been a problem. It is also true that the 'migration turnaround' did lessen the pressures on the big cities and create new growth not in growth centres but on the eastern seaboard with its pleasant climate and environmental attractions, characteristics popular with tourists and retirees. Nevertheless, this pattern of growth does not take away from the need for planned urban development to cater for future growth around the metropolitan areas and away from them.

Nevertheless, many of the arguments of the Borrie Report and some of the criticisms based upon it are overdrawn and disingenuous. Declining population growth rates became a smokescreen for the more general opposition to planned development of regional centres. As we saw earlier, Uren and DURD saw a decline in population growth as consistent with a strong growth centres program. While many disagreed, on ideological grounds, with the idea that immigration be channelled to growth centres, from another viewpoint the planned development of those centres opens opportunities for housing some of that growth.

Australia's population is currently projected to increase to 18.9 million in 2001 and 22 million in 2021 assuming a net immigration rate of 75,000 per year and 19.5 million in 2001 and 23.9 million in 2021 assuming a net immigration rate of 100,000 per year.<sup>201</sup> Sydney and Melbourne reached the lowest Borrie projections for their

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200 Jones, 1979, *op.cit.*, p. 297 (my additions).

201 Australian Bureau of Statistics, *Projections of the Populations of Australia, States and Territories 1984 to 2021*, Canberra, ABS, 1985, Cat. 3222.

growth to the year 2001 in 1984. Melbourne reached 2.9 million and Sydney 3.3 million in that year. The median projection for Sydney to 2011 is 4.5 million.<sup>202</sup> Melbourne is projected to reach 3.1 million by 2001.<sup>203</sup> The median projection for Adelaide is 1.2 million in 2011 up from 980,000 in 1984.<sup>204</sup> Clearly the need for decentralised regional cities away from Sydney and Melbourne and planned satellite and corridor developments on the fringes of the smaller cities is as great now as it ever was. Providing regional alternatives to the big cities in Australia remains an important objective.

Meanwhile, the debate goes on about the economic desirability of high immigration in Australia. The policies of the Hawke Government are based upon the view that immigration fosters economic growth and development. Recent research has shown this to be true in the service and housing industries.<sup>205</sup> Others argue that while the urban impact of high population growth will continue to test the capacity of service providers, the economic benefits outweigh the costs.<sup>206</sup> Nevertheless, for Birrell and Birrell, immigration is economically inefficient and should be curtailed especially given the economic problems which Australia faces in the late 1980s. They advocate the Swedish approach to economic and population policy. Swedish population has only grown from 8.2 million to 8.4 million over the past ten years while economic policy concentrates upon 'capital deepening' rather than 'capital widening'.<sup>207</sup> This advocacy is somewhat ironic given their critique of similar reasoning in the Whitlam Government's policies. The regional development implications of both strategies does not form part of the debate.

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- 202 Department of Environment and Planning, *Sydney Region Population Projections for Local Government Areas 1984-2011*, Sydney, Department of Environment and Planning, 1986.
- 203 Ministry of Planning and Environment, *Shaping Melbourne's Future : The Government's Metropolitan Policy*, Melbourne, Government Printer, 1987, p. 6.
- 204 Department of Environment and Planning, *Population Projections for the Adelaide Statistical Division 1981-2011*, Adelaide, Forecasting and Land Monitoring Unit, Department of Environment and Planning, 1985.
- 205 N. Norman and K. Meilke, *The Economic Effects of Immigration in Australia*, Melbourne, CEDA, 1985.
- 206 David Wilmoth's comments reported in 'How many more Australians? Migration policy under scrutiny at ANU conference', *ANU Reporter*, 17, 15 (26 September, 1986), p. 5..
- 207 Birrell and Birrell, *op.cit.*, pp. 285-297. It should also be noted that Sweden has had very high internal migration and very fast urban growth over the past ten years.

## 5. CONCLUSION : A VIABLE GROWTH CENTRES PROGRAM ?

A number of the specific criticisms of the growth centre program contain some truth. The neo-classical view has it that the program was based upon a supply side model. That is, it assumed that the provision of public infrastructure and other services would ensure growth. The Canberra precedent was used to justify this approach. What this ignored was the demand side of urban growth. Given this lack of meshing of supply and demand factors, infrastructural investment in the growth centres may be inefficient and tie up funds unnecessarily. The opportunity cost of public investment in the growth centres may be unnecessarily high in the absence of reasonable levels of growth within them.<sup>208</sup>

For some, the history of the growth centre program shows this to be true. Massive acquisition of land for future growth centre development in the absence of high levels of growth has led to major debt problems for some of the growth centre development corporations.<sup>209</sup>

The history of the four growth centres suggests that the supply-side emphasis of the growth centre development corporations particularly in terms of land development was unwise, indeed helps to explain why they faced debt problems. Too much land was acquired. The lack of growth and the 100% gearing of the development corporations combined to create crises which could have been avoided. The financial arrangements assumed growth. They created the same problems for the growth centre development corporations as they did for the land commissions. A reasonable alternative is simply to finance public land banks with equity capital, that is, with revenue rather than loan funds.

Also, the program did not recognise the problems of economic decline in established regional centres or, more conceptually, did not have an adequate conception

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208 For this point see J. Vipond, 'Are National Decentralisation Policies Necessary? A Review Article', *Australian Quarterly*, 49, 2 (1977), pp. 61-74 and M. Neutze, *Australian Urban Policy*, Sydney, Allen and Unwin, 1978, pp. 83, 87.

209 M. Neutze, 'Urban Studies in Australia : Ten Years On', unpublished seminar paper, Urban Research Unit, Research School of Social Sciences, Australian National University, December 1985. See also Editorial, 'Growth centre question', *Australian Financial Review*, October 4, 1985.



of the structure of the Australian 'political economy'. As a counter to this view, the establishment of growth centres in some of the declining industrial regions like Newcastle or Wollongong would have fuelled the growth of the Sydney conurbation. Many of the old industrial towns were not particularly attractive as sites for new towns.

The growth centre program was also based upon the idea that the relocation of public servants would provide the basis for their early growth. This emerged as a problem with regard to both Albury-Wodonga and Monarto.<sup>210</sup> In my view, the public servants come out best in their debate with Uren. They made a number of important points. Why decentralisation from Canberra when the stated motive was to curtail the growth of the big cities, in particular Sydney and Melbourne? Why transfer agencies which had just been established by the Whitlam Government and whose employees, some of whom had recently relocated to Canberra to take their appointments, were bound to be hostile to the idea? None of the mainstream departments formed part of the transfer proposals. One of the motives may have been the need to avoid a more general fight with more powerful 'core' departments. Those agencies chosen were not big or powerful. Nevertheless, these agencies put their case very well and exposed the inconsistencies in the Uren/DURD arguments.

In many respects, the transfer proposals did not form part of a considered policy. The role of public sector employment in the growth centre program was never clearly thought out. A better basis for public service involvement in the growth centre program may have been the regionalisation of the federal administration. A voluntary scheme may have achieved more.<sup>211</sup> Vipond responded that that the regionalisation alternative only applies where there is demand for government services like in the suburbs of the big cities. The growth centres were unlikely to be the sources of high demand for these services.<sup>212</sup>

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210 For the debate about the transfers from Canberra to Albury-Wodonga see T. Uren, 'The Public Service and the new growth centres', *Canberra Times*, October 4, 1975, p. 2; 'The public servant's view on transfers to growth centres', *Canberra Times*, October 11, 1975, p. 2.

211 For Geoff Hawker's arguments in this regard in a paper for the Royal Commission on Australian Government Administration see B. Juddery, 'Paper questions policy on growth centres', *Canberra Times*, October 23, 1975, p. 9.

212 Vipond, *op.cit.*

The irony is that, in Albury-Wodonga at least, public sector employment has decreased as a proportion of the workforce since the AWDC was established. In 1971, public sector jobs accounted for 32.6% of the Albury-Wodonga workforce whereas, by 1985, they accounted for 27.5%. The AWDC has vigorously pursued private investment in the centre and achieved impressive results. Had a strong public sector role also been encouraged, it may have been significantly more successful.

Many commentators have argued that the choice of inland locations as growth centres went against preferences for coastal locations.<sup>213</sup> Some argued that the development of inland growth centres was likely to be more expensive than on the coast because of the problems of water supply and the control of effluent.<sup>214</sup> Nevertheless, some repented that there was some virtue in the establishment of Albury-Wodonga as a growth centre given its strategic political and spatial location. The 'corridor' rationale for the location of growth centres also had something going for it. There was also sufficient water to cater for the expected growth.<sup>215</sup>

Nevertheless, the actual experience with the program and the migration turnaround indicates that coastal locations for growth centres especially on the eastern seaboard may have fulfilled a greater need. Some of those associated with the development of Bathurst-Orange have noted that the preference for coastal locations has undermined its development.<sup>216</sup> As some put it in the late 1970s :

"The main problem that faces Australia's regional growth centres such as Bathurst-Orange and Albury-Wodonga is their ability to attract private enterprise away from Sydney and Melbourne with their significant agglomeration economies and their coastal location."<sup>217</sup>

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- 213 For Dick Dusseldorp's arguments to this effect see M. Wilson, 'Australia needs another big city - on the coast', *National Times*, January 21-26, 1974, p. 39.
- 214 John Paterson's comments reported in 'Inland urban development 'expensive'', *Canberra Times*, February 5, 1973, p. 3.
- 215 Tom Uren's comments reported in 'Big inland centre is defended', *Canberra Times*, February 6, 1973, p. 3. On the corridor rationale for the establishment of inland growth centres see C. Jay, 'Corridor realities determine the future shape of Australia', *National Times*, February 12-17, 1973, p. 18.
- 216 Comments of the General Manager of the BODC, Peter Burke reported in G. Cole, 'Future direction of BODC resting on Govt, Army plans', *Australian*, January 17, 1986, p. 15.
- 217 J. McMaster, 'New Towns and Growth Centres : British experience', *Royal Australian Planning Institute Journal*, 15,4 (1977), p. 121.

The history of the growth centre program tends to bear this comment out - growth has proceeded on the eastern coast at faster rate than inland regional cities, save for Albury-Wodonga. Patterns of internal migration in Australia indicate a popularity for smaller regional centres particularly on the eastern seaboard. The lack of cities of 500,000 to provide viable alternatives to the big cities continues to be a problem. The choice of a coastal location may have helped address this problem in a more effective way.

The other aspect of the location issue is the question of establishing satellites adjacent to the smaller capital cities and regional growth centres away from the larger ones. As it turned out, the only satellite which was established was Macarthur which in terms of growth rate, far exceeds the other growth centres. Indeed, the area is the fastest growing in Australia. While this represents the planned extension of Sydney, no other satellite growth centres have been established.<sup>218</sup>

In the South Australian case, and with the benefit of reflection on the failure of Monarto, the ideas to develop a second city in the Willunga basin or to develop Mount Gambier as a regional centre had more going for them. The Willunga proposal fitted into the original thinking for the growth centre program perhaps more closely than did Monarto. Neutze first put the argument that the need for new cities to attract growth from the four smaller capital cities, of which Adelaide was one, was not urgent. Further, the thinking behind the growth centre program emphasised the need for planned 'satellite' extensions to the big cities and the development of new centres around and in close connection with existing metropolitan regions. Ironically enough, this thinking drew upon the Elizabeth precedent in South Australia. Further, the Willunga Basin, being on the coast and having a better environment, would have been immediately attractive as an area for a new city.<sup>219</sup>

While the Willunga proposal was criticised because it would have destroyed an important horticultural and viticultural area, urban growth has extended to the fringes of

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218 See Logan, et.al., *op.cit.*, p. 103 for an argument that satellites on the fringes of the smaller capital cities are more rational than regional decentralisation away from them.

219 For all of these arguments and themes see H. Stretton, *Ideas for Australian Cities*, Adelaide, the author, March 1970 ; Melbourne, Georgian House, June 1970.

the Willunga Basin in a thoroughly haphazard fashion. The urban pressures upon it are likely to increase in the future. The planned urban development of the area may yet afford the opportunity to control at least some of the environmental impacts on the area.

Mount Gambier, in the South East of South Australia, also deserves to be defended as a site for planned urban development. Dunstan's protest that developing Mount Gambier as a regional centre would have constituted 'artificial' decentralisation is true, but it is true of all efforts to decentralise. The trick is to find the most natural way to achieve it. In many respects, decentralisation at Monarto was more 'artificial' than it would have been at Mount Gambier. While Monarto was close to Adelaide, it did not build upon an existing and viable centre of urban development and the site was not attractive. Mount Gambier is not close to Adelaide but it is an important and viable centre of existing urban development and is on a major transport route between Adelaide and Melbourne. Both Monarto and Mount Gambier are inland and do not have convenient access to port facilities, although Mount Gambier is closer to the coast than Monarto. Mount Gambier has more environmental attractions than Monarto but there are potential problems with the pollution of its underground water supply.

While the projected decline in Adelaide's growth did not help, Monarto failed because it was too close to Adelaide to adequately establish its identity yet too far away to be a viable alternative for existing Adelaide residents. Also, the site did not exhibit any immediate environmental attractions to potential new city dwellers. The Monarto story shows how good reformist intentions are undermined by overzealous and poorly conceived implementation.

Some have argued that too many growth centres were established. It may have been wiser to establish one or two to start with.<sup>220</sup> I agree. Albury-Wodonga and a new regional city on the eastern seaboard may have been a wise limit on the program, at least initially. Planned satellite extensions of the smaller capital cities could then have been encouraged.

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220 Logan, et.al., *op.cit.*

Others have argued that the development of growth centres was likely to cause environmental problems. This line of criticism was applied in particular, to the decisions to develop Albury-Wodonga and Geelong as growth centres, and was used against the development of a new satellite city in the Willunga Basin to the south of Adelaide. I disagree with this line of criticism. Environmental problems will be an excuse in any location. Also, the further concentration of growth in the big cities as a result of the lack of provision for decentralised growth would result in more serious environmental problems. Environmental problems are exacerbated by concentrated metropolitan development.

The growth centre idea needs to be more closely meshed with economic and social trends in Australian society. Demand considerations must form a central part of future thinking. But this should not be done in a defensive and responsive way. The Albury-Wodonga experience shows that the 'cumulative causation' logic does have something to offer strategic thinking on regional development in Australia. While 'supply side' considerations are important in the development of regional growth centres, they should not be over-emphasised. Public land acquisition and development should play an important role in the development of regional centres but the whole economic structure of the development corporations established to develop them should not be geared to these factors. The next regional growth centre in Australia should consciously recognise the need for balance between supply and demand considerations and be located somewhere on the eastern seaboard between Melbourne and Brisbane. Meanwhile, the development of satellite centres adjacent to the big cities remains urgent.<sup>221</sup>

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221 Some have recently argued that decentralisation and regional development should be placed back on the agenda and have suggested that the role of service industries, community employment initiatives and local government would play a central role in the development of new centres. G. Glass, 'Planning for our city's future', *Advertiser*, June 15, 1987, p. 21.

## CHAPTER SEVEN

CONCLUSION : NATIONAL GOVERNMENT, SOCIAL DEMOCRATIC  
REFORM AND URBAN POLICY IN THE 1980s

In his review of Gough Whitlam's *The Whitlam Government 1972-1975*, Michael Davie concludes that ". . . Whitlam was the principal political force in the transition from the agreeable Fifties to the much more alert, if more dangerously exposed, Australia of today."<sup>1</sup> DURD was an important vehicle of that transition. In many respects, this transition, at least in terms of urban and housing policy, has not been as progressive as many would like to think. 'Economic rationalism' increasingly dominates thinking in these areas. The Hawke Government has made something of a virtue of that basic orientation to public policy. While the approach of the Hawke Government differs from the Whitlam Government<sup>2</sup> both form part of what can be seen in hindsight as a rather regressive overall trajectory in Labor politics. It may be that Whitlam's emphasis on rationality and efficiency in public policy is a forbear to the Hawke approach.<sup>3</sup>

The assumptions of the Whitlam program were being strongly questioned by the end of the Whitlam Government's life when the Australian economy began to experience the problems of major structural change and stagflation and the labour movement expressed ambivalence to the Whitlam emphasis on the 'social wage.' By the mid 1970s, a strong program of social democratic reform through central government seemed both economically and politically difficult with the political difficulties

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1 M. Davie, 'Dreamtime with Whitlam', *London Review of Books*, 8, 15 (4 September 1986), p. 9. Whitlam's role in this transition has also been highlighted by Paul Keating. See P. Keating, 'The Traditions of Labor in Power : Whitlam and Hawke in the Continuum', Unpublished Address to the Inaugural Whitlam Conference of Labor Historians, Sydney, December 1, 1985, pp. 6-7.

2 Some of those differences were reviewed in Chapter three.

3 Some commentators highlight Whitlam's emphasis on rationality and efficiency and the criticisms that this approach is facing from both conservative and communitarian sources. G. Little, 'Whitlam, Whitlamism and the Whitlam Years', in *The Whitlam Phenomenon : Fabian Papers*, Melbourne, McPhee Gribble/Penguin Books, 1986, p. 67. For a recent account of the emphasis on efficiency and rationality in the Whitlam program see also G. Freudenberg, 'The Program', in *ibid*, p. 135.

outstripping the economic. In the meantime, the DURD reforms were some of the first to be cut back by the Fraser Government.

While DURD's level of spending was not significant in the overall Whitlam program (even though it was significant in its own terms), intellectually and politically the DURD approach was paradigmatic, the essence of what Whitlam's reform program was all about. The intellectual basis of the Whitlam program based, as it was, on public causation, massive increases in public expenditure in social areas, and a certain detachment, indeed arrogant detachment from wider processes of political and economic change in Australian society was classically manifest in DURD. It could be argued that Whitlam's political program rested on the identification of an Australian 'urban crisis' and the derivation of a reform program to help solve it. In this sense, Whitlam's politics were inseparable from DURD's approach. One of the key coincidences between the general approach of the Whitlam Government and DURD was a detached idealism, an idealism which lacked a coherent sociological understanding. This detached idealism is well illustrated in the following passage from Lloyd and Troy's account of the DURD experience :

"An obvious limitation on DURD's ability to affect decision-making was that in many ways the venture was thirty years too late. The proper time to establish a department with DURD's practices was during the wave of enthusiasm generated by post-war reconstruction. The Labor government did not take up the challenge between 1945 and 1949 and a generation of conservative coalition governments affected an attitude of disdain to federal involvement in urban and regional development. . . "4

This argument offers no historical or sociological reasons for this 'attitude of disdain.' It locates politics in the realm of ideology with no strong roots in social structure. One sociological explanation of the reasons for the success of post-war reconstruction, the following post-war conservatism and the rise of social democratic reformism in Australia in the 1970s is contained in Crouch's schematic history of the changing political trends in the capitalist democracies over the post-War period :

"In modern wars of total mobilisation, all capitalist societies are corporatist : the need to win the war creates an overwhelming moral unity

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4 C.J. Lloyd and P.N. Troy, *Innovation and Reaction : The life and death the Federal Department of Urban and Regional Development*, Sydney, Allen and Unwin, 1981, p. 265.

and defines an external enemy so clearly that internal conflicts pale into insignificance ; the state engages in a degree of propaganda and popular activation not normally seen in capitalist societies. . . . the degree of economic regulation in which the state engages increases massively since it has to ensure the needs of the single overriding extra-economic priority of fighting the war ; and the working class is taken into a highly corporatist relationship, with civil liberties restricted . . . but concern for its physical and moral welfare considerably increased. . . . However, . . . the wartime build-up of corporatist potentialities petered out during the 1950s as the years of unprecedented economic growth and mass prosperity provided an original and apparently secure basis of social integration for advanced capitalist societies. . . . During the past decade all that has changed. The decline in economic fortunes and associated rise of detailed state economic activity, together with the resurgence of industrial conflict and government attempts to regulate it, have revived the concept of the corporate state."<sup>5</sup>

Crouch's essay also contains a good summary of Whitlam's assumption, Whitlam's problem, the reasons for Fraser's backlash and an explanation of Hawke's current success - or a summary of the reasons for change in Federal politics over the 1970s and early 1980s in Australia :

"Financing the welfare state . . . through constant budget deficits might lead to inflation, but the state is thereby able to continue operating with traditional only mildly interventionist, fiscal instruments. (Whitlam's assumption and hope) But with the deteriorating international economic situation of recent years these costs have become increasingly burdensome. (the crisis of the Whitlam Government). Some of course quite logically look for a solution in a roll-back of the degree of working-class power which has been gained and in at least several countries this may be what happens. (the essence of Fraser's backlash) However, if this proves impossible or unacceptable, there may well be moves in an opposite direction; indeed, the past few years have seen various examples. This means working-class interests gaining a far more direct role in decision-making, the concession of power being exchanged for the greater restraint in pressing demands that can be expected from interests that have a full share in making decisions. (the intent of Hawke's prices/incomes policy)"<sup>6</sup>

Enthusiasm for post-war reconstruction, the political successes of Menzies' rhetoric about a 'home-owning democracy' in the 1950s and the approaches of Whitlam, Fraser and Hawke more recently should be seen in this sociological light. Political developments are related to economic conditions which impose certain, but by no means rigid, political priorities and constraints.

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5 C. Crouch, 'The State, Capital and Liberal Democracy', in C. Crouch, *State and Economy in Contemporary Capitalism*, London, Croom Helm, 1979, pp. 17-19.

6 *ibid*, p. 46 (my additions).



Australian political sociology over the past fifteen years reflects both the changing nature of the theoretical debates discussed in Chapter one<sup>7</sup> and the political changes over that time - Whitlam's social democracy, Fraser's pragmatic conservatism and Hawke's quasi-corporatism.

Some of the general accounts of the Whitlam experience, while not without their problems, do help to explain why reform of the DURD kind lost political relevance in the late 1970s. The main issues concern relations between economics and politics, and between democracy and reform in the capitalist democracies. This literature helps to link a sociological understanding of the DURD reforms to the general nature and shortcomings of the Whitlam reform program.

There is an important division within the political sociology of the Whitlam Government. On the one hand, there are the descriptive and journalistic accounts. They focus on the rise of Whitlam and his program, and the experience and political crises while in government, in particular, the problems within the ministry, the opposition to the Whitlam program from the bureaucracy, media, business and the states, and the dismissal.<sup>8</sup>

On the other hand, there are those who seek to explain the rise and fall of the Whitlam Government more rigorously and theoretically. This debate is centred on theoretical arguments about the nature and essential characteristics of the ALP and the role and limits of social democratic reform at the federal level in Australia.

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7 For example, Miliband's instrumentalist theory of the capitalist state was reflected in John Playford's work of the early 1970s, Frankel and Theophanous appropriated the 'legitimation crisis' theories of the capitalist state of the 1970s and Winton Higgins' work over the 1970s and the 1980s reflects the shift from structuralist theory to comparative work with an emphasis on political autonomy. See J. Playford, 'Neo-Capitalism in Australia', *Arena Monograph*, Melbourne, Arena Publications, 1972 ; B. Frankel, 'Marxian Theories of the State : A Critique of Orthodoxy', *Arena Monograph no. 3*, Melbourne, Arena Publications, 1978 ; A. Theophanous, *Australian Democracy in Crisis*, Melbourne. Oxford University Press, 1980 ; W. Higgins, 'State Welfare and Class Warfare', in G. Duncan (editor), *Critical Essays in Australian Politics*, Melbourne, Edward Arnold, 1978 ; W. Higgins, 'Political Unionism and the Corporatist Thesis', *Economic and Industrial Democracy*, 6 (1985), pp. 349-381.

8 P. Kelly, *The unmaking of Gough*, Sydney, Angus & Robertson, 1976 ; C. Lloyd and A. Clark, Kerr's king hit, Sydney, Cassell, 1976 ; L. Oakes, *Crash through or crash*, Melbourne, Drummond, 1976 ; G. Freudenberg, *A Certain Grandeur : Gough Whitlam in Politics*, Melbourne, Macmillan, 1977 ; M. Sexton, *Illusions of power : the fate of a reform government*, Sydney, Allen and Unwin, 1979 ; M. Walsh, *Poor Little Rich Country*, Melbourne, Penguin, 1979.

Many writers have discussed the dualisms of the ALP as a social democratic party.<sup>9</sup> For some, the tension is between traditional economism and new 'issues' radicalism, between labourist policies and social democratic welfarism, and, in terms of ideology, between labourism and liberalism. That general debate about the ALP is the background of the particular debates about the historical situation and role of the Whitlam Government.

Many on the left have regarded 'technocratic labourism' as the intellectual cornerstone of the Whitlam program. This characterization was expressed in Catley and McFarlane's famous analysis in *From Tweedledum to Tweedledee*.<sup>10</sup> As some have noted, Catley and McFarlane did not present a precise theorem of Labor and Liberal parties as 'Tweedledum and Tweedledee'.<sup>11</sup> More generally, they tended to reduce all politics within capitalist democracies to the reproduction of capitalism. Political differences are not important in analyses of this kind, nor are the real (as opposed to the imagined) limits of different programs of reform. Nevertheless, the normative cornerstone of the 'technocratic labor' thesis - essentially a leninist critique of social democratic politics in capitalist society - was that the Whitlam doctrine and ideology were regressive in relation to the traditional labor commitment to egalitarianism and the nationalisation of major industry. The OECD planning model upon which technocratic laborism is based is primarily an instrument of capitalist reproduction. It does not express the real interests and needs of the working class or mobilize their support. At best, Whitlam proposed a 'revolution from above'.<sup>12</sup>

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9 For a summary discussion of this issue in the work of Childe, Crisp, Hancock, Jupp, Hagan, Gollan and Theophanous see P. Beilharz, 'Labour and Socialism in Australia: A view from the Trough', *Thesis Eleven*, 7 (1983), pp. 165.

10 R. Catley and B. McFarlane, *From Tweedledee to Tweedledum*, Sydney, ANZ Book Company, 1974.

11 Beilharz, *op.cit.*

12 These arguments were part of more general debates within the leninist camp about 'technocratic labourism' in the pages of the *Arena* journal. See, in particular, H. McQueen, 'Technocratic Laborism: Introduction', *Arena*, 25 (1971), pp. 53-56; H. McQueen, 'The End of Equality?', *Arena*, 30 (1972), pp. 8-12.

The limits of the 'technocratic labor' thesis are well expressed in an article published by Bruce McFarlane in early 1974.<sup>13</sup> A number of criticisms of the Whitlam approach are advanced. The government's commitment to bureaucratic planning particularly in urban affairs is 'deeply conservative.' It is more concerned to ensure the longevity of the organisations established for the purpose than to ". . . alter social values or promote genuine self-management of areas of productive life." In terms of economic policy, the Whitlam approach is orthodox. It does not take seriously new ways to allocate resources like negative income tax schemes, value-added taxation and a uniform tariff. Whitlam's redefinition of equality as 'more equal regional access to public goods' takes larger questions of income distribution as given and has eliminated the possibility of agreement with trade unions in introducing new economic techniques. Indeed, the new approach depended upon union acquiescence.

There are a number of responses to these arguments. First, far from being excessively bureaucratic, some of the Whitlam initiatives like DURD's regional reforms were designed to break down existing bureaucracy and to open up processes of government in the Australian federal system. As we have seen, the Whitlam reforms in this area have achieved this in important respects.

While the Whitlam Government may have been less adventurous on monetary policy, in terms of fiscal policy it was very expansionary at least for the first two years of its life. This enabled the progressive expansion of the social wage. In many respects the new approach was dependant for its success on union agreement. Is McFarlane suggesting that, in the absence of that agreement, the traditional labourist emphasis on money income is the only way forward for a reformist labor government?

McFarlane also embraces reformist concepts like negative income tax that are as much conservative ideas as they are progressive. Economic rationalism underlies this notion.

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13 B. McFarlane, 'Gough Whitlam in office - good for business and utterly orthodox', *National Times*, January 14-19, 1974, pp. 26-27.

So while McFarlane is on to something when he highlights the way in which conventional economic orthodoxies are penetrating the progressive side of politics, he does not see that his own argument for 'systems' planning, his defence of schemes like the negative income tax and his implicit support for the income emphasis of the labour movement are similarly 'economistic.'

In a sense, McFarlane is right to argue that the Whitlam Government was caught between lack of business *and* popular support. But it is not correct to argue that Whitlam's was a business government and a government uninterested in popular reform.

In this early form, the technocratic labor thesis is unable to illuminate and help explain the crisis of the Whitlam Government - that it was abandoned by both labour and business because of its inability to deal with the stagflation crisis.

Others, while more pragmatic and anti-structuralist, nevertheless explain the crisis of the Whitlam Government as a conflict with, or within, the ruling class.<sup>14</sup> As we saw earlier, Whitlam's own explanation of the crisis of his government centres on the ruling class opposition theme.<sup>15</sup>

Some have criticised the reductionism and essentialism of marxist/leninist argument. They argue for theory which emphasises contingency and the historical understanding of the political and economic dynamics of capitalist society. In this context, the important questions concern what are more or less radical politics and what are the limits which different political programs are likely to face.<sup>16</sup>

In this view, Whitlam faced political limitations of two general kinds. There were problems of economic management, in particular the problem of inflation. And there were problems of political support. This was manifest in a number of ways. Much of the opposition from bureaucrats, from state governments, and in the media, was cross-class. There was positive class opposition from business and professional

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14 R.W. Connell, *Ruling Class, Ruling Culture*, Melbourne, Cambridge University Press, 1977.

15 G. Whitlam, *The Whitlam Government 1972-1975*, Melbourne, Viking, 1985.

16 G. Duncan, 'The ALP : Socialism in a Bourgeois Society?', in G. Duncan (editor), *Critical Essays in Australian Politics*, Melbourne, Edward Arnold, 1978.

classes. There was some weaker opposition, or lack of support, from union and working class sources.

These two general problems - inflation and political support - are the principal questions upon which most of the theoretical debate about the Whitlam Government has centred.

Several commentators on the Whitlam years have explained the electoral backlash against the Whitlam government in 1975 not in the usual conspiratorial terms but as a result of the coincidence of three factors :

- the inflation of the 1973/74 period which undermined the interests of both capital and labour.
- the failure of the Whitlam government to reconcile its expenditure and programs with this changing economic reality.
- the uncertain impact of and the speed with which social change was being implemented.

The coincidence of these commentaries is striking in view of the wide range of ideological and disciplinary backgrounds from which they come. These accounts tell us something about Australian capitalist democracy and the possibilities for social democratic reform in the future.

Some argue that :

"Action first and understanding later became almost a pattern in the 1970s. Combined with a certain naivety on the part of the Whitlam Government about how easily social and educational realities could be changed, the sense of urgency arising from decades of neglect demanded immediate action. There can be no doubt that the sense of urgency led to mistaken responses . . . But to a large extent it was just bad luck that Australia's main impetus for social reform for many decades began just before the emergence of the most severe recession since the 1930s. Of course, there were some linkages between the two - the increase in social expenditures contributed to the boom of 1973-4, the government's concentration on social reform distracted its attention from economic management, and there may have been some connections between increasing social awareness and rising wage expectations. But these factors would probably not have been at all decisive in different economic circumstances."<sup>17</sup>

Most writers agree that these factors were decisive in the economic and political circumstances of the time. But not all agree about the relationship between public expenditure, inflation and their class consequences.

Some economists have argued that the Whitlam Government's unwillingness to either reduce its expenditure, increase taxation or restrict private wages and spending fuelled the inflation of 1973/74. From the viewpoint of 'normal economic' management,

"...1973 to 1975 was possibly the worst period in the last 25 years for the introduction of those reforms of Labor which involved a significant increase in government expenditure - as did the reforms in education, social services, health care and the urban area."<sup>18</sup>

Conventional macro economic theory suggested that the appropriate balance between overall economic expansion and inflation, in view of the Whitlam commitment to an expansion of public expenditure :

"... might have been achieved by sufficiently large increases in taxation and monetary tightness to effect a countervailing reduction in private demand. However, even if the government had been confident that this course of action was economically sound, it would probably have been deterred from implementing it by the electoral consequences of further escalation of taxation. In this sense it can be said that the government preferred the risk of economic instability to the certain political cost of imposing the burden of its social programs on taxpayers."<sup>19</sup>

Catley and McFarlane changed their line as the crisis of the Whitlam Government approached. This change is interesting in the light of their earlier arguments. From dismissing the reforms, these critics switched to explaining their limits *from the viewpoint of the interests of both the capitalists* (technocratic planning did not seem to assist them after all) *and the working class* (the Whitlam emphasis on the 'social wage' did not seem to be politically viable because of the emphasis of the

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18 F.H. Gruen, 'What Went Wrong? Some Personal Reflections on Economic Policies Under Labor', *Australian Quarterly*, 48, 4 (1976), pp. 26-27.

19 R.B. Scotton, 'Public expenditures and social policy', in R.B. Scotton and H. Ferber (editors), *Public Expenditures and Social Policy in Australia : Volume 1 : The Whitlam Years 1972-75*, Melbourne, Longman Cheshire, 1978, p. 26. For these arguments see also R.S. Parker, 'Planning, Federalism, and the Australian Labor Party', *Journal of Commonwealth and Comparative Politics*, 14, 1 (1976), pp. 13-14 and J. Edwards, 'Labor's Record, 1972-75', in H. Mayer and H. Nelson (editors), *Australian Politics : A Fourth Reader*, Melbourne, Longman Cheshire, 1977, p. 527

Australian working class on wages).<sup>20</sup> This analysis contrasts with the earlier analysis of the technocratic program as simply reproducing capitalist structures and reflecting capitalist interests.

Nevertheless, these critics do highlight the limits of the functional and technocratic approaches to reform. As a 'strategy for labour' Whitlam's 'technocratic laborism' was inadequate because it neglected the interests of labour in the workplace to focus on the supposed benefits of increasing the 'social wage.' The union unrest of the time expressed a conflict between technocratic and traditional laborism over whose class interests were being represented in public policy.

The Whitlam Government attempted to establish a social contract in which the position of lower paid workers was improved through increased expenditure on the 'social wage' in return for 'wage restraint' across the board. But the expansion of the public sector resulted in inflation and a real reduction in the wages of productive labour.<sup>21</sup> These critics conclude from this that the Whitlam approach was politically flawed. As a result of sustained industrial action, traditional laborism

"... was triumphant over Whitlamism to the extent that the offer *had* to contain *both* full employment *and* better social services . . ." <sup>22</sup>

This may mean that

"... *technocratic laborism does not work under conditions of sharp economic conflict, uncertainty about social cohesion brought on by inflation, and threats to the structure of capital accumulation posed by militant economism.* We ourselves . . . underestimated the possibility of large scale working class revolt against the managerial and technological policies of Whitlamism. It now appears that technocratic laborism was not able to put down enough deep roots in society, in real social classes. This was partly because its policies related to functional solutions rather than open capitalist class solutions . . ." <sup>23</sup>

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- 20 R. Catley and B. McFarlane, 'Technocratic Laborism : The Whitlam Government', in E.L. Wheelwright and K. Buckley (editors), *Essays in the Political Economy of Australian Capitalism : Volume 1*, Sydney, ANZ Book Co. , 1975. As some have noted, this later work is 'much more cautious and deliberately reformist.' Beilharz, *op.cit.*, p.165.
- 21 *ibid*, pp. 263-264.
- 22 *ibid*, p. 264 (emphasis in the original).
- 23 *ibid*, p. 264 (emphasis in the original).

These arguments are reflected in Szelenyi's view that programs of reform based upon large expansion of the public sector may undermine the interests of both capital and labour in times of inflation. For him, the :

"... vicious circle of ever-increasing state expenditure and inflation ... works against the interests of labor and even against the interests of capital ..."<sup>24</sup>

Some have attempted to explain why this is so. Inflation is superficially attractive to a reforming government because :

"... constantly rising wages [and therefore tax-derived revenue] seem to offer an easy way of financing expansion of the public sector ... (while inflation) may make it easier to redistribute resources between the private and public sectors, between private consumption and the 'social wage' ... without people noticing what is happening. But it does so at considerable social and economic cost. Inflation disadvantages lower income earners as compared with higher income earners, and thereby counteracts whatever egalitarian thrust may come from an expanded public sector."<sup>25</sup>

Further, there are fundamental political problems with a program of reform based upon the expansion of the 'social wage' :

"... to the consumer, the 'social income' does not seem like an income - it seems more like a windfall, the gift of a generous heaven ; while the 'personal income' represents freedom - the freedom to choose between commodities on the market. A reforming social-democratic government cannot avoid the responsibility of convincing its electorate that the good life - and a more equal life for all its citizens - rests on an expansion of the publicly provided services, and that this necessarily involves a restriction of the income which can be spent on the open market."<sup>26</sup>

For Whitlam, the problem of support for the 'social wage' was compounded by the shortcomings of the government's general economic management. As some have argued :

"The electoral verdict on the performance of the Labor government certainly reflected a broad judgment that the over-rapid expansion of public expenditures had contributed to strong inflation and reduced economic performance. However, it also reflected the impact of increased taxation on earned incomes which was largely unforeseen and unwanted by many who had originally voted for the Labor program. In other words, *when they realised the extent to which public consumption and income*

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24 I. Szelenyi, 'The relative autonomy of the State or state mode of production?', in M. Dear and A.J. Scott (editors), *Urbanization and urban planning in capitalist society*, London, Methuen, 1981, p. 579.

25 I. Turner, 'High Noon at Yarralumla : Some Causes and Some Consequences', *Overland*, 65 (1976), p. 15.

26 *ibid*, p. 16.



*support had to be achieved at the expense of private consumption, a majority of the electorate simply did not want to pay the price. This sort of result has more to say about value systems than about the trade-off between equity and efficiency."*<sup>27</sup>

Others focus on the political problems faced by the Whitlam Government. Some highlight the political inadequacies of the Whitlam emphasis of rational planning and the centralism implicit in its approach to co-operative federalism.<sup>28</sup> Others are concerned with the problems the Whitlam Government faced in articulating and defending its program in a hostile political environment and draw conclusions about what future Labor administrations need to do to offset these problems. In particular, they argue for greater attention to be paid to the legitimation of reform.<sup>29</sup>

All of this literature highlights the problems of trying to implement a detached reformist vision, especially one whose main focus is not on economic questions. It emphasises the political inadequacies of 'service' programs whose effects are not immediately visible and electorally attractive. These arguments suggest that a federal role in urban and service programs is dependent upon a more general defence of the role of the public sector in Australian society. They do not necessarily lead to pessimism about reform. But they do highlight the need for deeper thought about the possibilities and limitations of federally sponsored urban reform in Australia. A program of reform is dependent upon the health of the mixed economy in which it takes place and needs to face questions of economic management directly.

Some have been so bold as to suggest that constitutional crisis or no constitutional crisis, the Whitlam Government was doomed :

"It is sadly true that this Government, like all other federal governments before it, was plagued by an external crisis not of its own making - in their cases two world wars and the great depression, in its own case inflation as well as unemployment. But there is little doubt that its policies

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27 Scotton, *op.cit.*, p. 21 (my emphasis).

28 Parker, *op.cit.*, pp. 7-12.

29 P. Wilenski, 'Labor and the Bureaucracy', in Duncan, *op.cit.* ; P. Wilenski, 'Reform and its Implementation : The Whitlam Years in Retrospect', in G. Evans and J. Reeves (editors), *Labor Essays 1980*, Melbourne, Drummond, 1980 ; P. Wilenski, 'The Dilemmas of Democratic Socialism', in B. O'Meagher (editor), *The Socialist Objective*, Sydney, Hale and Iremonger, 1983. All of these essays have been republished in P. Wilenski, *Public Power and Public Administration*, Sydney, Hale and Iremonger, 1986.

aggravated these afflictions - or, at any rate, that many electors thought so."<sup>30</sup>

Some carry on, into the 1980s, the debate about the strengths and limits of the Whitlam program.<sup>31</sup> Debate about the Hawke Government now conditions discussions of the Whitlam Government ; and debate about the Hawke Government centres on the consensus politics of the accord and the response to the new difficulties of the Australian economy. One of the main points of connection between these debates is the success of the Hawke Government in pursuing an incomes policy where the Whitlam Government failed. But the debate about the Hawke Government centres on weaknesses and problems of its own making.

Some argue that the economic and industry policies of the accord represent the beginnings of a more creative and dynamic approach to change in the Australian economy.<sup>32</sup> These policies reflect 'the search for a stable framework of inducement and constraint' in economic change, a search which currently preoccupies all western governments.<sup>33</sup> For others, the Hawke Government has had some success in managing the economy through the accord. Unemployment and inflation are not as bad as they were in the early 1980s and economic growth has been strong.<sup>34</sup> The Hawke model is one the English would do well to follow.<sup>35</sup> Others argue that the left critics of the Hawke Government's approach are too pessimistic. They demobilise the forces for change, ignore the room for manoeuvre in reform, and do not face up to hard questions of what constitutes more progressive change in the here and now. They merely

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30 Parker, *op.cit.*, p. 17.

31 See, for example, W. Higgins, 'Contribution to Special Section on Social Democracy', *Thesis Eleven*, 7 (1983), pp. 134-139 ; P.A. McGavin, *Wages and Whitlam : The Wages Policy of the Whitlam Government 1972-75*, Melbourne, Oxford University Press, 1987 ; S. MacIntyre, 'The short history of Social Democracy in Australia', in D. Rawson (editor), *Blast, Budge or Bypass : Towards a Social Democratic Australia, Papers from the Eighth Symposium of the Academy of the Social Sciences in Australia*, Canberra, Academy of the Social Sciences in Australia and the Department of Political Science, RASS, ANU, 1986.

32 P. Ewer and W. Higgins, 'Industry Policy Under the Accord : Reform Vs Traditionalism in Economic Management', *Politics*, 21, 1 (May 1986), pp.28-39.

33 C. Pugh, 'Industry Policy and Structural Change in Australia', Paper presented to the Atlantic Economic Conference, Rome, 9th-16th March 1985.

34 F. Gruen, 'How Bad is Australia's Economic Performance and Why?', 1985 Edward Shann Memorial Lecture in Economics, University of Western Australia, 23rd September 1985 (ANU Centre for Economic Policy Research, Discussion Paper No. 127).

35 M. Burch, 'Coping with Stagflation: Some Policy Lessons from Australia', *The Political Quarterly*, 56, 4 (1985), pp.409-418.

'complain and abstain'.<sup>36</sup> In the light of the balance of trade crisis, some of these commentators now criticise the Hawke fiscal and wages policies as not restrictive enough.<sup>37</sup>

Left critics argue that the Hawke Government has capitulated before powerful and increasingly narrow business interests in many of its decisions and has accepted the capitalist view about what constitutes a healthy Australian economy and society - the need for economic growth and the virtues of the 'market competitive' society. Some argue that Hawke's consensus is very selective and narrowly based. It excludes growing and increasingly deprived groups outside of the paid labour force and places too much faith in the union movement as an agent of progressive social change. The labour movement is not as generally representative as often implied.<sup>38</sup> Others suggest that, while unemployment and inflation have improved under the Hawke Government, what growth there is in the Australian economy is very inequitable in its social impact. It is not the basis of a general solution to the inequalities of Australian society. The general economic policies of the Hawke Government assume that privately generated full employment in Australia is still possible. This is an increasingly implausible and problematic hope. Jobless growth is the way of the future for the private sectors of capitalist democracies.<sup>39</sup> The deregulation of the Australian financial system unnecessarily exposes the Australian economy to international forces with severe consequences for public control of interest rates and availability of affordable finance.

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- 36 M. Burford, 'Interpreting socialism', *Australian Society*, 3, 3 (1984), pp.37-39 ; R. Curtain, 'Abstaining, Complaining', *Australian Society*, 4, 3 (1985), p.32 ; G. Dow, 'The Case for Corporatism', *Australian Society*, 3, 5 (1984), pp.14-16 ; G. Dow, S. Clegg and P. Boreham, 'From the Politics of Production to the Production of Politics', *Thesis Eleven*, 9 (1984), pp.16-32.
- 37 F. Gruen's 1986 presidential address to the Economics Society of Australia reported in P. Kelly, 'Severe Changes urged to put Australia right', *Australian*, August 28, 1986, p.1.
- 38 P. Beilharz, 'Beyond the Accord', *Arena*, 74 (1986), pp.24-29 ; P. Beilharz and R. Watts, 'The discovery of corporatism', *Australian Society*, 2, 10 (1983), pp.27-30 ; P. Beilharz and R. Watts, 'The Accord and Morals', *Australian Society*, 4, 2 (1985a), pp.21-23 ; P. Beilharz and R. Watts, 'Accord crossfire' (letter), *Australian Society*, 4, 4 (1985b), p.47 ; P. Beilharz and R. Watts, 'Industry Policy : Making History ? A Comment on Ewer and Higgins', *Politics*, 21, 1 (May 1986), pp.40-44.
- 39 L. Sandercock and P. Melser, 'Like a Building Condemned : Planning in an Old Industrial Region', *Built Environment*, 11, 2 (1985), pp. 120-131. See also B. Jones, *Sleepers Wake ! Technology and the Future of Work*, Melbourne, Oxford University Press, 1982.

These consequences are now being felt most severely in housing.<sup>40</sup> Others question the 'post industrial' assumptions of the Hawke industry policies. They ignore the relative underdevelopment of manufacturing industry in Australia. The continued health of the Australian economy and welfare state is dependant upon the wealth and export earnings generated by a strong manufacturing sector.<sup>41</sup> For some, the Hawke Government's trilogy commitment unnecessarily limits the role of the public sector in Australian society.<sup>42</sup> This is felt most severely in the social policy area where the Hawke Government fails to be redistributive enough.<sup>43</sup> The progressive critique of the Hawke Government comes from both socialist and 'left liberal' positions.<sup>44</sup> Some have mixed the two.<sup>45</sup>

As we saw earlier, Whitlam himself has criticised the Hawke Government for failing to defend the role of the public sector in Australian society.<sup>46</sup> However, Whitlam's defence of his government's economic record weakly suggests that it was no

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40 M. Byrne, 'The Emperor's new clothes', *Australian Society*, 5, 8 (August 1986), pp.11-14.

41 I. Hampson, 'Probing the post-industrial push', *Australian Society*, 5, 1 (January 1986), pp.12-15.

42 T. Nippard, 'An error of judgement', *Australian Society*, 5, 5 (May 1986), pp.13-15.

43 R. Mendelsohn, 'The Dream That Died : Social reform in Australia seems to have lost all vision and all momentum', *Australian Society*, 4, 10 (October 1985), pp.5-10 ; R. Mendelsohn, 'Creating a Fairer Future', *Australian Society*, 4, 11(November 1985), pp.8-13 ; P. Browne, 'Outside the trilogy', *Australian Society*, 5, 5 (May 1986), pp.16-19.

44 Peter Beilharz' arguments best represent the orthodox socialist critique. For a more general statement from him see P. Beilharz, 'The Australian Left : Beyond Laborism?', in R. Miliband, et.al. (editors), *Socialist Register 1985/86*, London, Merlin Press, 1986. Hugh Stretton's arguments best represents the 'left liberal' critique. See H. Stretton, *Political Essays*, Melbourne, Georgian House, 1987.

45 See, in this regard, F. Stilwell, *The Accord . . . and Beyond*, Sydney, Pluto Press, 1986. The relationship between left liberalism and marxism in this book is interesting. The former position is reflected in Stilwell's analysis of the policies of the Hawke Government and his articulation of an alternative. But a marxist structuralism informs Stilwell's analysis of the likely success of his alternative range of policies. Stilwell applies the logic of institutionalist economics to the Hawke policies in a very powerful way to expose the inherent limits of the Hawke approach particularly with regard to wages and fiscal policy. Each of the eleven elements of his alternative - covering such things as the need for interventionist industry policy, re-regulation of the financial system, a broad-based incomes policy and increases in the social wage - involve the assertion of greater political and public control over economic and social processes. Yet his overall assessment of the likely success of these policies is informed by the resistance to socialism in Australian society. Stilwell's alternative involves many aims - greater democracy, greater involvement of the public sector in Australian society, higher productivity and more redistribution. Why these are necessarily socialist or have to be defined in socialist terms is beyond me. The alternative Stilwell defends may have more chance of success if it consciously ignored the socialist/marxist analysis and if it were defended in the more 'open' context of institutionalist and communitarian theory. Stilwell's discussion of alternatives is an important contribution but one limited by his emphasis on the structural limits to reform and the dull compulsion of economics.

46 G. Whitlam, *The Whitlam Government 1972-1975*, Melbourne, Viking, 1985.

worse than what was happening in other capitalist democracies at the time. As we also saw earlier, these arguments brought a strong reaction from the Hawke Government. Some repeated the accusations of the Whitlam Government's economic irresponsibility in the dramatic fiscal expansion of 1974/75. A program of redistribution is dependant upon the continuing health of the Australian economy.<sup>47</sup> In key respects, these arguments indicate the conservatism of the Hawke approach as much as they do the limits of the Whitlam approach.

In my view, the left critics have the best of this debate, especially given the austerity of the 1986/87 and 1987/88 Budgets and the further embrace of conservative politics that they involve.<sup>48</sup> The Hawke Government's incomes policy is an advance over the approach of the Fraser Government and should be supported against the strident conservative critics of the Australian industrial relations system. Nevertheless, while the accord may have more radical but currently unrealised potential, the general reformist credentials of the Hawke Government are slight. In many respects, the policies of the Hawke Government have facilitated the general move to the right in Australian politics.

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DURD was an essential expression of the assumptions of the Whitlam program - social democratic reform centring on the expansion of the 'social wage' and the reform of the activities of the public sector in Australia society in the context of continued economic growth.

The limits of the Whitlam program both in terms of the commitment to rationality in public policy and its lack of reconciliation with broader economic, social and political considerations are highlighted in the account of DURD's policies and programs presented in this thesis. This is not to say that many of the policies and

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47 See, in particular, John Button's comments published in the *National Times*, May 11 to 17, 1984, p. 17 ; P.J. Keating, 'The Traditions of Labor in Power : Whitlam and Hawke in the Continuum', Unpublished Address to the Inaugural Whitlam Conference of Labor Historians, Sydney, December 1, 1985. These arguments are discussed in more detail in Chapter three.

48 On the politics of the 1986/87 Budget, see P. Kelly, 'The new politics of Labor', *Weekend Australian*, August 23-24, 1986, p.21.

programs sponsored by DURD did not address important needs. But the way in which many of those policies and programs were pursued in practice undermined the original aims.

DURD's commitment to co-ordination at the federal level failed despite it being an important political vehicle to establish DURD's status within the federal bureaucracy. The impact of DURD's commitment to what it saw as rational urban policy at the State level has been large but has undermined commitment to strong urban planning based upon the view that urban and housing investment is productive and an important vehicle for the achievement of greater economic and social equality in Australian society.

Some of DURD's programs were important. Regionalism in the big cities and the local government reforms addressed the needs of previously neglected interests and institutions. The reforms sponsored by DURD in this area have been instrumental in establishing a permanent flow of federal finance to local government.

DURD's encouragement of alternative centres within the big cities has a continuing relevance given the ongoing concentration of the big cities. The national sewerage program addressed an important need effectively.

The land commission and growth centre programs were poorly implemented and have left a legacy which has undermined support for what are important areas of reform. Both programs were based upon the idea of land acquisition and development through public corporations. This is a rather narrow basis upon which to build a more general program of urban reform, especially given that these programs were based upon principles of finance and operation not much different from those of the private market. The financial arrangements for the four land commissions and urban land councils, and the four growth centre development corporations have been reviewed or are in the process of review.

The SALC, as a fair trial of the land commission program, exposed the limits of that program. It was highly geared and did not have sufficient detachment from the market cycle to ensure its ongoing health. The major irony of this history is that there is now less public intervention in Adelaide's land market than at any other time in the

post-war period while there is greater public intervention in the land markets of Sydney, Melbourne and Perth as a result of the implementation of the program in somewhat reduced form.

The growth centre program has had some success although the strategic emphasis on inland locations was ill-conceived. Monarto and Bathurst-Orange were not good choices. Albury-Wodonga is the most successful of the regional growth centres while the MacArthur growth centre is also successful as a satellite new town. Again, the high gearing and emphasis on land acquisition and development has led to major problems for the growth centre development corporations. The financial agreements for all of them have either been renegotiated or are in the process of being renegotiated.

The vision articulated within DURD had a number of premises but two have had the greatest long-term impact. The first is an emphasis on policy rationality particularly in terms of the distributional consequences of existing approaches to urban planning and housing policy. The second is the idea of the public sector emulating market principles in urban development. On both of these fronts, DURD's long-term impact has not been as progressive as promised.

How relevant is DURD's general social democratic vision for the 1980s ? Its big spending aspects still seem politically difficult. And given the negative view of DURD in Canberra and DURD's general failure to challenge established power and procedure, the likelihood of the establishment of another urban and regional policy department seems remote. Nevertheless, some of its innovations remain important especially if they are reconceptualised for the changed conditions of the late 1980s and beyond. The 'urban and regional budget' and some analysis within the federal bureaucracy of the impact of economic and social change upon the urban and regional system in Australia are two areas where DURD broke new ground. Both are important to a humane economic and social policy in the 1980s because of their emphasis upon the 'politics of place'.

In terms of a federal role in urban and regional programs, would it have been better to simply offer the States money to address urban problems and give them a large

degree of freedom as to how that money was spent or does the approach actually taken by the Whitlam Government continue to have virtues? In my view, Whitlam's 'cooperative federalism' had many virtues and continues to have virtues - the most important one is that the approach affords some balance between competing political interests. Where the Whitlam approach falls down is that some of the principles through which urban and regional reform was to be pursued were, with the benefit of hindsight, flawed. This has undermined the general case for a federal role in urban reform. Also, 'cooperative federalism' as practiced by the Whitlam Government was not really 'cooperative' in the real sense because it involved a high degree of imposition of particular thinking on the states.<sup>49</sup> So, with the benefit of hindsight, a different sort of 'cooperation' may have achieved more.

In terms of general policy approach, the DURD model has strengths and weaknesses. The strengths were that it offered one way in which an alternative to Treasury could have evolved. But the weaknesses were that the conceptual framework was limited to questions of distribution within the public economy. It had no real purchase on the problems of the overall economy.

In the late 1980s, the economic, political and social context is fundamentally different from what it was in the early 1970s. The Australian economy is undergoing dramatic restructuring. The economic change which is taking place is out of public or political control. There is a general reaction against and confusion about the role of public sector and politics in addressing problems as they emerge. The federal level of government is increasingly seen as an inappropriate vehicle for reform. The crisis of the family unit, the crisis of unemployment, and the emergence of social movements as increasingly important ways through which Australian society sees itself - for example, feminism and multiculturalism - are some of the most important social trends of the late 1980s.

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<sup>49</sup> For example, the rationale for the land commission program was based on the view that all state housing and land agencies in the states were unequal to the task of providing vehicles through which some the Whitlam aims could be achieved. As it was argued in Chapter five, this assessment has left a rather ironical legacy.



The urban and regional problems of the current phase must focus on the community dislocation caused by economic change and the worsening inequalities of urban life particularly in the outer suburbs of the big cities. A progressive urban and regional policy in the 1990s must address the new range of problems in new ways but it must not lose sight of the fact that central and local government will both be involved in dealing with them - central government because of its material and political power and local government because activity at this level seems to hold the best hope for the realisation of the democratic ideal both in terms of political identity and political legitimation.

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