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Australian Urban Policy: Lessons from the American Experience

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ADDRESS

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American failures at establishing and implementing a national urban policy may hold important lessons for Australia. Policy makers in the United States have never been willing to face the hard resource allocation and priority decisions in dealing with urban problems, hence, there has not often been a formally stated Administration or Congressional policy, many programs have had their beneficial effects neutered by Congressional compromise and regional self-interest, objectives have either gone unstated or have been conflicting, and coordination among Federal departments and between the Federal and State governments has been limited. Moreover, there has not been an effective mechanism to review or monitor the results of most policies, hence, objective judgments about their effectiveness in contributing to a national urban policy which have not been made.

The setting for an Australian urban policy, by comparison with the setting in which U.S. policy was formulated over the past two decades, is different in many important respects. The most important difference is the magnitude of the problem – Australian urban areas may not be characterised by teeming slums at the city centre and wide disparities among neighbourhoods in public service levels. Moreover, local governments are not an important fiscal entity in Australia, whereas they may account for half of state and local government finances in some American states. Another important difference is that there are relatively few large cities in Australia, hence the problems of coordinating an urban policy and adjusting it to meet specific needs are much more manageable than in the U.S. where there are 35 metropolitan areas with populations in excess of one million.

On the other hand, there are important similarities. Both American and Australian government finances are characterised by a high degree of decentralisation, thereby raising a major difficulty in coordinating Federal policy within the country. Second, though local government is less important in Australia, it is characterised by the same fragmented structure within metropolitan areas as is the United States. Third, urban policy is being formulated in Australia at a time when the rate of national economic growth is slowing down. Fourth, Australia – like the United States in the early 60s – must deal with the problems created by the influx of large numbers of immi-

grants.¹ Indeed, informed analysis of urban Australia suggests that the problems of developing an urban policy may in some respects be as complex as those in the United States.²

The goal in this paper is to recognise these similarities and differences in suggesting the implications for Australia of the American experience with urban policy. In the following section, urban policy in the United States over the past decade is briefly described. Attention is then turned to four potentially serious problems in formulating an Australian policy, which may parallel the United States experience. In the concluding section, I offer one view about the ultimate objectives of a national urban policy.

THE UNITED STATES EXPERIENCE³

In recent years there have been two attempts to formalise a national urban policy. The first was the national Urban Growth Policy of the late 1960s and early 1970s. Culminating in the Urban Growth and New Community Development Act of 1970, this policy took the view that urban areas had become too large to manage effectively and therefore the federal government should take steps to disperse the population. This dispersal would be achieved by creating new growth centres and opportunities away from the largest concentration of population through 1980. In fact, the rapid growth did not materialise, central cities began to lose population, and there has been an important shift of economic activity away from the older industrial regions of the East and Midwest to the South eastern United States, i.e., a shift from the 'Snowbelt' to the 'Sunbelt'. As a result, the urban growth policy of 1970 has been abandoned and interest in new towns has all but disappeared.⁴

The second formalised national urban policy is the Carter Administration program which was proposed in March of 1978.⁵ Ironically, these proposals address the fiscal and economic base problems of declining cities. Whereas eight years ago the concern was that cities such as New York, Cleveland, Detroit, Philadelphia and St. Louis were all getting too large to manage, the present concern is that they are somehow getting too small or too weak to

1 In the 1950s and early 1960s the problem was created by the immigration of rural Southerners to the big cities of the North, while in certain cities in the 1970s – New York, Miami, Los Angeles, and many southwestern cities – the issue is also one of dealing with the needs of immigrants from Puerto Rico, Cuba, and Central and South America.

2 See Max Neutze, *Urban Development in Australia*, Allen and Unwin, 1976; and Neutze, *Australian Urban Policy*, 1978.

3 In this section I draw from my paper, 'Perspectives on a National Urban Policy,' in *How Cities Can Grow Old Gracefully*, House Subcommittee on the City (Washington, D.C.: Government Printing Office, December 1977).

4 For a discussion of the earlier attempts to develop urban policy in the United States, James L. Sundquist, 'Needed: A National Growth Policy,' *The Brookings Bulletin*, Vol. 14, No. 14, Winter-Spring 1978, pp. 1-5 and Sundquist, *Dispersing Population: What America Can Learn from Europe* (Washington, D.C.: Brookings Institution, 1975).

5 *A New Partnership to Conserve America's Communities*, The White House, March 27, 1978.

manage and service themselves. The fact that the primary concern of national urban policy could reverse itself in so short a time as eight years, suggests that the basic objectives of such a policy haven't been clearly thought out.

Another way to view U.S. urban policy is that it has been de facto. There has always been a federal urban policy. Unfortunately, no one has ever known what it was. It is clear that a myriad of grant programs and the regional distribution of federal tax burdens and expenditure benefits has altered the relative income position of states and urban areas. It is also clear that this implicit program has induced some migration of jobs and residents between regions and between jurisdictions within regions. Perhaps more important, federal subsidies and regulatory policies toward housing, transportation and energy have changed the relative costs of living and doing business between regions and between cities and their suburbs. Because the net effects of federal policy on the health of urban areas are not clearly separable from those of other influences, it is perhaps easier to discuss what this implicit federal urban policy did not do. It did not maintain the city as a viable economic and fiscal unit; it did not stop the white middle-class flight from the central cities; it did not assure low-income city residents of adequate neighbourhood facilities, public services, or housing; and it did not succeed in providing a retraining/welfare system which would eventually assimilate young blacks into the labor force.

To the extent federal urban policy has involved a partnership with the private sector, it allowed the profit motive to dictate an abandonment of job locations in many older, more industrialised Northeastern and Midwestern cities. In terms of a partnership with state governments, federal programs continued to provide funds which induced increased state and local government spending even in the face of economic decline in some states, and it provided neither incentives nor penalties for state governments to eliminate the fragmentation of local governments within metropolitan areas, to institute regional financing devices, or to assume the financing responsibility for urban social services. Finally, federal policy toward urban areas has yet to include full federal assumption of welfare financing – a responsibility which is clearly federal.

In light of this dismal record of the past in dealing with the fundamental problems of cities, it would seem worth questioning the general premises on which a new national urban policy might be based. In summary, the argument here is that the prerequisite for developing a workable urban policy is a recognition of four elements: (a) the diversity of urban structure and problems, (b) the relationship between urban fiscal and economic health, (c) the implications of programs to revitalise the city's economic base, and (d) the pivotal role of the state government as a partner in the formulation of a national urban policy. Before discussing these elements, it would seem worth considering the objectives of a national urban policy and the problems associated with formulating such a policy.

Objectives of a National Urban Policy

As noted above, a clear statement of the overall objectives of a national urban policy has yet to be made. From recent policy proposals, however, one might infer three general goals of reform. The first is an equity objective, i.e., to improve the relative and absolute real income position of low-income residents of the central city. Proposals to improve the relative position of low-income residents include those designed to provide jobs and improved public services to city residents, as well as programs which would eliminate or compensate for city-suburb disparities in fiscal burdens, public service levels and wealth.

A second general objective is the saving of the city as a fiscal and economic entity. To the extent this objective has been clearly articulated it seems to have two components. One is a romantic notion that because of the historical importance of city life to American culture, the city ought to be preserved for future generations to enjoy. The other is the argument that an infrastructure is already in place in the city and it seems inefficient to replicate that infrastructure elsewhere while idle capacity exists in the city. Policies aimed at 'revitalisation' of the city through subsidies for plant location or expansion, and physical renewal programs, are reflections of this policy objective.

A third objective of federal policy toward cities is to improve the management capabilities of local governments. Technical assistance, longer term planning requirements as a condition of federal aid, programs to increase citizen participation, mandated improvements in financial management, reporting and disclosure and better coordination of federal grant programs as they effect cities are all reforms that might achieve the 'better management' objective.

In fact, it is the equity objective that is paramount and ought to dominate thinking about a federal policy toward the cities. If the increasingly used phrase, 'revitalising the city', has any substantive meaning at all, it argues the need to find a way to improve the quality of life of the urban poor. In that sense, it is a means of reaching the equity objective through redistributing an increased urban income. The infrastructure argument is not based on any strong evidence. Indeed, the cost of renovating much of the obsolescent urban infrastructure may be prohibitive.⁶

Management, efficiency, and productivity objectives are always found in statements about the goals of policy reform because of their noncontroversial nature. Moreover, management and administrative reforms have the additional desirable features of costing relatively little and being all but

6 For a discussion of the state of knowledge about capital investment in American cities, see George Peterson, 'Capital Spending and Capital Obsolescence: The Outlook for Cities,' in *The Fiscal Outlook for Cities*, ed. by Roy Bahl (Syracuse, New York, Syracuse University Press, 1978).

impossible to evaluate. While management and administrative improvements are clearly needed in American cities, they should not be as dominant an element in a new national urban policy as they were, for example, in the intergovernmental fiscal reforms of the Nixon administration. Indeed, the grants system reforms of Nixon's new federalism succeeded well in diverting attention from the issue of income redistribution.

Problems in Formulating an Urban Policy

The considerable problems in formulating and implementing a federal policy toward cities will surely compromise the effectiveness of any such policy. The most important of these problems stems from an ignorance of the *net* effect of the many federal programs and policies that now exist. The system of federal interventions is enormously complicated, administered in a piecemeal fashion, and would appear to impact urban problems on a reinforcing basis only by accident. This means that a monitoring of the *net* effectiveness of a set of federal policies/programs designated as a *National Urban Policy* is not possible. But the formulation of a policy toward urban areas cannot wait for an analysis of the net impact of all federal programs. The answer may be to monitor the objective function. If the objective is indeed the redistribution of real income to the urban poor then it would seem possible to track such indicators as improvements in public service levels in target areas and employment status changes of central city residents. This monitoring admittedly will not give a true estimate of the net effect of federal policy on the redistribution objective, in that city employment and the city fiscal situation are affected by other factors as well. However, it will give some benchmark as to the expansions in federal activity needed to achieve national policy objectives.

The formulation of a workable policy toward the cities is also hampered by a need for political compromise. In order to achieve majority coalitions, policies directed to benefit inner-city residents and/or the city fisc may be diluted to also provide benefits to middle-class suburban governments, and policies to rejuvenate the sagging Northeast and Midwest region are more acceptable if there is additional assistance for the sunbelt states. There is probably no better example of the neutering of federal policy by compromise than General Revenue Sharing. Conceived as a device to aid the hardest pressed local governments by distributing a share of the Federal personal income tax on a formula basis, it became a general purpose aid package of relatively small size distributed among all general purpose state and local governments in a fashion that bears little relation to need. It is important to reconcile this tendency for compromise with the reality of limited federal resources which to be effective must be diverted to a limited number of areas where needs are greatest.

Finally there is the considerable difficulty of converting a *federal* urban policy to a *national* urban policy. The latter would require a coordination of federal and state government actions. But the Federal government does not

appear to have enough leverage to induce State government to address underlying urban problems such as the fragmented structure of local government, the overassignment of social service functions to local government, and the suburban biases of some state aid programs. As a result, state and federal programs designed to help the cities may be offsetting, and the federal policy has attempted to work around underlying problems (e.g., government fragmentation) rather than force major structural reforms.

Premises for a National Urban Policy

If the time has finally come for the formation of a federal policy toward cities, two major constraints of the past must be removed. The first is the dominance of a conservative political strategy: whether a program can command majority congressional support has too often dominated considerations about how well the program would accomplish intended goals. An effective federal strategy to aid central city residents will clearly *not* be politically popular. The primary direct beneficiaries of the program (*some* residents of *some* central cities in *some* states) constitute a small minority of the U.S. population. Moreover, since resources are limited, an effective federal program will reallocate real income from a larger to a smaller sector of the population. Since most voters and legislators will not be easily convinced that the indirect benefits to them of revitalised cities are somehow greater than their perceived costs, a realistic federal policy toward the cities isn't likely to be politically acceptable.

The second constraint to be removed is the limited funding traditionally afforded urban aid programs. Presuming that workable programs can be identified, large and long-term funding commitments will have to be made. Income redistribution is expensive, the fiscal problems of cities are severe, and the private sector will indeed ask a high price to relocate in the city or train disadvantaged minorities. The tendency of the past to fund 'major' reforms at low levels will have to be reversed. A realistic policy must also avoid the standard but ludicrous position that somehow a set of management and coordination reforms will free up so much money that new programs can indeed be funded at low levels.

With the removal of these constraints, a federal urban policy toward cities might be constructed in the context of four sets of considerations.

Diversity. The very fact that the term *city* appears in so much of the discussion of a national urban policy underlines the need to consider diversity in formulating such a policy. *City* means different things in different states and cities have problems that vary widely depending on what variables are used to measure the relative position of the city. But despite such diversity and noncomparability, limited federal resources demand that priorities be established for the distribution of urban aid, i.e., that target populations and hardship cities must be identified, and that the list of eligibles not be long. If political considerations result in expanding the program to include all metropolitan area cities, then the income redistribution and fiscal relief programs will not likely have a major impact.

Fiscal and Economic Health. A second proposition is that the fiscal and economic health of central cities are not separable. Cities cannot be revitalised economically unless they are revitalised fiscally. The income redistribution objective which requires providing jobs for the urban poor and increasing the level of public services available to them is consistent with a strategy of simultaneously improving the economic and fiscal base of the city. However federal policy must be flexible enough to differentiate between fiscal relief measures and strengthening the employment opportunities for the urban poor when jurisdiction boundaries are not areawide. Labour markets are areawide and effective job programs may not simultaneously strengthen the fiscal base of the central city government.

There are two sides to the fiscal-economic base relationship. A declining economic base impairs the capacity of the local government to provide adequate services and the resultant eroding service levels and rising tax rates accentuate economic decline. The relationship between fiscal health of the central city and job loss or job attraction has been well demonstrated and often discussed in the literature. The New York City debacle is case-in-point of how the erosion of the economic base can create fiscal disaster. Between 1969 and 1974, New York City lost nearly half a million jobs, while between 1965 and 1974 the gap between New York City's rate of employment increase and that in the nation amount to almost one million jobs lost. According to one study,⁷ the latter translates into a city government revenue loss of approximately \$800 million in 1974. While the New York City government was certainly plagued by management problems over this period, these data suggest that the fiscal crisis was not *primarily* a financial management problem but was rather due to a drastic and sudden decline in the economic base. The lesson to be learned from the New York City experience is that management reforms are not likely to contribute greatly to the solution of underlying urban fiscal problems. A more effective federal view of the city fiscal crisis would be to compensate declining cities for the revenue losses due to employment declines. This compensation is more likely to be successful in the form of increased direct aids, state or federal government financial assumption or induced regional tax base sharing than in the form of subsidies to create private sector jobs. Countercyclical assistance and public employment programs were steps in the direction of compensating city governments for fiscal losses, though the realities of continuing city decline suggest that they may become permanent city fiscal assistance programs.

Revitalising the City Economy. Some effort at revitalising the central city economy will surely be a part of a new federal policy toward the city. A number of important considerations might underlie that effort. The need is to create jobs *for* low income city residents, not jobs *in* the city area.

⁷ Roy Bahl, Alan Campbell and David Greytak, *Taxes, Expenditures, and the Economic Base: A Case Study of New York City* (New York: Praeger, 1974).

Indeed, the best employment opportunities for many inner city blacks may well be the blue-collar manufacturing sector which is increasingly located in suburban areas. If job creation programs are focused on central city location rather than central city residents, neither fiscal nor employment revitalisation is likely. There were strong economic reasons for private-sector movement from the central city, and subsidies of greater magnitude than heretofore discussed would be required to reverse that trend.⁸

A second important consideration regarding job creation programs in the central cities has to do with whether or not such programs will actually reach the urban poor and whether the employment created will be permanent rather than temporary. The subsidising of the private sector to increase investment in central city locations does not assure increased employment opportunities for the urban poor, many of whom are unskilled and employable. The private sector has never shown a willingness to finance training of the disadvantaged on a massive scale, hence any federal job creation policy will have to be accompanied by substantial investments in training activities. Many would argue that it is the training activity, rather than the private sector subsidies, which will have the most beneficial long-run effects for the urban poor.

The Role of the State Government. A major mistake of the past has been a failure to coordinate federal and state programs for aiding central cities. Federal programs were structured to take two important considerations as given: (1) the fragmented governmental and financial structures of metropolitan areas; 2) the assignment of expenditure and financing responsibility between the state and its local governments. Yet fragmented local government structure is at the very heart of the urban problem, particularly in the Northeast and industrial Midwest where one would presume the most significant amount of urban aids will be targeted. To provide aid to these regions without insisting on a better balance between taxpaying capacity and expenditure requirements of local governments in metropolitan areas would be incorrect. It would implicitly reward suburban jurisdictions who have refused to share taxpaying wealth with central cities by providing direct federal relief. Put another way it would in effect constitute a penalty to governments elsewhere in the country who have taken positive steps toward urban problems by tax-base sharing, regional financing, or areawide governance.

A working part of federal policy towards cities should be the requirement of a State government urban policy. Three elements of such a state program are important. The first is provision for regional financing of certain

8 Even if such a reversal were possible, it might not have positive long-run consequences. One might speculate that a cost of revitalising the cities in this fashion would be a slower rate of growth elsewhere and a slower rate of overall job creation nationally. It would also slow the process of regional migration and the decline of the older industrial regions. Subsidy to the older region would have to continue indefinitely and likely increase over time. When it is finally removed, the process of suburban and regional movement would accelerate.

important local services. The objective of income redistribution through provision of higher quality services in central cities is not compatible with high-income suburbs and low-income cities each financing their own services. Changed annexation laws, tax-base sharing, regional financing, or state government direct assumption with financing based on progressive income taxation are all ways to achieve this redistribution. It is important to note that the above reforms would require legislation initiated at the state government level. Second, with the redistribution objective in mind, there needs to be a better coordination among direct federal aid to cities, federal aid which passes through state governments by mandate to local governments, and state aid programs. Coordination might produce a distribution of the entire assistance package in a reinforcing way.

FORMULATING AN AUSTRALIAN URBAN POLICY

The above discussion of the current problems with U.S. urban policy is testimony of the necessary preoccupation with the fiscal problems of the central city – a concern which is not central to the formulation of an Australian urban policy. On the other hand, there are at least four issues which seem quite similar where useful lessons might be drawn from the American experience. The first relates to the formulation of Urban Policy at a time when economic growth is slowing; the second relates to coordination problems growing out of a federalist structure of government; the third has to do with methods of dealing with shifts in economic growth within the nation and the fourth with problems of accommodating an increasing concentration of the urban poor.

The Opportunity Cost of Urban Policy

Australia, like most developed countries in the world, is facing a slowing down in the rate of population and economic growth. This means a formulation of urban policy at a time when the total amount of resources available are relatively limited, hence the sacrifices required by an urban investment program will be greater and the political resistance to some measures will be more intense. The Jay report, while it nicely describes the issues and lays out a far-ranging approach to dealing with urban problems, is suggestive of an enormous price-tax.⁹

The major question to be dealt with in defining and carrying out an investment program to improve the quality of urban life is not what should be done if resources were unlimited, but rather what will be sacrificed in allocating funds for these investments. For example, would an additional five per cent of GNP in government taxes be adequate for such a program, would such action retard national economic growth, and in what regions of the country would the greater share of the investments be made? In any case, political resistance, the shortage of resources, and the uncertainty and

⁹ Christopher Jay, *Towards Urban Strategies for Australia*, Publication Number 75 (Canberra: Australian Institute of Urban Studies, August 1978).

controversy about the effectiveness of alternative urban investments are all suggestive of a less ambitious program than outlined in the Jay Report and a need to establish priorities.

Such sacrifices were never measured in the U.S. and the priorities were never established in a context of a broader urban policy. The priorities that were established were largely influenced by special interest groups and crisis events, (e.g. the Watts riots, the New York City financial collapse), and tended to change with Administrations and crises. What must be done in Australia is to define the urban policy in terms of a specific set of actions targeted to particular client populations in specified locations. This implies a clear statement of the opportunity cost of a national urban policy.

In some respects, slower economic and population growth offer some opportunities to be captured. Particularly in the areas of urban transport, housing, and environmental issues, the reduced pressure on urban expansion and congestion provides a setting where it might actually be easier to formulate public policy.

Urban Policy and Federalism

The United States and Australia are two of the most decentralised governmental systems in the world. While such a system offers the significant efficiency advantage of moving government closer to the people, it makes co-ordination of any national policy extremely difficult. The experience of the U.S. of coordinating Federal and State policy has been difficult and largely unsuccessful. In the area of urban policy, the Carter Administration has made much of the importance of the State government role, but has had a difficult time defining that role or inducing the States to undertake any actions reinforcing Federal urban initiatives.

In fact, some states have moved to develop their own 'urban policies' with little concern for harmony with national policy. Most have not developed a formal urban policy. Many states have formed coalitions of Governors/Legislators to attempt to influence policy in what they see as favourable directions. Regional self-interest, rather than the pursuit of stated national goals, has become the watchword.

The situation is at least potentially similar in Australia. The government has given the States a great deal of control over financial matters within the state. What mechanism exists in Australia to insure that all states will allocate funds in accordance with set national priorities? Indeed, one reason for a decentralised government system is to recognise diversities across states in terms of how they would choose to allocate funds, i.e., there is already a tacit admission that preferences are heterogeneous. In a time of slow economic growth, the problems of getting state governments to sacrifice their own objectives, and perhaps the desires of their political constituencies, to meet nationwide goals will become quite serious.

Regional Economic Shifts

The problem of policy coordination among the states in the U.S. has become even more complicated because there are important regional economic shifts underway within the country. The movement of economic activity out of the Northeast and industrial Midwest to the newer Southeastern and Southwestern regions was accentuated by the 1974-75 recession. Some allege that these shifts were abetted by federal policies which favoured the growing regions. In any case, there rages a great debate over the 'proper' allocation of federal monies amongst the regions. Should the declining Northeastern and Midwestern states, even though their average income level remains above the national average, be compensated for losses in jobs and population? Should national urban policy be focused on helping the governments and economies in the declining regions adjust to these regional shifts?

The important lesson to be learned from the U.S. experience is that federal policy never anticipated having to deal with this issue. There was no stated goal about the 'optimal' distribution of economic activity. The national urban growth policy described above focused on bringing about greater growth outside the congested urban areas, but overlooked the possibility that the decline in the older and larger cities would bring about serious adjustment problems and would reduce the relative income level of those urban areas.

A similar problem may lie ahead for Australia. There already is serious discussion of encouraging the development of 'growth areas'. For example, the Jay report suggests that Sydney and Melbourne are now too big for suburban expansion and that Perth, Brisbane and Adelaide have reached the practical limits of such expansion.¹⁰

He goes on to suggest the development of large sub-metropolitan centres, but also the development of the growth centres program. It is doubtful that the government can afford both programs. Even if it could, the implication in a context of limited available resources is for development of some regions at the expense of others. This, in turn, implies the necessity of having a stated national policy to deal with the inevitable backlash against a 'favoured region' approach to urban policy.

Concentrations of the Poor

The Black ghettos of large cities in the United States seem to have no close parallel in Australia. However, it might not be too far-fetched to suggest that the origins of the problem in American cities has some parallel in present day urban Australia.

¹⁰ Christopher Jay, *Towards Urban Strategies for Australia*, p. 85.

The first generation of slum dwellers in the United States were immigrants, mostly from the South, brought to the big cities during prosperous periods of full employment. Relatively inexpensive housing was made available in the city centre because more affluent citizens were able to purchase more expensive, better quality, and more modern housing, usually in the suburbs. When the labour shortage disappeared and unemployment rates started to rise, these most recent immigrants were the first to become unemployed. Because of substandard housing, inadequate public services, and the lack of job opportunities, many of these slum dwellers have not found their way back into the labour force. The present unemployment rate among black youth in urban areas is presently five times the national rate.

Until very recent years, Australia had not known any significant unemployment. However, the unemployment rate has remained high for a few years and it would not seem unreasonable to suspect that unemployment may be concentrated among the young, the unskilled, and perhaps among immigrants. It also would not seem unreasonable to suspect that the unemployment rate might vary substantially across neighbourhoods within urban areas. This possibility suggests a need for a careful monitoring of economic and social conditions in neighbourhoods within urban areas to identify concentrations of poverty. It also implies the need to develop a national program to deal with this segment of the population. The painful experience in the United States taught the lesson that poverty was a national rather than a regional or state government problem and should never have been considered a subnational government responsibility.

CONCLUSIONS

If Australia is to formulate a sound urban policy, the next two steps to be taken are clear. First, the objectives, priorities, and costs of the policy ought to be clearly stated and second, the formulation of the policy should be based on the best available evidence concerning the possibilities of success of alternative strategies. There might be many objectives of a national urban policy but limited resources, the need to establish priorities, and the possible conflicts of objectives all suggest the need for a concise statement of what the government is trying to accomplish and how each program fits into this larger set of objectives. Examples of these objectives might be (a) to redistribute real income to the lowest segment of the population (b) to enhance the economic growth potential of city areas (c) to reshape the structure of cities through transportation and housing policy, and (d) to affect a redistribution of population and economic activity away from the largest cities in the country.

A national urban policy must be based on informed analysis. No one, in any country, can formulate an urban policy that simultaneously will deal with all problems. Analysts cannot even agree on the effectiveness of alternative approaches to the same problem. Nevertheless, policy should be based on the best available evidence in the Australian setting. The Jay report, for

all its good intentions and presentation, is only a first small step toward the kind of analysis necessary to make hard choices about urban investment priorities.