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and Urban Research Institute

Thinking regionally, acting locally: lessons for Australia from overseas housing and regional assistance policies

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EXECUTIVE SUMMARY

This paper reports research by the Australian Housing and Urban Research Institute: University of New South Wales & University of Western Sydney Research Centre that examines policies to address social disadvantage at the regional level.

The research investigates the regional disadvantage policies of key international bodies and considers their relevance to the Australian context. This project builds upon previous research by Brendan Gleeson which has explored European Union (EU) spatial and environmental policy regimes and their relevance to the Australian policy context (Gleeson 1998).

STUDY AIMS

This study aims to:

1. examine the relative merits of spatially targeted versus universalist regional support frameworks, through reference to the recent policy experience of key overseas bodies, including the EU, the ADB, the World Bank, and the OECD;
2. evaluate the policies of key overseas bodies that encourage city-hinterland partnerships and consider their relevance to the Australian policy context;
3. review the housing policy components of overseas regional assistance programs; and
4. outline ways in which the overseas policy experience might inform the development of new approaches to regional assistance in Australia, with an emphasis on the potential for housing-regional policy integration.

STRUCTURE OF THE REPORT

The report is divided into two main parts. The first part outlines the research design and context. The main research findings are contained in the second part of the report. The findings are organised in three chapters that address in turn the four study aims. The first findings chapter reviews the issues of spatial targeting and city-hinterland relationships in regional policy frameworks. The next findings chapter explores the links between housing and regional policies in key overseas settings. The last findings chapter addresses the final research aim by outlining the policy implications of the research.

PART 1:

PROJECT METHODOLOGY

The methodology for the research was largely framed around the collection and analysis of qualitative secondary and primary information. Standard qualitative data collection and analysis methods were used, including:

- assembly of documentary evidence (published and unpublished);
- key informant interviews (face-to-face); and
- content analysis of primary and secondary data.

The primary empirical element of the study involved fieldwork, necessitating a one week visit to the two agencies of the European Commission, located in Brussels, responsible for regional development, namely, Directorate-General for Regional Policy and Directorate-General for Employment Policy. The visit involved prearranged interviews and documentary searches.

REVIEW OF CONCEPTUAL AND POLICY CONTEXTS

A major part of this research involved the production of a Positioning Paper which has been published by AHURI. The Positioning Paper provided a conceptual framework for the study, including a definition of key terms, together with a summary portrait and analysis of the key policy contexts for regional assistance in Australia.

This chapter presents the Positioning Paper's findings in four main parts. The first section clarifies the meaning of regional policy and social disadvantage in the Australian context. After this, a review is made of the patterns and causes of regional disadvantage including their housing and housing policy dimensions. The third section reviews the Australian federal system, regional government and recent regional policy directions. The final part of the summary identifies five key issues and debates on regional policies to address social disadvantage and complement the aims of the research project.

PART 2:

SPATIAL FRAMEWORKS FOR REGIONAL ASSISTANCE POLICIES

This chapter reports the first part of the research findings, focusing on the experience of selected overseas bodies in applying spatial frameworks to regional assistance policies. The chapter specifically addresses the first two research aims.

The main research findings outlined in this chapter are:

- The European Commission (EC), essentially a federal administrative structure, frames regional policies in a context that mirrors in many respects the conditions which define the Commonwealth's regional policy domain. In both contexts, a central government-administration must frame regional policies within member states, and it must do so with the cooperation of member states.
- A central premise for regional assistance by the EC is the EU's belief that socio-economic disparities between regions can be harmful to the whole Union. In this view, under-performance in weaker regions hinders economic development, distorts competition in the Single Market and ultimately reduces the EU's competitiveness on the global market.
- The level of funding for regional assistance by the EC is enormous by Australian standards, even accounting for the much larger population of the EU. In the current framework, the four structural funds amount to EUR 195 billion, or AUD 331 billion.
- The European Council (the governing body of the European Union) met in Lisbon in March 2000 and produced a new 'Poverty and Social Exclusion Agenda' that represents a major broadening of the EU's interest in social disadvantage. Importantly, the Lisbon agenda recognises that social policy is a productive rather than merely palliative force that lifts not lowers GDP in depressed regions. In the first instance EUR 100 million have been allocated towards initial action to counter social exclusion under the Lisbon agenda.
- It is the EC's firm belief, supported by considerable analysis, that successive rounds of structural funding have reduced the scale of inter-regional disparities within the Union and also significantly enhanced the well being of several regions and member states.
- Increasingly explicit concern seems to be focusing on the tendency for the benefits of structural investment by the EC to go to the wealthier places and groups within funded regions. Thus structural investment may over time enhance a supported region's position relative to other EU regions, whilst at the same time widening that region's internal socio-economic disparities.
- There seems to be implicit recognition by the EC that social disadvantage cannot always be adequately addressed at the regional scale. Local investment may be needed to produce more effective outcomes and to reduce the potential for wealthier groups to capture the benefits of assistance.
- The EC is now considering investment in certain metropolitan 'growth poles' in order to stimulate social and economic conditions in surrounding regions, especially 'lagging' hinterlands. In the past growth poles obviously did not qualify for regional assistance, but the new view reflects a more sophisticated analysis of the distributional potential of metropolitan growth engines within relatively disadvantaged regions.

- In contrast to the EU, regional policy is not a strong feature of the US federal framework in recent decades. A range of regional assistance programs exist but they do not involve large amounts of funding. Two federal government departments play a role in regional and housing policy: the Department of Housing and Urban Development (HUD) and the US Department of Agriculture (DoA), via its Rural Development programs.
- The strategic emphasis in US regional policy is on 'community empowerment' through small, highly targeted projects and through the dissemination of information about 'best practice' in social and urban renewal.
- HUD support mechanisms are largely framed at the sub-regional scale, often in distressed urban areas, ranging in size from neighbourhoods to larger sub-metropolitan districts. However, whilst HUD programs tend to fund projects at the local level, such support mechanisms are often embedded in regional institutional frameworks.
- This 'multi-scaling' of assistance to socially disadvantaged areas reflects to some extent the contemporary EU context for regional policy. It admits a broader range of policy objects than is conventionally associated with regional assistance, including issues that often manifest at the local scale, including housing, crime, and environmental pollution.
- The research did not uncover much evidence of explicit city-hinterland partnership policies in the overseas policy frameworks that were examined. In the EU, however, attention has long been given to both rural and urban contexts in different parts of the EC policy framework, without a blanket bias against either at any particular time.
- In the EU, regional policy means more than rural assistance. The EC recognises the critical role that cities play in determining the economic, environmental and social health of the Union. Urban areas are a central focus of regional assistance policy.
- The EC has recently underlined the importance of 'urban development within an integrated regional policy'. The EC aims to improve the 'synergy of urban and rural development'; an object that might well be advanced through the formation of city-hinterland partnerships which aim to secure mutually reinforcing and mutually beneficial growth patterns.

HOUSING AND REGIONAL ASSISTANCE POLICIES

This chapter outlines the second part of the research findings, focusing on the links between housing and regional assistance policies and programs in selected overseas bodies. The chapter specifically addresses the third aim of the research project, which was to review the housing policy components of overseas regional assistance programs. Information for the review was drawn from the EU, Britain, the USA and the OECD.

The main research findings outlined in this chapter are:

- Regional policy frames rarely contain housing elements. Conversely, in the contexts studied, housing assistance programs do not appear to be framed in any meaningful (operational) sense at the regional scale.
- Whilst there is little evidence of any explicit links between regional and housing policy frameworks, two important summary findings should be noted. First, specific and localised housing assistance programs are sometimes contained within regional support frameworks. This embedding of locally applied programs within a larger regional governance structure can be described as 'policy multi-scaling'. Second, there is evidence in some contexts that this multi-scale relationship is taking on increasing significance, especially in the EU.

The growing importance of urban renewal projects within the broader structural funding programs means that the EC is increasingly engaged, if implicitly, in housing related assistance. As the urban agenda strengthens as a strategic concern for the EU, the irreducible significance of housing as a dimension of social disadvantage will doubtless attract greater explicit recognition in EC policymaking.

In summary, there appears to be an inevitable drift in the EC policy landscape towards a greater engagement with housing policies, both through a greater recognition of the many regional policies and programs that already have housing impacts and through the gradual incorporation of additional housing concerns as part of a broadening out of the EU's social agenda.

The multi-scaling of housing within regional policy frames is evident also in the British context. The British Regional Development Authorities play a significant role in the governance and delivery of housing assistance mechanisms through regeneration programs that aim to revitalise disadvantaged communities, especially in urban areas. This seems to mirror in some respects the sort of multi-scaling of housing policy – applied locally and embedded in regional governance – that was observed for the EC and the US regional assistance frameworks.

- Some national contexts include national housing assistance mechanisms that have a regional context – such as the US rural programs – and which appear to be mindful of a broad regional differentiation in the forms of accommodation needs (e.g., rural-metropolitan differences).

The functional specificity of such programs limits the potential for generalisations about their potential to provide models for regional and housing policy integration. The programs may, however, be suggestive of how the accommodation needs of specific rural population groups might be supported in other national contexts, including Australia.

POLICY IMPLICATIONS

This chapter addresses the final study aim by outlining the policy implications of the research. The main purpose of the chapter is to consider the relevance of the overseas policy frames that have been reviewed as part of this study for the Australian regional and housing policy context. The chapter is organised in three main sections, addressing in sequence the first three study aims.

The spatial scaling of regional assistance

There appears to be a strong and continuing basis for regional policies to address social disadvantage. Many critical aspects of individual and household well being are shaped by forces operating at the supra-local scale, including employment markets, industrial location patterns, infrastructure networks, environmental processes and government service frameworks. In national contexts characterised by the absence of strong regional assistance mechanisms – such as the USA – regional social disparities may be marked relative to those settings that do attempt to counter economic and social polarisation at this level.

Regional assistance, involving direct public investment in social and physical infrastructure, has a demonstrated capacity to reduce 'spatial polarisation' (the geographic manifestation of social division; a deepening socio-economic and spatial divide between richer and poorer communities). The structural funding program of the European Union provides the best contemporary example of this potential.

Regional assistance policies can be justified on economic as well as social grounds. Socio-economic disparities between regions can be harmful to the national economy. Under-performance in weaker regions leads to a fall in consumer demand for the national product, hinders economic development, distorts internal and external trade and ultimately reduces the nation's competitiveness in the global markets.

There is little evidence that housing assistance policies have been applied at the regional scale in the overseas context, individually or as part of broader social support measures. There is, however, ample evidence that housing assistance can be 'multi-scaled' within regional support programs to achieve effective policy outcomes. In this scenario, housing assistance is governed and funded at the regional level as part of broad scale, integrated assistance packages. This embedding of housing within regional assistance frameworks ensures a mutually reinforcing relationship between local area housing and community renewal strategies

and the various support mechanisms that are better framed at the regional scale (e.g., development of employment, infrastructure, natural resources).

Spatially targeted social support mechanisms – including housing assistance – can be regarded as productive not ‘unprofitable’ investments that have a demonstrated potential to enhance regional and therefore national well-being. Program evaluations by the EC have confirmed this potential.

Regional social support can be effective at reducing inter-regional disparities but it may in some instances worsen intra-regional differences. A multi-scaling of support mechanisms, in the manner suggested above, seems one way of preventing such a perverse outcome in regional assistance programs. The targeting of certain forms of investment at the local, even neighbourhood, level may ensure that needy groups and places within relatively disadvantaged regions receive the most benefit from regional support.

Housing, community renewal and crime prevention are key examples of locally appropriate support mechanisms that can be readily situated within regional assistance frames. Other forms of assistance, however, including economic and infrastructure investment, seem best applied at the regional scale. The challenge is to ensure that policies and programs at each spatial level are mutually reinforcing, with a view to lessening both inter- and intra-regional disparities.

City-hinterland partnerships

- Recognising the inter-dependency of cities and their hinterlands, it may in some instances be appropriate to focus social and economic support in ‘growth pole’ urban areas with a view to raising overall regional well-being. In some contexts, investment in growth poles may return more aggregate benefit than investment targeted solely in depressed non-urban areas. This policy setting would be appropriate if it could be demonstrated that a share of the benefits of such investment could be channelled towards outlying hinterland regions. One Australian analysis has confirmed that such arrangements are workable and effective (Spiller Gibbins Swan 2000).
- There would be considerable advantage in monitoring and evaluating the effectiveness of the EU’s new growth pole investment strategy. The evaluation should, *inter alia*, seek to determine whether the benefits of targeted investment in urban growth poles can be effectively generalised to surrounding regions.
- It would be appropriate to establish in certain Australian contexts explicit city-hinterland relationships as part of regional assistance programs. This policy setting has been advocated previously in Australia for Melbourne (see Spiller Gibbins Swan 2000). Such relationships would carry the policy and programmatic frameworks needed to ensure that the benefits of public investment in either area are generalised at the supra-regional scale. For example, such a relationship might link the governance frameworks of a regional city with those of its hinterland to ensure that public investment in either context leads to benefits in both policy domains.
- It is important to ensure that regional disadvantage is addressed wherever it occurs. Inter-regional disparities will not be reduced if there is an exclusive policy and investment focus on either rural or metropolitan areas. Developed countries such as Australia are highly urbanised and there is ample evidence of regional stress within the larger Australian metropolises. Equally there is evidence to show that some non-metropolitan areas are not relatively disadvantaged. There may be sharp differences between the ways in which social disadvantage manifests in urban and non-urban areas. In many cases, housing may be a stronger component of socio-economic stress in urban areas than in rural areas. Regional assistance will need to be tailored to address the specific causes and effects of disadvantage in rural and metropolitan areas.

Housing and regional assistance

- As mentioned above, there seems to be a strong case, based on overseas experience, for embedding housing assistance within regional social support programs. This multi-scaling seems an effective means for ensuring coherence between the forms of social assistance applied at the local (e.g., housing, crime, community renewal) and regional (e.g., employment, industrial location, infrastructure development) scales.
- Regional assistance is too often focused on narrow economic objects that understate or ignore the importance of social, environmental and cultural dimensions of communal well-being. A more 'rounded' focus on disadvantage recognises the interdependencies of social resources such as housing, security, environmental quality, social participation and the importance of these relationships to individual and communal welfare. In the European Union, policy concern has shifted from a focus on employment related disadvantage towards a broader interest in the many dimensions of social exclusion.
- US housing assistance programs that are targeted to specific regional groups (e.g., farm workers) may bear some consideration in the Australian context. These appear to be a tightly targeted form of housing support that can be tailored to specific types of region (e.g., rural, regional urban). This tailoring of assistance to match the specific character of disadvantaged regions might better match housing support to regional employment conditions (e.g., supplying or promoting accommodation appropriate for rural farm labourers).

PART 1 – RESEARCH DESIGN AND CONTEXT

CHAPTER 1 – INTRODUCTION

RESEARCH CONTEXT

This paper reports research by the Australian Housing and Urban Research Institute: University of New South Wales & University of Western Sydney Research Centre that examines policies to address social disadvantage at the regional level.

The research investigates the regional disadvantage policies of key international bodies and considers their relevance to the Australian context. This project builds upon previous research by Brendan Gleeson which has explored European Union (EU) spatial and environmental policy regimes and their relevance to the Australian policy context (Gleeson 1998).

This Final Report represents the third published output from the research. A Positioning Paper and Work in Progress report have been previously published by the Australian Housing and Urban Research Institute (AHURI) (see <http://www.ahuri.edu.au/>).

STUDY AIMS

This study aims to:

1. examine the relative merits of spatially targeted versus universalist regional support frameworks, through reference to the recent policy experience of key overseas bodies, including the EU, the ADB, the World Bank, and the OECD;
2. evaluate the policies of key overseas bodies that encourage city-hinterland partnerships and consider their relevance to the Australian policy context;
3. review the housing policy components of overseas regional assistance programs; and
4. outline ways in which the overseas policy experience might inform the development of new approaches to regional assistance in Australia, with an emphasis on the potential for housing-regional policy integration.

Targeting Versus Universalism

An important potential lesson from overseas policy experience relates to the scale and emphasis of regional support. There is evidence to show (Gleeson 1998) that the EU has begun to reconstruct its considerable 'regional cohesion' framework, leading to a reduced emphasis on generalist support mechanisms and an increased reliance on spatially targeted approaches. In Australia, recent debates have resounded with claims about widespread, not to say universal, regional disadvantage, although this view is not supported by socio-economic analysis (AHURI 1999). There are lessons to be drawn from experiences of the EU and other policy contexts about the framing of targeted regional policies that aim to reduce inter- and intra-regional socio-economic disparities. It would also be instructive to review the types of policy mixes favoured in other contexts to address geographically specific forms of disadvantage, including the extent to which housing assistance is integrated in such measures.

The City Versus the Country

The EU and Australia are two of the most highly urbanised regions in the world. In Australia, recent national debates about problems of regional disadvantage have sometimes echoed with calls for a shift in public policy emphasis from cities to regions. By contrast, whilst the EU is very concerned about the plight of lagging regions, this has not engendered a sense of 'anti-urbanism' in its political and policy outlook. There is clear recognition that the urban network forms the irreducible base of Europe's economy, cultural outlooks, and importantly, environmental sustainability. It is recognised that cities function as motors of the regional and the national economy. Consequently, the health of Europe's economy, society and environment is closely linked to the well-being of its cities.

There are potentially profound lessons for Australian regional policy in the EU approach which emphasises 'regional cohesion' rather than trying to prioritise the needs of cities over rural areas or vice versa. First, the EU have recognised that some of the neediest 'lagging regions' are in metropolitan areas. Second, regional support policies have fostered city-hinterland partnerships that aim to redistribute the benefits of metropolitan wealth to rural areas without interfering with the sources of urban economic growth, which include public investment in infrastructure. This approach contrasts with some debates in Australia which call for a shift of public investment from cities to regions.

A recent study for the City of Melbourne considered the applicability of the city-country partnership approach for the Australian regional policy context (Spiller Gibbins Swan 2000). This was an exploratory analysis that was based on a limited first hand appreciation of the recent EU policy experience. There have been no other similar studies in Australia in recent years.

POLICY RELEVANCE

There exists a groundswell of new support for regional assistance policies in Australia. However, current Australian debates make little reference to overseas policy experiences, which constitute a potentially rich resource for learning about strategy innovation, cross program integration and the relative effectiveness of policy alternatives. The potential for learning from other federal systems, such as the EU, is especially strong. For example, the recent House of Representatives (2000) report on regional policy options is an extensive document that makes many recommendations for the future of regional assistance. This document nonetheless makes no reference to overseas regional policy experience.

By reviewing the experience of overseas policy frameworks, especially those in multi-level governance systems, this research aims to make a relevant and insightful contribution to policy discussions about the future of Australia's housing and regional assistance programs.

STRUCTURE OF THE REPORT

The report is divided into two main parts. The first part outlines the research design and context and includes this introductory chapter as well as chapters summarising the research process and the Positioning Paper previously published by AHURI (see <http://www.ahuri.edu.au/>).

The main research findings are contained in the second part of the report. The findings are organised in three chapters that address in turn the four study aims. The first findings chapter reviews the issues of spatial targeting and city-hinterland relationships in regional policy frameworks. The next findings chapter explores the links between housing and regional policies in key overseas settings. The last findings chapter addresses the final research aim by outlining the policy implications of the research.

CHAPTER 2 – PROJECT METHODOLOGY

RESEARCH DESIGN

The methodology for the research was largely framed around the collection and analysis of qualitative secondary and primary information. Standard qualitative data collection and analysis methods were used, including:

- assembly of documentary evidence (published and unpublished);
- key informant interviews (face-to-face); and
- content analysis of primary and secondary data.

The primary empirical element of the study involved fieldwork, necessitating a one week visit to the two agencies of the European Commission, located in Brussels, responsible for regional development, namely, Directorate-General for Regional Policy and Directorate-General for Employment Policy. The visit involved prearranged interviews (see Appendix 1) and documentary searches.

The fieldwork was essential to the study as accurate and comprehensive secondary information on European Union (EU) regional policies cannot be accessed in Australia. This difficulty partly reflects the lack of attention given by policy makers in this country to the EU policy experience. As explained in the previous chapter, the study is premised on the argument that Australian policy makers can learn much from the EU's evolving multi-level governance framework. Interviews aimed to elicit candid opinions from key informants on the efficiency and effectiveness of EU policy forms.

REFLECTIONS ON THE RESEARCH PROCESS

Evaluating Secondary Source Analysis

A major and unanticipated finding during the course of the research was that many key overseas bodies with an interest in social assistance – e.g., the World Bank and the Asian Development Bank – exhibit little interest in regional policy. The research team quickly decided to focus analysis on those policy contexts that offered a richer resource of experience in regional assistance programs, including the European Union and its principal administrative arm, the European Commission (EC).

A related finding was that housing appears generally not to be a regional policy concern in those bodies that undertake social assistance programs at this spatial scale. Regional assistance frames seem to have been largely focused on economic development, including employment generation, as a key policy object. However, a closer level of analysis reveals that, despite the EC's seeming disavowal of housing as a policy object, housing related assistance nonetheless occurred in some instances, embedded in local scale projects. This 'multi-scaling' of regional and housing policies is addressed in chapters 4 and 5.

Evaluating the Fieldwork

The fieldwork proved to be a very effective form of information gathering and, to an extent, data analysis. A major achievement of the fieldwork was gaining access to EC memoranda, various ephemera and other unpublished documents, such as the discussion paper by De Rynck & McAleavey (2000). These important sources of information provide insights on the latest thinking and discussion within senior Commission policy development networks, sometimes reflecting a candour about challenges and issues not typical of published documentation.

The fieldwork also permitted direct access to key informants in the EC, including some officers operating at very senior policy levels. The officers overseeing the 'Lisbon' agenda on social exclusion (see chapters 4 & 5) and the 'Urban' agenda in the structural funding program were interviewed. The interviews were conducted semi-formally and interviewees were encouraged

to offer candid views about policy dilemmas and future developments. To elicit candour, officers were assured that the Final Report would not attribute comments directly to individual interviewees.

CHAPTER 3 – REVIEW OF CONCEPTUAL AND POLICY CONTEXTS

INTRODUCTION

A major part of this research involved the production of a Positioning Paper which has been published by AHURI (see <http://www.ahuri.edu.au/>). The Positioning Paper provided a conceptual framework for the study, including a definition of key terms, together with a summary portrait and analysis of the key policy contexts for regional assistance in Australia.

This chapter summarises the paper's findings. The summary follows the structure of the Positioning Paper and is in four main parts. The first section clarifies the meaning of regional policy and social disadvantage in the Australian context. After this, a review is made of the patterns and causes of regional disadvantage including their housing policy dimensions. The third section reviews the Australian federal system, regional government and recent regional policy directions. The final part of the summary identifies five key issues and debates on regional policies to address social disadvantage and complement the aims of the research project.

TERMINOLOGY

As discussed above, this research connects two broad areas of policy and scholarly debate: regional policy and social disadvantage. Both sets of debates are often marked by terminological differences that in some contexts may give rise to confusion. 'Social disadvantage' is a protean term that may refer to a variety of ways in which relative deprivation or inequality manifests in groups and geographic areas. 'Region' is a similarly flexible term which is used to denote contrasting political and spatial scales in different policy contexts.

This following section explores some of these terminological issues to provide a clear conceptual foundation for the study and was divided into two main sections: conceptual definition of a region in the Australian context; and issues concerning regional disadvantage.

Region in the Australian context

The term or notion of 'Region' has been a principal conceptual container for much spatial analysis of social conditions: the term has been defined as 'one of the most logical and satisfactory ways of organising geographical information' (Haggett *et al.* 1977 in Johnston 1994: 507). However, the term has been used to frame spaces and places at a variety of scales. There exists no universally-valid definition of region (Hettner in Johnston 1994: 507). Political and social change has further complicated the term's usage: the process of globalisation, for example, has seen increased emphasis in policy and analysis on supra-national regions, again defined at a variety of scales.

One broad approach to the definition of region has been simply to frame regional units of analysis based upon both the identification of common characteristics of spatial units (political, administrative, environmental, cultural, etc.) and the relative interconnectivity with adjoining areas (Johnston *et al.* 1994: 507). According to Stilwell (1992), a region basically comprises 'a contiguous set of places which have something in common'. For example, a region can encompass a collection of areas which possess a 'relative uniformity in topography, climate, living standards, economic pursuits, and cultural traditions' (Stilwell 1992: 45). Stilwell's definition of a region will be adopted for this research. Whilst this approach rules out analysis of regions which exhibit little social geographic integrity, it still leaves open the definition of regions in Australia at a variety of scales (Box 1).

At what spatial scales have regions been defined and framed in Australia? When discussing regional policy in Australia, Stilwell (1993: 133-7; 1994: 9-11) refers to two principal levels of governance:

1. The region as a state/territory within the Australian federal system (inter-regional policy); and
2. The region contained within those states/territories (intra-regional policy).

In addition, Stilwell also refers to another tier of regional policy – intra-urban policy (or metropolitan policy).

For Stilwell, Australian inter-regional policy focuses on maintaining a reasonable balance between the states and falls under the jurisdiction of the Commonwealth government. In fact, Stilwell (1993: 134), asserts that the Commonwealth Government is the only body able to undertake this role in the Australian federal system, as the constitutional basis of the states compels them to compete with each other for funds from external revenue sources (Stilwell 1993). The control of the Commonwealth government over the regions, predominantly via its fiscal policy and its application of this control largely through the principles prescribed under the Commonwealth Grants Commission.

By contrast, intra-regional policy is predominantly contained within each state/territory. Consequently, the focus and intended outcomes of regional policy at this level are guided by state/territory governments acting as macro-regions. Significant proportions of state/territory populations live in the capital and larger cities and some commentators have argued that intra-regional policies have tended to focus for this reason on urban rather than rural areas. This may be generally true considering the weight of attention given by state/territory governments to their urban constituencies and their needs, but explicitly named ‘regional’ policies have generally had a non-urban focus in Australia.

Box 3.1 Definition of region by geographic scale

Sub-national

Inter-state: e.g., ‘South-eastern Australia wine region’

State/territory: e.g., Northern Territory

Sub-state

Rural: e.g., Coonawarra wine region

Regional urban: e.g., Newcastle urban area

Regional metropolitan: e.g., South-Eastern Queensland conurbation

Metropolitan: e.g., Perth metropolitan area

Sub-metropolitan: e.g., inner Adelaide

Given the nature of the current research, two conceptual specifications will be made for the present study. First, this research, which reports to federal, state/territory agencies through the AHURI framework, will concentrate on Australian regional patterns and debates at the sub-state scale. Second, whilst regions can be identified against a range of social, economic and environmental criteria (Box 1), this research project will focus as much as possible on regions defined by governance or policy frameworks.

Social Disadvantage: the Multiple Causes and Forms

Social disadvantage is not unidimensional. Simplistic, univariate analyses of disadvantage overlook its complex causes and its multiple expressions. Such analyses miss the complex relationships that cohere in forms of urban and regional social disadvantage and thus cannot identify effective policy responses. Disadvantage arises from a variety of causes and manifests in different social and spatial ways. In current jargon, disadvantage is a ‘joined-up’ problem. It is therefore frequently claimed that responses by government and other concerned agencies towards disadvantage must be in the form of ‘joined-up’ policies. For example, physical land

use and infrastructure planning can offer important, but by no means the only, solutions to these problems.

Social disadvantage appears to be worsening in some sub-metropolitan regions of Australia's major cities (Hunter & Gregory 1996; Moriarty 1998). On the other hand, new concentrations of privilege and wealth are emerging, especially in parts of the major metropolitan areas that have captured much of the benefits flowing from economic globalisation (Gleeson & Low, 2000). Taken together, these processes are revealed in worsening patterns of spatial polarisation, both within cities and between metropolitan and non-metropolitan areas (Harding 2000).

The multiple forms of disadvantage manifest in different ways in distinct places to produce often highly unique social environments. Housing tenure, for example, plays an important role – public housing estates are often highly visible concentrations of social disadvantage, whilst poorer households may cluster in less visible ways in middle suburban areas with high concentrations of cheap rental accommodation. Often, however, certain social characteristics seem general to socially disadvantaged areas, such as relative income deprivation. This is manifested in enclaves afflicted by distinct combinations of social disadvantage, transport poverty, environmental injustice and locational disadvantage (Maher 1999). These enclaves vary markedly in character. Also, they are also strongly *dissimilar* to pockets of disadvantage in US and UK cities. In the UK and in Australia, social and locational disadvantage is often heavily associated with areas of public housing. In the US, it is clearly racially and ethnically based.

In the Australian context, however, the terms 'ghetto' and 'underclass' are inappropriate and unhelpful descriptors (see discussion in Gleeson & Low 2000: 53-4). Moreover, as research at the Urban Frontiers Program has shown, there exist no simple causal relationships between housing and social disadvantage (Randolph 2000). While disadvantage is associated with certain tenure positions, it is not tenure dependent. While the increased targeting of public housing to those in greatest need in the past twenty years has undoubtedly led to concentrations of disadvantaged households on public housing estates in major cities and in some rural urban centres, it can be argued that there are equally as disadvantaged communities living in private sector housing in different places and regions. Put simply, disadvantage and its relationship to housing markets, and therefore housing policy, in Australia has its own unique characteristics. Much of this disadvantage in Australia is incipient and invisible to policy.

The debate on disadvantage has also evolved in recent years. Earlier conceptualisations of disadvantage as being mainly material based (poverty, income) have been replaced with newer conceptualisations that have stressed the relational aspects of disadvantage – the social contexts and milieus in which people live which determine life chances and spheres of action.

Networks and connections have therefore become more important in explaining why people become and remain disadvantaged. Newer concepts such as social exclusion have been to the fore in this emerging debate. Social exclusion has been defined as:

...a shorthand for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown (Social Exclusion Unit 2000).

Most importantly, the social exclusion debate has embraced space and place as a central issue. Whilst neither concept will be an explicit focus of this study, implicit recognition will be made of the ways in which multiple and often interrelated social and cultural dynamics shape specific forms of social disadvantage, thus requiring integrated policy responses. There is, for example, widespread recognition now in the Australian housing policy sector that neighbourhood renewal and not simply accommodation stock renewal is needed to combat social exclusion in public estates (Randolph & Judd 2000). These kinds of understanding of socio-spatial disadvantage pose both problems and offer opportunities for physical planning and for housing policy.

Empirical analysis of urban social disadvantage in Australia has, with some notable exceptions, been limited and largely confined to univariate descriptions of segregation focusing on variables such as income or 'status' (e.g., educational attainment. For a recent example see Connell & Thom 2000). Other analyses have used qualitative methods that give a limited measure of the patterns of disadvantage, and their causes, at multiple policy scales. Even use of the ABS Index of Socio-economic Disadvantage, readily available to scholars and policy makers alike, has had only limited use.

With the notable exception of some of the recent work by Tony Vinson on western Sydney (e.g., Vinson 1999), there has been very limited use of multivariate data sources or multivariate techniques in studies of urban disadvantage in Australia. Analysis therefore is not supporting policy formulation in the way that it might if more sensitive and discriminatory methods were used to appraise social conditions and social change. Univariate analyses cannot adequately describe the complex and interlocking market, policy, demographic, cultural and environmental forces that combine at different policy scales to produce various forms of disadvantage.

Finally, the identification of social disadvantage may be highly sensitive to spatial scale. Poor or lagging localities, for example, may be submerged by analysis of social trends at the regional scale. Conversely, analyses which identify poor or lagging regions may mask the existence of relatively prosperous places in such areas. Multi-scale observation of social trends is therefore desirable for social policy analysis. There are indications that the Federal Government has become more aware of the need to understand the local dimension of disadvantage in targeting policy initiatives. The development of a set of local area based social indicators to assist in the targeting of the Strengthening Families and Communities Strategy is one indication of this trend. Such local based indicators for resource allocation and decision making are commonplace in Europe.

PATTERNS AND CAUSES OF DISADVANTAGE IN AUSTRALIA

This section reviews the patterns and causes of regional disadvantage in contemporary Australia and considers the housing dimensions of disadvantage.

Increasing Disparities

The major social and political issue which the current research seeks to address is the increasing socio-economic disparity between sub-state regions in Australia. Many studies have charted and confirmed the deepening of regional inequalities in recent decades (McManus & Pritchard 2000). Walmsley and Weinand (1997), for example, undertook a thoroughgoing analysis of regional patterns of welfare across Australia based upon a composite index of social well-being. The analysis identified 176 sub-state regions and measured changes in well-being between each census in the period, 1976-1991. The authors found clear evidence of increased dispersion in regional well-being through the study period. The forces of dispersion were evident at both ends of the measurement scale: 'Several regions are faring well, while many regions are faring badly' (1997: 82).

The Metropolitan-Country Divide

Interestingly, the only five regions to register improvements at each census in Walmsley and Weinand's study period were rural areas with specific resource endowments (viticulture, minerals). At the other end of the spectrum, rural areas figured prominently in the 16 regions that had got progressively worse during the study period. Certain industrial regions also registered strong declines, including areas in the major capital cities. Overall, it was concluded that 'a clear gap exists within metropolitan areas between the well-endowed and the poorly endowed areas, and that a gap exists between metropolitan and remote rural Australia' (Walmsley & Weinand 1997: 82-3). The finding was echoed in analysis undertaken by the National Institute of Economic and Industry Research (1999) which found evidence of growing income disparities at the (sub-state) regional level. Further recent research by the National Centre for Social and Economic Modelling (NATSEM) found evidence of a modest dispersion in

rates of financial disadvantage between metropolitan and non-metropolitan Australia. NATSEM data show that 14.7% of people in capital cities were in financial disadvantage in 1999, compared with 17% of people in non-metropolitan areas (NATSEM 2000: 73).

More recently, continuing regional socio-economic dispersion was confirmed in analysis undertaken by Mark Spiller and Trevor Budge for the Royal Australian Planning Institute's new 'National City and Regional Development Policy' (RAPI 2000). Importantly, this analysis convincingly debunks simplistic assessments of regional disparities that emphasise rural Australia as universally imperilled by social and economic decline. Confirming Walmsley and Weinand's earlier findings, Spiller and Budge point to a highly variegated pattern of regional well-being. Many rural areas had experienced entrenched decline, whilst others with highly valued natural resource attributes and/or access to high valued added production, had prospered in recent years (see Tonts 2000). Spiller and Budge write: '...complex shifts are taking place and patterns of growth and decline cannot be solely explained as a metropolitan-country divide' (RAPI 2000: 13). Concomitantly, some of the most depressed regions were in the major capital cities and in rural centres. The argument was recently punctuated by NATSEM's observation that rural regions are 'not uniformly disadvantaged and not uniformly declining' (cited in Australian Catholic Social Welfare Commission 2000: 4).

Overall, Spiller and Budge's analysis shows that the lagging regions were emerging as pockets of high, and increasingly entrenched, disadvantage, leading the authors to conclude that communities in such areas were facing serious levels of social exclusion from the mainstreams of social, cultural and economic life in Australia.

Urban Disadvantage

Within the major cities, it has been argued that the growth of social polarisation has converged spatially with a deepening segregation between locationally advantaged and locationally disadvantaged suburbs (Maher *et al.* 1992). Increasingly, 'disadvantaged people and disadvantaged localities tend to go together' (McDonald & Matches 1995: 17), though there are some important exceptions to this trend. Locationally advantaged areas, such as the coastal suburbs of Sydney and Perth, and the 'access rich' inner areas of most cities, have increasingly become the preserve of higher income households (Moriarty 1998). Conversely, lower income households have increasingly concentrated in the locationally disadvantaged middle and outer suburbs that frequently lack infrastructure, social facilities, public transport access and employment (Harding 2000). Some residential areas on urban fringes of major cities have emerged as particular concentrations of locational disadvantage because jobs and services have generally begun to suburbanise more slowly than residential populations. The development of suburban public housing estates has also compounded this process in some cities. The debate on locational disadvantage has been extensive in the Australian literature and remains contested (see Beer 1994; Maher 1999)

The literature on metropolitan socio-spatial disadvantage, and the potential factors underlying it, is voluminous and well beyond the scope of this paper to adequately review. However, there are four basic strands to the debates that have emerged over the last two decades on this issue that can be usefully summarised.

The first strand focuses on the 'global cities' debate and the socio-economic 'polarisation' that is claimed to have resulted from labour market impacts of global economic and financial restructuring within specific metropolitan and regional areas (for example, Fagan 1986; Marcuse 1996; Hamnett 1996). At the intra-metropolitan level this has also been related to the notion of the 'dual' city with a broad 'city rich' and 'city poor' division and critiques of this analysis (for example, Mollenkopf & Castells 1991). In the Australian literature there has been some discussion of the relative changes in the concentration of disadvantage within urban areas at the local scale and the housing market relationships involved (Gregory & Hunter, 1995; Burbidge & Winter, 1996).

A number of forces have been argued to have compounded the process at the sub-metropolitan scale, including: financial sector growth dynamics that have, *inter alia*, fuelled large wealth increases for some underpinned by share and housing market gains and salary rises; housing submarket dynamics that have reinforced wealth shifts; and, 'at the bottom end', a set of interlocking social and spatial factors that have prevented the lowest social strata from benefiting from economic growth.

A second strand comes from the social welfare debate on income polarisation that examines the changes in individual or household incomes resulting from both economic and welfare policy dynamics (Hills 1998; Harding 2000). Here, the discussion is largely aspatial in its conceptualisation of the issue, with the changing impact of the welfare reforms undertaken by a range of governments in comparable countries in the last twenty years being a key factor, as well as labour market effects. However, the evidence for this literature has been influential in supporting the spatial polarisation thesis.

The third area of debate concerns tenure specific social polarisation. This refers to the way in which wider social and economic changes have been expressed in changing housing tenure locations of households with differential market capacity (Winter & Stone 1999). This debate has its roots in the discussion of housing classes (Rex & Moore 1967) and social area analysis that first pointed to the link in the UK between housing tenure (specifically social housing) and social class and its impact of residential differentiation (for example Robson, 1969) and is also related to discussion of the links between housing and labour markets (Randolph, 1991). Put simply, the growth of home ownership in the post-Second World War period in most English speaking capitalist countries has largely been seen to have been associated with the most economically able, while rented tenures, and particularly social rented housing, have been increasingly associated with less advantaged. The processes leading to the residualisation of social housing – the tendency for social housing being increasingly confined to the welfare dependant and economically inactive – have been well documented in the UK (Hamnett & Randolph 1987). In Australia, the small size of the social rented sector means that many disadvantaged households are still heavily represented in the private rented housing market and so the social-private rental division is not so marked. Instead, the increasing affordability problems of younger age cohorts in accessing home purchase have resulted in the low income and low skilled and single income households being 'locked out' of the home ownership market (Winter & Stone 1999). At the same time, the issue of social division within the home ownership market has also emerged (Burbidge & Winter, 1995).

Fourthly, the more recent debates on social exclusion (in Europe) and social capital or capacity (in the US and Australia), focus more on the personal or community level expression of social disadvantage and alienation. Whereas the latter debate is rooted in sociological concerns with alienation and the alleged decline in civil society and social engagement, the social exclusion debate has a much more direct social policy focus on the multiple causes of social disadvantage associated with major social and economic changes (UK Cabinet Office 2001). Most importantly, the debate on social exclusion has an explicit space and place focus, and has become synonymous in the UK and elsewhere in Europe with the policy interventions to tackle areas of persistent disadvantage. Within urban areas these are closely, although not exclusively, associated with areas of high social housing. In many ways, the social exclusion debate is an extension of the earlier residualisation debate noted above. It has increasingly focused on the level of the local community or neighbourhood and has been closely linked with the issue of neighbourhood renewal and regeneration in the UK and now in Australia (Randolph & Judd 2000). Related to this is a growing literature on the relationship between locality and health, some of which is associated to housing condition, a modern day equivalent to 19th century concerns on public health (Macintyre, *et al.* 2000).

Importantly, urban disadvantage in Australia is not simply an inner city phenomenon in the 'traditional' European and US mould. O'Connor and Healy (2000 p.4) report:

...some new patterns of social outcomes have begun to emerge. Gentrification of the inner city has been associated with a fall in the share of a metropolitan area's social security recipients who live in these locations in Melbourne...Sydney...and Brisbane....

And yet neither is it correct to characterise the outer and middle ring suburbs of the major cities as simply disadvantaged. The earlier debates sparked by the research for the National Housing Strategy in the early 1990s opened up the issue of suburban disadvantage. Recent detailed analysis of social disadvantage by Vinson (1999), together with research on socio-economic development trends (Baum *et al.* 1999; Brain 2000), show that the socio-economic character of the suburbs has a much more complex geography than was the case in the past.

The old social patterns associated with inner, middle and outer suburbs have little relevance now. Areas of high status extend from older inner suburbs to previously moderate social status middle areas, while disadvantage can also be found in some industrial middle suburbs (O'Connor & Healy 2000: 9).

As a result, the social geography of the relatively poorer middle and outer sectors of major Australian cities has become increasingly variegated. Whilst, outer locations still house people and families with economic and socio-economic problems, these patterns have become increasingly differentiated 'as higher priced housing spreads into areas that originally just provided cheaper housing opportunities' (O'Connor & Healy 2000: 9). Thus, it is best to think of such middle-outer regions now as 'social mosaics', formed up by:

- large tracts of moderate income households, whose fortunes are highly vulnerable to shifts in the macro economy;
- growing pockets of disadvantage and social dysfunction in the private housing stock, often associated with medium density and privately rented housing;
- large zones of inaccessibility and locational disadvantage;
- small, exclusive, but often growing, pockets of wealth and high environmental amenity, especially on the new urban fringe;
- large zones exhibiting mild to moderate environmental degradation;
- small pockets of high environmental disamenity and even hazard;
- large public housing estates with significant social disadvantage, but which may be undergoing renewal through either privatisation or publicly financed rehabilitation.

National Structural Changes, Regional Effects

The immediate variables that explain the regional effects of national structural changes include: a widening of national income differentials; major structural adjustments to the national economy including changes to labour markets and production processes; advances and shifts in the nature and pattern of telecommunications and other technological forms; restructuring of social and financial services by governments and firms; reforms to public institutions and infrastructure (e.g., National Competition Policy) and demographic change (RAPI 2000; Tonts 2000).

Deindustrialisation has been driven by economic restructuring including, *inter alia*, tariff reductions. Given the concentration of industries in particular parts of Australia, the effects of this form of structural change have included new regional imbalances in economic vitality. This process has helped to shape some of the most intense pockets of social disadvantage, starkly evident at the sub-regional scale of analysis (Vinson 1999).

Economic Globalisation and a Shift in Governance

In Australia and in many other developed nations, the principal motive force for change in regional fortunes in recent decades has been economic globalisation. This major socio-economic shift has worked in concert with a restructuring of governance, away from Keynesian

interventionism towards deregulatory liberalism, to alter the balance of fortunes between regions, meaning, *inter alia*, increasing disparity between poorer and richer regions (Stilwell 2000).

However, it appears that in Australia, the much touted ability of globalisation to draw the regions of the world together into an interconnected model of economic, communicative and social efficiency, has been largely concentrated within metropolitan regions, especially in core and affluent segments of the major cities (Stilwell 2000). Regional disparities in wealth and in access to valued resources have been worsened by the well noted withdrawal of services in many rural areas by both private and public sector agencies (McManus & Pritchard 2000). What is often not always noted in the many debates that have attended these changes is the extent to which services and resources have been withdrawn or not sufficiently supplied in metropolitan regions, especially in outer and less advantaged areas (RAPI 2000).

AUSTRALIAN REGIONAL POLICY

Australia has a multi-level system of governance which forms the spatial and institutional context both for regional policy and for the socio-economic forces that determine regional patterns of well-being. To understand the structural context for regional policy it is first necessary to consider this federal multi-level governance system.

Australian Federal System

The Commonwealth of Australia is a federation of states that was formed from self-governing British colonies in 1901. The federation also includes two territories – the Northern Territory and the Australian Capital Territory – which until recently were directly administered by the central state but are now self-governing. States have their own parliaments and legal frameworks. The third administrative tier, local government, has no status in the national constitution. In contrast with their counterparts in Britain, the USA and many European countries, Australian local governments have few resources and responsibilities and are entirely subordinate to state/territory rule.

In some analytical frames, Australia's states/territories could be regarded as 'regions', broadly comparable in scale, for example, to sub-national, and even national, regions in other multilevel political frameworks, such as the European Union (Stilwell 1994). However, regional government at the sub-state/territory scale has not existed in Australia whilst intermittent attempts at regional policy making have been plagued by brevity and a lack of political commitment (Self 1995).

The states and territories vary considerably in population size and geographic extent. All, however, are marked by the primacy of their major metropolitan areas. Today, the vast majority of Australia's 18 million citizens live in the coastal metropolises, especially the state/territory capitals that ring the island continent. In 1996, four out of 10 Australians resided in the two largest cities, Sydney and Melbourne. Cities provide the centre stage for Australian social and economic life. There are no metropolitan governments, with the limited exception of Brisbane, where one local government, Brisbane City Council, covers most, but not all, of the urban area. The states/territories act as defacto metropolitan governments; a situation that causes tension with both urban and non-urban local governments (Stilwell & Troy 2000).

The Commonwealth collects the lion share (approximately 70%) of national tax and excise revenue, principally through income taxation which it has controlled since 1942. Additional revenue sources include a new value added tax, the Goods and Services Tax introduced in July 2000, and other miscellaneous excises. The Commonwealth redistributes these tax revenues back to the states/territories under the auspices of the Commonwealth Grant Commission using the principles of Horizontal Fiscal Equalisation (HFE). For many years, Commonwealth governments have used HFE principles to redistribute funds from the wealthier states/territories to those requiring financial assistance to overcome the consequences of regional imbalances in economic development (Stilwell 1994).

While states/territories rely on HFE for a large proportion of their funding, significant revenue is raised from other sources. The states/territories raise around 55% of their total expenditure through taxation of payroll, motor vehicles, gambling and through the levying of miscellaneous stamp duties. Therefore, while states rely on HFE for a large proportion of funding, significant resources are allocated to attracting and encouraging additional sources of revenue, through initiatives which include regional development policies.

As with the states/territories, Australia's system of local government is characterised by wide variations in population and area (and therefore, density), but is not as fluid or fragmented as its US equivalent. As mentioned above, the third tier of government in Australia is relatively powerless, especially by European standards and remains, in the words of Stilwell and Troy (2000: 926), 'the creature of state government'. Consistent with this, local government has a very minor revenue raising role, largely restricted to collecting property taxes. A 1988 national referendum that would have given local government constitutional status, and thus enhanced autonomy, was opposed by the states and defeated at the polling booths.

Devolution of governance has not been a major trajectory of change in Australia's federal system since its inception a century ago. In recent decades, however, there has been some devolution of service provision responsibilities from state to local governments (Tonts 2000). Whilst both the constitution, or at least its interpretation and application, and the federal system have evolved, a major axis of change has been the assumption of new and enhanced powers by the Commonwealth. States have often resisted the Commonwealth's periodic attempts to increase its authority, but on other occasions they have willingly ceded certain responsibilities. In 1942, for example, the states transferred their income taxation powers to the Commonwealth with a view to helping the war effort (Stilwell & Troy 2000).

Regional government

Australia has not established a system of regional government at the sub-state/territory scale. Regional policy making, and some regional institutions, have been experimented with, including, for example, the Regional Development Organisations set up by the Keating federal government in the early 1990s (Beer 2000b). Regional government, however, has not been attempted (Stilwell 2000). The three tier system of government outlined above has remained the legislative-administrative framework for the federal system since its inception. There have, however, been no shortage of critiques of this structure and suggestions for its reform or even outright restructuring. A full review of these critiques and proposals cannot be entertained in this paper, but it is important to note that many suggestions for change have called for a new stratum of regional government, in some instances replacing the current state/territory tier (see Stilwell 2000: 260-6 on this).

A common refrain from critics of the present three tier structure is that local and state governments provide inappropriate frames for addressing regional problems and opportunities. State/territory governments are held to be preoccupied with city issues, rooted in the metropolitan primacy of the Australian urban system, whilst local governments are regarded as too small to address regional issues. The process of municipal amalgamation which has occurred in some states, especially Victoria, in recent years has in some instances created government structures that may be better matched to regional issues and needs (Galligan 1998).

Rural Focus

Australian governance, scholarly debates and popular discussions have tended to emphasise rurality as a key feature of regions and metropolitan areas have tended not to be defined in regional terms. This usage betrays a certain core-periphery conceptualisation which places (often critically) metropolitan areas, especially state/territory capitals, at the centre of governance and all other places and areas at some point of relative peripherality. Rural urban areas tend to cluster near the middle ring whilst outback areas occupy the remote periphery of this concentric model that so frequently frames debate and analysis of regional conditions.

Argent & Rolley (2000), for example, note the use of terms such as 'non-capital cities', 'sponge cities' and 'regional centres' in regional policy debates to describe a wide variety of urban areas – some of them thriving, some of them not – that are held to share a common peripherality from core (i.e., capital) cities.

There have been notable departures from this conceptualisation which have sought to open up metropolitan areas to regional analysis and policy. For example, one initiative of the Whitlam Department of Urban and Regional Development (DURD) agenda was the establishment of regional urban councils as sub-metropolitan policy frames; several of these bodies still exist, including the regional organisations of councils in Sydney. Housing assistance was not part of the DURD regional policy agenda.

In metropolitan strategic planning, there have occasionally been instances of sub-metropolitan analysis and policy making, usually with the object of balancing out geographic inequalities of service access and socio-economic conditions. 'Regional balance' was in this way a key object, for example, of the Melbourne and Metropolitan Board of Works' strategic framework for Melbourne during the mid-1970s (Logan 1981: 31). Also, in order to ensure balanced and orderly urban growth, regional planning authorities have occasionally been established at metropolitan fringe areas, a key example being the Western Port Regional Planning Authority which operated in Victoria during the 1970s and 1980s (Logan 1981). Again, housing has not tended to figure prominently as a policy object in regional planning agendas.

Whilst regional planning frameworks and agencies have been experimented with, sometimes persisting for lengthy periods, they have generally been concerned with balancing growth pressures, protecting environmental amenities and facilitating economic development rather than addressing social disadvantage.

Historical Context

As outlined above, regional government at the sub-state level has not been attempted in Australia. The regional policy record of state/territory and federal governments is not much stronger (for a recent review see Beer 2000a: 173-83). However, several attempts, to varying degrees of success, have been made at regional policy under the banner of decentralisation. Arguably, the main national intervention on regional policy occurred between 1972 and 1975 under the Whitlam Labor government. The Commonwealth agency charged with the role of undertaking the Government's decentralisation policies was the DURD (Stilwell 1993).

Spiller and Budge summarise the DURD program:

DURD initiated a range of plans and policies which sought to reduce the rising problem of social disadvantage in the major metropolises by promoting decentralisation and redirecting growth into designated regional centres such as Albury-Wodonga and Bathurst-Orange. DURD also established publicly funded land commissions which were intended to provide competition for private land developers as means of maintaining housing affordability. Other initiatives included the funding of the Australian Assistance Plan and the Area Improvement Program which were intended to foster community building programs across the nation's regions (RAPI 2000: 35).

Many of DURD's initiatives were fiercely resisted by some of the states (Stilwell & Troy 2000) and the regional decentralisation policies proved particularly controversial and difficult to implement. It is important to recognise that the DURD program was not simply about the pursuit of 'spatial balances' of population and other resources but was rooted in a concern to address, *inter alia*, social disadvantage through a mixture of regional and local policy frames. Frequently, state regional policies, especially those founded in planning strategies, have been less concerned with social issues and have focused instead on balancing out or diluting metropolitan primacy through the encouragement of growth in non-urban areas (Beer 2000a: 180). (An approach that was evident, for example, in West Australian strategic policies during the 1980s (Self 1995).) Self (1995) concludes that decades of stop-start state regional

planning and economic development policies achieved very little apart from arresting to some degree population concentration.

There are many explanations for the difficulties that beset the DURD (e.g., compare Troy 1978 and Parkin 1982) but it can hardly be said that the states have been implacably opposed to regional economic development. States have long supported the idea of regional development but have struggled to frame policies that operationalise this aim.

At the state level there have been consistent programs and departmental support for regional economic development but for political reasons these have almost always shied away from targeting specific areas (RAPI 2000: 35).

Overall, the aspirations of many states for regional policies have often foundered because they have failed to gain a robust political footing.

RECENT POLICY CURRENTS

As the 1990s progressed a steady, if fitful, reawakening of regional policy debates was in evidence. There were several official inquiries, some new policy initiatives, and in more recent times increasing intervention in the regional debate by lobby groups, NGOs and private sector organisations. The momentum towards policy development was dissipated for a time following the election of the Howard government in 1996 which saw the abolition of regional programs that had been set in place by the previous administration. However, in the past few years, partly impelled by continuing grassroots pressure, and the testimony of new analyses of regional change, there has been renewed impetus given to regional policy development.

The following discussion very briefly reviews some of the initiatives on regional policy analysis and development that have been undertaken in recent years. This is in no way a comprehensive commentary, but rather a 'snapshot' review of some of the more influential undertakings (for fuller accounts, see especially the work of Beer 2000a & b and the collection edited by Pritchard & McManus 2000).

Australian Industry Commission 1993

In 1993, the Australian Industry Commission (IC) produced a report entitled *Impediments to Regional Industry Adjustment*. The IC (later, the Productivity Commission) was well renowned for its promotion of economic liberalisation. Several observers (e.g., Gleeson & Low 2000; Stilwell 1994) noted the paradox of attempting to use an avowedly aspatial analytical framework – neoclassical economics – to examine regional and urban issues but there is no evidence that this concerned the IC or its successor, the Productivity Commission.

Interestingly, the report touched upon housing – rare for Australian regional analysis. Stilwell sums up the Commission's analysis: 'Provision of public housing in areas with high unemployment [was] specifically identified as an impediment to regional mobility' (1994: 17). The logic – that highly localised pools of affordable, though difficult to access, housing stock should constrain the fluent operation of regional employment markets – was contestable, to say the least, and in any case not supported by rigorous empirical analysis.

The Taskforce on Regional Development 1993

In 1993, the Taskforce on Regional Development was established to investigate prospects for regional employment and development. The Taskforce was led by the then head of the Australian Council of Trade Unions, Mr Bill Kelty. The Taskforce Report, *Developing Australia: a Regional Perspective*, proposed an ambitious program of 123 general policy initiatives, centred around a series of objectives highlighted by regional Australia. These objectives included infrastructure, transport and communications, water supply, education, labour market programs, reduced government charges and better policy coordination.

Alexander suggests that the report was largely politically driven, comprising a regional 'wishlist' rather than a rigorously analysed appraisal of regional conditions and needs (Alexander 1994:

8). Stilwell (1994: 17-8), however, highlights the Taskforce's success as a consultation exercise, involving both visits to 63 regions and 76 consultations across Australia in a three month period. This 'bottom up' approach to regional analysis and policymaking stood in stark contrast to the macro-structural approach of the IC. The Kelty Report also attempted to identify 66 policy regions across Australia, including areas which traverse thousands of kilometres of land and some which divide Australia's largest cities (Melbourne was divided into three regions, Sydney into two).

The McKinsey Report 1994

In 1994, the Management Consultants McKinsey and Company were commissioned by the Australian Government to obtain data from businesses concerning the factors most likely to influence past, present and future investment patterns within regions.

The report emphasised the need to enhance the competitiveness of regions through better localised 'management and leadership' and through some mild measures aimed at building the capacity of regions to better compete in the globalised economy (Stilwell 1994: 18-9). The emphasis on encouraging entrepreneurship in lagging regions, in preference to using direct intervention and support mechanisms, foreshadowed the emergence of the 'self help' approach to regional policy that is favoured by the current Commonwealth government (Tonts 2000).

Regional Australia Strategy 1996

The election of the new national government in 1996 saw an end to any active concern with regional development policies (The Keating Government's 1994 employment program *Working Nation* had contained some regional development measures, though these were poorly funded.) Signalling the rhetorical if not substantive break, the Commonwealth Department of Housing and Regional Development was reorganised and renamed the Department of Transport and Regional Services. On this point, it is interesting to note the disappearance of references to 'housing' from the title of all Commonwealth government agencies at this time and afterwards.

The new government's *Regional Australia Strategy* emphasised a 'whole of government approach' to regional policy, comprising a range of small initiatives spread across a variety of portfolios (Vaile & Somlyay 1998). The Department of Transport and Regional Services focused on programs that sought to stem the loss of services in regional Australia, including the *Rural Transaction Centres* program. Other policies include the *Regional Health Package*, designed to address regional health inequalities, and the subsidisation of certain fuel costs. More recently, the Federal 2000-1 Budget allocated resources to a *Regional Solutions Program* for areas with employment and social problems, as well as the Area Consultative Committees funded through the *Regional Assistance Program* (Australian Catholic Social Welfare Commission 2000).

Productivity Commission 1999

The Productivity Commission released in 1999 the draft report of its inquiry into the regional impacts of National Competition Policy (NCP). The Commission's inquiry was further evidence of the increasing political attention that regional disparities have been attracting since the late 1990s. The report concluded that NCP reforms would raise output in all regions except Gippsland, Victoria, where the spatial concentration of electricity generation facilities meant that the impacts of privatisation would be severe at the regional level. However, the report does acknowledge that NCP impacts will include a lowering of employment in 33 regions – largely regions lacking the industry or employment base to absorb job losses. Other assessments have pointed to the 'socially corrosive consequences of competition reforms in many regions', including many impacts that elude quantification and therefore the type of analysis undertaken by the Productivity Commission (Australian Catholic Social Welfare Commission 2000: 7).

Regional Australia Summit 1999

The most substantial recent initiative undertaken to address regional disadvantage was the Regional Australia Summit, held in October 1999. The Summit paralleled two other inquiries into regional needs by committees of the federal Senate and House of Representatives. The Summit, convened by the Deputy Prime Minister [also Minister for Transport and Regional Services], the Hon John Anderson, was instigated 'in response to the profound adjustment and challenges facing regional Australia'. At the end of the Summit the 280 delegates called for a 'genuine partnership between governments, industry and communities' and made 247 recommendations to effect better regional outcomes (Regional Summit Unit 1999: 1).

The Summit's major emphasis was on a bottom-up rather than the usual top down approach employed to address regional issues. This approach rested on promotion of 'community entrepreneurship and leadership' as opposed to a reliance on direct government assistance to regions (Regional Summit Unit 1999). Critics of the new federal regional agenda argue that it lacks strategy and adequate funding. In particular, the emphasis on local self-help and on cultivating local entrepreneurship as antidotes to regional decline is criticised as exhortatory and unable to engage the substantive structural forces that have worsened uneven development in Australia (Stilwell 2000; Wanna & Withers 2000).

RECENT DEBATES ON REGIONAL POLICIES TO ADDRESS SOCIAL DISADVANTAGE

- The following section identifies recent debates on the issues most pertinent to the present study's focus of regional policies to address social disadvantage. Whilst Australia's experiments with regional governance have been limited relative to the overseas experience (especially in Europe), Australian debates about theoretical and policy issues have ranged widely in the post Second World War era (Beer 2000a: 173). The Positioning Paper (<http://www.ahuri.edu.au/>) identifies five key issues that reinforce and complement the research project's aims.

The Need For Regional Policy

There is clear evidence of a marked rise of interest in regional problems and regional policy solutions in Australia amongst a range of interest groups, including policy commentators, policy makers, non-government organisations, peak lobby groups and grassroots community organisations (Beer 2000a; Spiller 1999). A quality of recent policy commentary has been increasing concern with the social and environmental dimensions of regional decline. Many observers (e.g., Beer 2000a&b; Tonts 2000) have pointed to the limits of the current federal-state policy mix, which largely relies upon enhancement of self-help, entrepreneurialism and local leadership as antidotes to regional problems. Such analyses regard this mode of 'light' regional governance as unable to address deep seated regional social and environmental problems. To put the criticism more bluntly, no amount of 'cheering from the sidelines' is likely to deflect the forces of socio-economic and environmental decline that have beset many rural and metropolitan regions.

Much of this same commentary, however, does identify elements of value in current regional assistance policies, especially:

- the emphasis on local scale program formulation and management;
- partnership approaches that draw upon the skills and resources of all major community interests;
- the need to value the contribution of voluntary resources and of social capital;
- the importance of integrated policy approaches at the state and federal level; and
- the need to prevent overlaps or ambiguity in the assignment of responsibility for program areas and program settings.

Regional Policy And Social Disadvantage

As noted above, contemporary policy analysis is drawing increasing attention to the 'social and environmental deficits' of regional policy in Australia. Australia has a very limited record of using regionally framed policy mechanisms to address social disadvantage; the DURD programs of the 1970s representing a rare exception in this regard. Redesigning the current policy regime to better address social disadvantage will require a rethinking of traditional rural assistance packages. Lockie believes that this redesign must involve a 'broadening of the rural policy agenda beyond commodity issues to include social and environmental considerations related to agriculture' (2000: 25).

The evidence of recent analyses (e.g., RAPI 2000; Stilwell 2000) is that any new approach to engaging social disadvantage at the regional level must also embrace the problems of metropolitan and regional urban Australia. Spiller and Budge believe that such a broad approach to combating regional social disadvantage is both possible and necessary if Australia is to prosper. Addressing disadvantage in regional metropolitan and rural Australia will partly rest upon comprehensive urban and regional planning mechanisms, in concert with other social, environmental and economic development programs.

Again, the current emphasis on multi-scaled and well integrated policy needs to be retained, and indeed enhanced, in a new nationally constituted regional policy regime. Spiller and Budge, in concert with the RAPI, call for a '...national policy framework for dealing with social exclusion [that] will help develop motivation, provide guidance and prevent conflicts and duplication in strategy development and implementation' (RAPI, 2000: 37).

Universalism Versus Targeting

At what spatial scale and in what places should policies attempt to address regional disadvantage? Evidence cited earlier shows that rural regions, for example, are not universally disadvantaged, certainly not relative to all other regions. This would suggest that a return to earlier universalist support mechanisms for rural and regional Australia may not be warranted and indeed might worsen social and spatial inequities. The possible need for, and approaches towards, the targeting of regional support to address social disadvantage are issues that have not been thoroughly debated in Australia.

There is evidence to show (Gleeson 1999) that the European Union (EU) has begun to reconstruct its considerable 'regional cohesion' framework, leading to a reduced emphasis on generalist support mechanisms and an increased reliance on spatially targeted approaches. There may well be lessons to be drawn from the EU experience of framing targeted regional policies. Such policies appear to have met with widespread institutional support and apparently have proved more effective and equitable than earlier universalist approaches (notably commodity subsidies).

Regional Policy And Housing

Housing has long been identified as a key dimension of social well-being and, conversely, social disadvantage. There is little need in this paper to rehearse the many arguments that have focused on this key element of social dis/advantage. Of relevance to this study is the role of housing in contributing to regionally differentiated patterns of social disadvantage. Spiller and Budge observe that 'shifts in housing markets and housing tenures have tended to reinforce polarisation in the spatial distribution of the wealthy and the poor' (RAPI 2000: 26). Consequently, it follows that housing should be a key element of policy mixes that address social disadvantage at the regional level. Has this been a feature of the Australian regional policy experience?

Review of policy literature in Australia suggests that housing has not featured strongly as a regional assistance issue. For example, one of the federal government's current regional policy statements, *Regional Australia Making a Difference*, makes only one mention of housing, and only then passing to observe that health and housing remain primarily a state/territory concern (Anderson & McDonald 2000: 28). The reluctance to address housing issues in regional policy debates may also reflect an implicit assumption on the part of many commentators that employment not housing is the central regional issue. This possibility is implicit and therefore hard to document. There appears to be need for greater analysis and debate in Australia about how housing and employment markets interact, and at which spatial scales. Given the importance of housing to social disadvantage, it hardly suffices to ignore the issue in debates and policies that seek to address social polarisation at the regional level. It may not hold that housing markets operate only at the local scale in all regional contexts.

Learning From Overseas

It was earlier observed that Australia's regional policy record has been extremely limited by international standards. Spiller and Budge comment:

Only for a brief period in the 1970's under the DURD initiative has Australia flirted with the concept of deliberate intervention to redress the inherent disadvantages experienced by some regions...This lone initiative stands in contrast to the systematic programs conducted by some western democracies notably in Europe to implement measures designed to direct public and private capital to so called depressed regions (RAPI 2000: 23).

These same authors appeal to overseas experience, notably that of the EU, as both a reference point and a source of ideas for Australian regional policy debates (RAPI 2000: 82-6). As an emerging multi-level governance framework, embodying a substantial welfarist tradition, the EU seems to offer a particularly apposite model for Australian policy analysts and policy makers to explore. The United States, by comparison, provides a more limited reference point given its weak record of regional policy and relatively limited commitment to welfare governance. Other multi-level governance structures that have undertaken regional policy, especially international frameworks such as the OECD, may repay closer examination.

The EU has a substantial regional policy infrastructure. Moreover, these policies are largely, though not wholly, focused on the problems of uneven development, especially social exclusion and poverty. As a continuously evolving policy field, the EU regional program offers a potentially rich source of ideas and lessons for Australian consideration (Gleeson 1998).

PART 2 – RESEARCH FINDINGS

CHAPTER 4 – SPATIAL FRAMEWORKS FOR REGIONAL ASSISTANCE POLICIES

INTRODUCTION

This chapter reports the first part of the research findings, focusing on the experience of selected overseas bodies in applying spatial frameworks - strategies in the form of regional assistance policies targeted at specific and/or multiple regions. The chapter specifically addresses the first two research aims:

examine the relative merits of spatially targeted versus universalist regional support frameworks, through reference to the recent policy experience of key overseas bodies;

evaluate the policies of key overseas bodies that encourage city-hinterland partnerships and consider their relevance to the Australian policy context.

The empirical materials for the chapter were largely drawn from two key policy contexts which proved to be the richest resources for policy experience; the European Union (EU), and its main institutional arm, the European Commission (EC); and the United States federal Department of Housing and Urban Development. The first two parts of the chapter examine in turn the current spatial scaling approaches of both overseas bodies. The matter of spatial scaling and targeting appears straightforward in the US example, where assistance is largely framed at sub-regional (sub-state) levels. In the EU's case, however, several dilemmas concerning targeting of regional assistance have been identified, and these are discussed as part of the review.

The third part of the chapter examines the issue of city-hinterland partnerships. The empirical focus in this discussion is the EU's regional assistance program where the emphasis on social solidarity between people's and regions has meant that form of partnership has long been implicitly valued.

SPATIAL TARGETING AND THE EUROPEAN UNION

EU Regional Governance

The EU, and its administrative structure, the EC, are centrally concerned with regional issues. The importance of regional well-being is reflected in the constitution of the EU and its governance. Although the European Parliament and the European Council are the main political fora for the Union, there also exists an influential Committee of the Regions which acts both to articulate regional and local interests and assist the EC in policy formulation. The Committee of the Regions is made up of 222 representatives, appointed by member states of the Union.

In the EU, 'regional' is generally taken to mean geographic areas within member states. This spatial scale is broadly equivalent to that adopted for this study, as outlined the Positioning Paper. The EC, essentially a federal administrative structure, frames regional policies in a context that mirrors in many respects the conditions which define the Commonwealth's regional policy domain. In both contexts, a central government-administration must frame regional policies within member states, and it must do so with the cooperation of member states.

The EU governance framework is founded on a set of principles that enshrine both the significance of regional policy making and the value of inter-regional socio-economic cohesion. First, the principle of subsidiarity – the idea that decisions should be taken at the lowest appropriate level – has established a clear role for the EC in policy domains that are irreducibly regional in their genesis.

The Maastricht Treaty established 'social and economic inclusion' as one of the EU's key priorities alongside Economic and Monetary Union and the Single Market (De Rynck & McAleavey 2000). Article 2 of the Maastricht Treaty states as the goals of the European Union:

...the promotion of balanced and harmonious economic development; stable, non-inflationary and sustainable growth; convergence of economic performance, high levels of employment and social security; improvement of the quality of life; and economic and social coherence and solidarity between the member states (in Spiekermann & Wegener 1996:36).

Thus 'cohesion' remains a watchword of EC policymaking. The removal of internal EU trade barriers in 1993 increased the similarities between the Australian and European federal structures. For the EU, this shift, however, signalled a potential threat to the social solidarity and regional cohesion of the Union:

There was a risk that the single market would be of most benefit to those regions best placed to attract capital and human resources. That is why the objective of economic and social cohesion, the desire to reduce disparities between the various regions of the Community, was introduced by the Single European Act as an essential complement to the single market (Directorate-General for Regional Policy and Cohesion 1996:3).

This stands in contrast to the Australian context where there is no significant federal framework that monitors and redresses imbalances that arise from the inter-regional competition for resources (RAPI 2000). Inter-state disparities are moderated in Australia by the fiscal equalisation principles of the Commonwealth Grants Commission, but no equivalent framework exists at the regional level.

Competition is also a leading ideal of the EU. The EC is directed in this regard to undertake policies and programs that enhance the economic competitiveness of the Union. However, inter-regional competition within the EU is seen to hinder not advance the goal of competitiveness, whilst also weakening solidarity and cohesion. The EU takes the view that inter-regional balance in socio-economic conditions is a key to making the Union more economically competitive in the global trading environment. Its regional assistance programs attempt to foster inter-regional and inter-local cooperation in pursuit of social and economic development. Cooperation is held to generate synergy; a form of development energy that would not be harnessed if inter-regional competition were the favoured governance model (European Commission 1996).

In more straightforward economic terms, the EC points out the positive 'spillover effects' for better off regions and member states¹ that derive from the regional assistance program (outlined below). The Commission estimates that 20 to 30% of every Euro invested through the program comes back to the more advanced regions through payments for know-how or equipment (Directorate-General for Regional Policy and Cohesion 1996:16).

Overall, it can be observed that a central premise for regional assistance by the EC is the belief that socio-economic disparities between regions can be harmful to the whole Union. In this view, under-performance in weaker regions leads to a fall in consumer demand for European products, hinders economic development, distorts competition in the Single Market and ultimately reduces the EU's competitiveness in the global market.

The Socio-Political Context for EU Regional Policy

In the last 10 years there has been a resurgence of interest in spatial planning and regional development issues in Europe. Newman and Thornley (1996:245) write:

In recent years there has been a widespread concern across Europe to find better arrangements for urban planning and a shift from the property-led model which typified the

¹ Those defined as net contributors to the regional assistance framework.

1980s. The problems of fragmentation have led to renewed calls for a more strategic approach. There has been a questioning of the dominance for economic objectives and the lack of “trickle down” to deal with social needs, leading to demands for a more direct approach to social issues and greater community involvement.

This reawakening has been evident at a variety of policy scales, most especially at the regional, member state and EU-wide levels. Newman and Thornley believe that the growing impact of economic globalisation, together with the perceived failure of minimalist governance approaches to manage this imperative, largely explains this new interest. The most significant of these developments has been the emergence of a ‘European Spatial Development Perspective’ (ESDP) within the policy realms of the European Union (EU). Generally speaking, the aims of the ESDP are to: ensure balanced regional development and social cohesion, achieve ecological sustainability, and enhance the competitiveness of the EU and its member states.

According to the EC, the consequences of European politico-economic integration and, more broadly, economic globalisation, mean that spatial planning issues are becoming ever more important. As markets become more integrated, the need for coordination of infrastructure and other facilitating investment is heightened. There is also a greater need to manage the social and environmental consequences of free trade. It is recognised that these forces for change require new forms of governance – spatial development policies – if they are to be channelled towards desirable social, economic and ecological ends. Existing governance structures were evolved to co-ordinate development at the subnational scale and are therefore poorly equipped to manage the effects of interaction within the new integrated European framework. It is also acknowledged that key changes – notably globalisation and public sector restructuring – have had uneven consequences for communities, regions and nations, producing new patterns of regional economic disparity (Directorate-General for Regional Policy and Cohesion 1996).

As noted earlier, social and economic cohesion is a key priority of the EU. Within the EU’s multi-level governance framework, the concept of cohesion has assumed a strong spatial character, manifesting in the EC’s strategic and operational framework as a commitment to ensuring and safeguarding balanced regional development.

However, there is recognition that progress towards these goals has faltered in the past decade. New patterns of advantage and disadvantage are evident at a variety of political and policy scales. There was some convergence of per-capita income between regions of the European Community (later the EU) in the 1960s and 1970s, but during the 1980s, disparities began to increase. Currently, the ratio between the GDP per capita of the richest and poorest region exceeds 5:1, about three times as high as in the United States (Wegener & Kunzmann, 1996:11).

The major ‘winners’ in the new political economic scenario of the 1990s are the large urban centres, such as Brussels, Frankfurt and Munich. Successful cities tend to be those that possess up-to-date transport and telecommunications networks.

As Wegener & Kunzmann (1996:13) have noted, polarisation of the European urban and regional system ‘is harmful for both winners and losers’. Whilst the problems of ‘loser regions’ seem self-evident, it is also the case that the ‘winners’ must manage increased environmental, social and economic pressures which may eventually undermine the conditions that have ensured their success (good amenity, high accessibility, modern infrastructure, educated and skilled labour forces).

Worsening spatial polarisation also leads to political instability and perhaps eventually, reactive policy initiatives that undermine the general conditions for growth. There is recognition also that uneven development threatens the social cohesion, economic vitality and environmental sustainability of the entire European urban and regional system in a variety of ways.

The ESDP is outlined in a number of policy documents, but remains an incipient strategy whose regulatory and programmatic features are still evolving. In addition to the ESDP, there

are a range of regulations, policies, and significant funding programs that aim to enhance balanced regional development and to assist 'lagging' regions and cities. This regional assistance framework is outlined below.

The EU Regional Assistance Framework

The EU has a comprehensive regional assistance framework whose separate elements are largely administered through the following Directorates-General:

- Regional Policy
- Employment and Social Affairs
- Agriculture

The EU has at its disposal four 'structural funds' through which it channels financial assistance to address structural economic and social problems in order to reduce inequalities between different regions and social groups:

The European Regional Development Fund (ERDF)

The European Social Fund (ESF)

The European Agricultural Guidance and Guarantee Fund (EAGGF)

The Financial Instrument for Fisheries Guidance (FIFG).

Of particular importance to this study is the European Regional Development Fund (ERDF). Its main aim is to promote economic and social cohesion in the European Union by working to reduce inequalities between regions or social groups.

The funds are governed by strategic objectives. For the recently completed structural funding round (1994-9), there were 6 objectives, four of which related to regional assistance (Table 4.1).

Table 4.1 Structural funding objectives for 1994-9 framework

Objective	Description
Objective 1	Promoting the development and structural adjustment of regions whose development is lagging behind. Objective 1 regions are those whose per capita GDP has amounted to less than 75% of the Community average over the past 3 years, as well as certain other regions whose GDP is around that mark and for which there are special reasons for inclusion.
Objective 2	Converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline. The three key eligibility criteria are: (a) an unemployment rate above the EU average, (b) a percentage share of industrial employment higher than the EU average, and (c) a decline in this employment category.
Objective 5b	Promoting rural development by facilitating the development and structural adjustment of rural areas. The general criterion for Objective 5b eligibility is a low level of socio-economic development (assessed on the basis of per capita GDP) with an additional three main criteria, two of which must be met: (a) high share of agricultural employment, (b) low level of agricultural income, and (c) low population density and/or significant depopulation trend.
Objective 6	Promoting the development and structural adjustment of regions with an extremely low population density.

In the new funding framework (2000-6), there are only three objectives, signalling an enhanced emphasis on 'lagging' regions and areas affected by industrial decline (Table 4.2). Only Objectives 1 and 2 in the new framework have a regional dimension. Objective 3 allocates funds across the EU. The new objectives dilute to some degree the significance of rural areas in regional assistance and include for the first time a specific focus on disadvantaged urban regions.

Table 4.2 Structural funding objectives for 2000-6 framework

Objective	Description
Objective 1	Promoting the development and structural adjustment of regions whose development is lagging behind. Same as objective 1 in 1994-9 framework.
Objective 2	Supporting the economic and social conversion of areas facing structural difficulties. This includes: industrial areas with same eligibility criteria as in 1994-9 framework; rural areas with low population density or a large proportion of the workforce employed in agriculture, together with a high rate of unemployment or a depopulation trend; urban areas which meet at least one of the five criteria: high long-term unemployment rate, a high level of poverty, environmental problems, a high crime rate, and a low level of education; and areas dependent upon fisheries experiencing a decline in employment in this area.
Objective 3	Adapting and modernising policies and systems of education, training and employment.

In both funding frameworks under consideration in this paper (1994-9; 2000-6), the main strategic objectives have been supplemented by a Community Initiatives Programme. In the current framework, Objectives 1-3 will receive 94% of the funding pool, with a further 5.35% allocated to Community Initiatives. In the area of regional assistance, the main Community Initiatives of interest are Interreg III and Urban II. The importance of Interreg III lies in the fact that it specifically frames regional assistance in cross border (i.e., across the boundaries of member states) zones. Urban II funds the social and economic regeneration of towns and neighbourhoods in crisis and is not framed at the regional scale. Interestingly, it is within Urban II, and its predecessor Urban I (1994-9), that the only explicit EC interest in housing assistance is evident (to be discussed further in Chapter 5).

All programs funded by the structural program are managed by designated member states. Most of the project proposals forwarded by member states and project selection is undertaken in conjunction with the EC. There are selection criteria for each objectives, some of which are quite specific, such as Objective 1. Overall, the EC, as 'federal' agent, is funder, facilitator and evaluator of the structural assistance program. A residuum of the four structural funds (0.65% current framework, 2000-6), is kept aside for 'Innovative measures' which are managed by the EC itself.

The level of funding for the structural assistance program is enormous by Australian standards, even accounting for the much larger population of the EU. In the current framework, the four structural funds amount to EUR 195 billion, or AUD 327 billion (January 2001). Overall then, the EU will spend EUR 709 (AUD 1191) per capita on regional assistance during the current framework period (2000-6). If this per capita spending was translated to the Australian context it would require Australian governments to commit approximately AUD 24 billion to regional policy over a similar time period.

An additional EUR 47 billion in aid has been earmarked for the applicant countries for accession to the EU (Directorate-General for Regional Policy 1999a &b). These accession countries will not be a focus of this study.

The bulk of structural funding in the current framework will be expended against Objective 1 (EUR 127 billion) and 2 (EUR 20 billion). Funding for Urban II has been set at EUR 700 million, representing a decline on levels expended against Urban I (EUR 900 million). However, it is anticipated that effective funding of urban areas will be increased within the new framework which for the first time specifically allows for, indeed encourages, funding for urban areas under Objectives 1 and 2. Given that the Urban initiatives target localities, the impact of this shift has been to make urban assistance more regional and less localised. This development seems to reflect a greater emphasis by the EC on urban regions rather than urban localities in policymaking.

As mentioned above the 'Interreg' program is another Community Initiative which devotes significant resources to regional assistance. The budget for Interreg III is EUR 4.875 billion (AUD 8.3 billion).

The structural assistance program affects a significant proportion of the European population. In the 1994-9 framework, regional assistance under Objectives 1 and 2 affected areas containing 26.6% and 16.3% of the EU population respectively. In the current framework, Objective 1 funding will affect areas that are home to 22.2% of the EU population. The impact of Objective 2 funding has not yet been assessed.

All structural funds are drawn upon for the regional Objectives (1 & 2), but most important contributors are the ERDF and the ESF. Support drawn from the EAGGF targets rural areas. In 1987, the structural funds accounted for 17% of the EU's budget; by 1999, this figure had increased to 35% (De Rynck & McAleavey 2000).

In addition to the structural funds, the EU deploys other programmatic instruments in pursuit of social and economic cohesion, the most significant of which is the Cohesion Fund. The total Cohesion Fund budget for the period 2000-6 exceeds EUR 18 billion. The money is split evenly between environmental projects and transport infrastructure projects. The Cohesion Fund, which is designed to allow areas lagging behind the rest of the EU to catch up (through the 'cohesion' process), is targeted at the EU peripheries (member states whose GNP per capita is below 90% of the Community average). Under the current round, only Greece, Portugal, Ireland and Spain are eligible for Cohesion Funds. In recent years, the EC has attempted to improve the strategic and programmatic coordination of the structural and strategic funding pools to ensure that their impacts are mutually reinforcing (Directorate-General for Regional Policy 1999a).

Another cohesion instrument is the European Investment Bank (EIB). The EIB is the EU's financing institution and provides significant loans for capital investment promoting the Union's balanced economic development and integration.

Spatial Targeting: Issues and Dilemmas for the EC

Analysis of spatial targeting issues for the EC will focus on the ERDF and the ESF, with particular attention to the first fund that supports the bulk of EU regional assistance measures. Our fieldwork discussions and document collection focused upon Directorates-General for Regional Policy and for Employment Policy, the key agencies which oversee the expenditure of these funds against Objectives 1 and 2.

Generally, the interviews with EC officials in the two key Directorates-General named above confirmed that the Commission now emphasises spatially targeted rather than universal social and economic support mechanisms. Universal mechanisms – e.g., production subsidies – once embedded are, however, politically difficult to restructure or reduce.

Inter-Regional Effects: Closing the Gap

The first thing to note is the EC's firm belief, supported by considerable analysis, that successive rounds of structural funding have:

1. reduced the scale of inter-regional disparities within the Union, and also

2. significantly enhanced the well being of several regions and member states.

In 1996, the EC's own evaluation of the structural funding program suggested that its regional assistance efforts were meeting with considerable success (European Commission 1996, Chapter 5). Macro level trend analysis showed that Objective 1 regions as a group experienced convergence in terms of GDP per capita, 'closing the gap with the rest of the EU by nearly 3 percentage points over the 5-year period 1989-93' (European Commission 1996:95). Unemployment worsened in these regions, however, during the same time period, reflecting a European wide recession. This same recession affected performance for Objective 2 regions (which are primarily defined in terms of labour market conditions). The EC found, however, that unemployment rose in Objective 2 regions significantly more slowly than it did for the Union as a whole during this period.

In 1999, the EC summarised the findings of various evaluation studies of structural funding programs. Overall, these studies suggested that structural assistance 'had made a significant contribution to the reduction in regional disparities across the Union' (Directorate-General for Regional Policy 1999b:16). Four main macroeconomic models were used to assess the impact of the funds on regional economies. A central estimate suggested that the structural assistance had added around 0.5% or more to the growth of Objective 1 regions. Moreover, 'by 1999 the cumulative effect of the Funds is estimated to have increased the GDP of Greece, Ireland and Portugal by nearly 10% in each case...' (ibid:16). The models did, however, suggest important contingencies, including the presence of 'sound macroeconomic growth policies at the national level and the structure of economic activity in the assisted regions.

Unpublished evidence gathered during the fieldwork, in the form of preliminary EC evaluation findings, suggests that Objective 1 structural funding has managed to reduce substantially travel times in assisted regions within the member states Spain, Portugal, Ireland, Greece and Italy.² Average journey time savings of between 20-30% in Greece have been estimated, rising to between 34% and 87% for selected routes in Italy. Significant journey time improvements for rail have also been calculated for all countries apart from Ireland where no investment was made in this mode.

A summary assessment (Directorate-General for Regional Policy 1999b:15) held that, by 1999, GDP per capita in assisted regions was converging with the EU average and that the structural assistance program was largely responsible for this lessening of inter-regional disparities. However, this convergence may be masking in some instances anomalous intra-regional effects and the Commission notes that unemployment remains a problem in many supported areas. Objective 2 regions also showed strong signs of convergence with the EU average, this time on unemployment trends. There was, however, variation in the rate of convergence amongst regions, largely evident at the national scale. The EC noted the strong growth of small-medium sized enterprises (SMEs) in Objective regions 1 and 2 which by definition had traditionally exhibited a high degree of dependence on a limited number of industrial sectors.

Intra-Regional Effects: Opening the Gaps?

Recently, senior EC officials have questioned the spatial targeting of the regional assistance program. A powerful set of concerns have been elaborated in one discussion paper (De Rynck & McAleavey 2000), whose first author was interviewed as part of the fieldwork for this research. This emergent critique of the regional assistance program has several dimensions, but its central focus is on the effectiveness of regional scale policies in addressing the manifold forms of social disadvantage. The four main limbs of the argument are that:

regionally framed assistance is not always effective in addressing social disadvantage, which often manifests in highly localised forms, especially within urban areas;

² A copy of the summary tabulation of these estimations is held as part of the project records and can be made available to interested parties upon request.

the disparity between the scale of assistance and the scale of need may lead to perverse policy consequences, including a worsening not lessening of intra-regional disparities;

in many cases, control over regional programs and funding have been 'captured' by coalitions of policy and business 'elites' who may not always be the most effective managers of such assistance mechanisms; and

exclusively economic and/or employment related indicators (e.g., regional GDP; unemployment rates) are inadequate measures of social disadvantage and their use may greatly hinder the effectiveness of assistance programs.

The latter problem is particularly stark for 'commuter regions'; those areas whose economies rely heavily on input from workers domiciled in other locations. Thus,

For instance, the [regional GDP] figures for areas such as Hamburg and Brussels tend to be overestimated due to the large numbers of commuters who contribute to gross production in these areas. The presence of a significant group of poor and unemployed people in a territory may be concealed by a relatively high GDP (De Rynck & McAleavey 2000:5).

These authors detail other ways in which narrow economic indicators fail to capture social disadvantage and thus leads to deep policy anomalies in regional assistance programs (ibid:5-6). This inadequacy seems to have been recognised by the EU, at least implicitly, which has recently moved to embrace a broader social agenda, focusing on notions such as 'social exclusion' and 'social cohesion' as policy objects. The shift from narrow, economically framed social indicators towards new 'welfare measures' (ibid:15) will necessarily lead to inclusion of other dimensions of need, including, housing, social participation and environmental quality.

There seems also to be implicit recognition by the EC that social disadvantage cannot always be adequately addressed at the regional scale. Commission officers interviewed during the fieldwork confirmed the growing importance of urban areas in the structural funding program, leading increasingly to assistance measures framed at the sub-regional, even neighbourhood, scale. Also, there is now a new form of targeted regional investment under consideration by the EC; namely structural funding for 'metropolitan growth poles'. This proposal is discussed in more detail below.

Increasingly explicit concern seems to be focusing on the tendency for the benefits of structural investment by the EC to go to the wealthier places and groups within funded regions. De Rynck & McAleavey (2000) note that social disadvantaged groups tend to be submerged in policy making and implementation at the regional level, not having the mobilisation skills and resources of higher order policy and economic 'elites'. For these authors, well connected regional actors and networks possess a 'natural advantage' in such policy scenarios and tend to channel the benefits of assistance programs to specific ends that may not reflect the needs of socially disadvantaged groups and places.

Thus structural investment may over time enhance a supported region's position relative to other EU regions, whilst at the same time widening that region's internal socio-economic disparities. De Rynck & McAleavey (2000) reject the idea that these 'captured' benefits would necessarily 'trickle-down' to needy collectives. Moreover, 'even when it ['trickle-down'] occurs, it can be accompanied by widening income gaps' (ibid:8).

Fieldwork interviews indicated that the Directorate-General for Regional Policy is searching for ways, in conjunction with member states, to better direct the benefits of regional support to the places and groups that really need it. However, the fact that effective structural investment may require enhancement of region-wide infrastructure means that the task of targeting and capturing benefits is a challenging one, and something that will of necessity be designed on a region by region basis.

SPATIAL TARGETING AND THE US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Regional Policy in the USA

In contrast to the EU, regional policy has not been a strong feature of the US federal framework in recent decades. A range of regional assistance programs exist but they do not involve large amounts of funding. Two federal government departments play a role in regional and housing policy: the Department of Housing and Urban Development (HUD) and the US Department of Agriculture (DoA), via its Rural Development programs. Both agencies specifically target areas of disadvantage through initiatives and programs to address social disadvantage, promote community sustainability and enhance the relative well-being of inhabitants. These programs are innovative but rather small in US funding terms. The strategic emphasis in US regional policy is on 'community empowerment' through small, highly targeted projects and through the dissemination of information about 'best practice' in social and urban renewal. The approach, which resonates strongly in the current Australian federal policy context (see Chapter 3), is well summarised by Spiller Gibbins Swan:

One important idea in the US policy rhetoric is the 'spectator/participant' distinction. Like Australia, there exists in the US a strong political and popular sense that national and regional (especially, some sub-metro) economies are doing exceedingly well, but many regions & localities, notably rural ones, are missing out on the benefits of growth. However, social geographic analysis reveals that the picture is mixed; some rural areas in the US are doing well because of different sets of advantages (niche markets, high value added rural products, isolated production plants, tourism etc.). The conclusion is that targeted assistance is preferable to blanket aid.

The rhetoric of 'capacity building' also features strongly in the US policy landscape. As with the EU, there is recognition that stronger institutions – local/regional; public/private – have a role to play in enhancing the administrative and analytical capacities of smaller organisations. In many cases, this form of assistance will be more effective than monetary aid (2000:42).

There are other HUD programs that encourage university-local government partnerships to enhance the development of lagging places and regions (e.g., inner city areas, marginal rural communities). This university-community partnerships approach has not been attempted in Australia, but some policy commentators have urged its consideration as part of a broadening of regional policy frames that would involve new forms of partnerships and the inclusion of new institutional actors (see Spiller Gibbins Swan 2000). Such partnerships do exist in regional Australia, but they remain piecemeal, poorly funded, and tend not to be explicit elements of policy frames at the federal or state/territory levels.

The discussion below outlines HUD's principal mechanisms of support for socially disadvantaged areas. What emerges from the review is that these mechanisms are largely framed at the sub-regional scale, often in distressed urban areas, ranging in size from neighbourhoods to larger sub-metropolitan districts. However, whilst HUD programs tend to fund projects at the local level, such support mechanisms are often embedded in regional institutional frameworks similar to those being developed in the EU.

The Empowerment Zone and Enterprise Community Program

In late 1994, the Clinton/Gore administration established the Empowerment Zone and Enterprise Community program to provide communities opportunities for growth and revitalisation. Empowerment Zones (EZ) are the centrepiece of the EZ/EC program, with each zone receiving US\$100m in the form of tax incentives (wage tax credits and Tax-Exempt Bond

Financing) and social service grants. The program also provides Enterprise Communities (EC) with smaller funding of US\$3m each (Riposa 1996; HUD 2000). To date there have been two rounds of competition for EZ/EC designated funds (1994 & 1998), and third was to be conducted in December 2000.

Under the first round of EZ/EC program funding (December 1994), six urban areas and 3 rural areas were designated funding as EZs through the Social Services Block Grant program administered by the Department of Health and Human Services. Each urban area received US\$100m and each rural area received US\$40m in a combination of block grants, and tax incentives to implement 10 year, community-wide strategic plans to promote revitalisation. Two urban supplemental EZs received a combination of Economic Development Initiative grants, block grants and tax-exempt bond financing (Riposa 1996; HUD 2000). In January 1999, the initiative was expanded through a second round of designations to include 20 new urban and rural EZs and 20 new rural ECs. Under this second round, funding was received through HUD's Appropriations Acts of 1999 and 2000.

The framework of the EZ/EC program is embodied in four key principles:

1. Economic opportunity – the creation of economic opportunities is considered the first priority in revitalising distressed communities by providing employment for all residents. Job creation within the targeted community and throughout the region is considered to provide the platform on which residents will become economically self-sufficient and communities can revitalise themselves. To achieve this principle, opportunities for entrepreneurial initiatives, small business expansion, job training and reskilling are employed to provide economic opportunities and direction.
2. Sustainable community development – recognises that the principle of economic development can only be successful when included as part of a coordinated and comprehensive strategy of physical and human development. The principle of sustainable community development necessitates enhancing the quality of life of communities. This is achieved through the provision of healthy urban and natural environments, increased access to services and amenities and the creation of a strong community spirit by enhancing learning and occupational skill development.
3. Community-based partnerships – to achieve the above principles, community-based partnerships encourage the participation of all residents and key stakeholders in contributing to the revitalisation of their community. This principle also recognises that public resources cannot be relied upon in isolation, and that private and non-profit assistance is critical for the success of the program. It is essential for all levels of government to work together in facilitating the relevant programs and resources to assist the implementation of the community's strategic plan.
4. Strategic vision for change – describes what the community wants to become, e.g., a technology centre with industry and university linkages, or a key export centre for primary industry. The vision for change is a comprehensive strategic map for a community's revitalisation. It is a means to analyse the full local context of the community and its linkage to the larger region. A strategic plan also sets real goals and performance benchmarks for measuring progress and establishes a framework for assessing how new experience and knowledge can be incorporated on an on-going basis into a successful plan for revitalisation.

HUD has reported that most of the EZ and EC communities have used the funding received to leverage additional private investment from private and non-profit organisations. The monies have largely been used as seed funding to support the communities to build partnerships in both the public and private sector.

In regard to tax incentives, HUD report a high level of success in enticing private investment into EZs since their commencement in 1994. The EZs and ECs have used their federal seed money to create partnerships that have leveraged more than \$12 billion in public and private

investment. Strategies resulting from these partnerships have generated jobs; provided business assistance and services; trained and educated youth and families; improved access to childcare, healthcare and transportation and increased residents' safety and involvement in their neighbourhoods.

A 'Multi-Scale' Model of Social Assistance

Overall, the HUD administered EZ/EC program is tightly targeted in terms of spatial scale. The EZ/EC program is largely local not regional in scale. The program aims to support communities to design local solutions that empower residents to participate in the revitalisation of their neighbourhoods. It is important to note, however, that the HUD programs are often embedded in larger, regional institutional frameworks, usually reflecting the boundaries and functions of municipal governance (see Appendix 2). In the first funding round (1994), the average area and population of urban EZs was 77km² and 124,000 respectively. The second funding round (1999) saw the size of EZs reduced on both measures; the average zone now equates roughly in population and area to a typical larger metropolitan council in Australia. Rural EZs in both rounds were large in area terms, but had smaller average populations than their urban equivalents.

This 'multi-scaling' of assistance to socially disadvantaged areas reflects to some extent the contemporary EU context for regional policy. In the multi-scale model, the governance of social assistance is framed at the regional level, whilst programs are operationalised at the sub-regional, often neighbourhood, scale. This multi-scaling broadens the range of policy objects traditionally associated with regional assistance to include issues that often manifest at the local scale, including housing, crime, and pollution.

CITY-HINTERLAND PARTNERSHIPS

The research did not uncover much evidence of explicit city-hinterland partnership policies in the overseas policy frameworks that were examined. In the EU, however, attention has long been given to both rural and urban contexts in different parts of the EC policy framework, without a blanket bias against either at any particular time (Expert Group on the Urban Environment 1998). There is strong implicit recognition of the importance of city-hinterland relationships for the overall well-being of member states and the Union. It is true to say, however, that rural regions have received a large share of the regional support funding in the past (Directorate-General for Regional Policy and Cohesion 1996). Thus, the EU's 'Expert Group on the Urban Environment' recommended in 1998 that:

EU funding should be redistributed in favour of urban areas to reflect the fact that the majority of the EU population lives in towns and cities, so requiring a shift from the current emphasis on funding for agriculture (1998:15).

The call for greater balance within the regional support framework appears to have been heeded in the current structural funding program (2000-6) which encourages targeted investment in urban regions as well as providing continued funding for non-metropolitan areas.

Although the EC is very concerned about the plight of lagging regions, this has not engendered a sense of 'anti-urbanism' in its political and policy outlook. There is clear recognition that the urban network forms the irreducible base of Europe's economy, cultural outlooks, and importantly, environmental sustainability. It is recognised that cities 'function as motors of the regional and the national economy' (van den Berg *et al.* 1997:2). Consequently, the health of Europe's economy, society and environment is closely linked to the well-being of its cities:

Urban areas play a vital role in the European economy. They are centres of communication, commerce, creativity, innovation and cultural heritage...Medium sized towns in particular also exert a powerful influence on rural areas (Directorate-General for Regional Policy 1999a:39).

The EU is one of the most urbanised regions of the world, containing approximately 170 cities with more than 200,000 inhabitants and 32 cities with more than one million inhabitants. The majority of Europe's citizens live and work in urban areas. As van den Berg et al. (1997:2) note, 'the cities – or more accurately functional urban regions – are the vital cultural, economic and innovative centres of Europe'.

We have noted in our research the European tendency to see cities as embedded in larger regions of interest, often termed 'hinterlands'. The EU's emphasis on the value of social and geographic 'cohesion' partly explains this outlook. The Expert Group on the Urban Environment has stated that:

...there is a need to redefine the concept of the 'urban', to take into account that cities and towns do not operate as closed systems, **but are dependent on and have a responsibility towards their rural hinterlands** (emphasis added, 1998:2).

'Arms' and corridors of cities, and urban agglomerations, are seen as key growth outlets that the EU aims to stimulate (e.g., through provision of the transit networks that link cities and regions) as means to enhance interregional cooperation and balanced development.

Some commentators have questioned this assumption, arguing that the planned Trans-European Transit Networks (high speed road and rail connections) emphasise connectivity between the main economic centres and may thus increase, rather than reduce, differences in accessibility between central and peripheral regions (see Spiekermann & Wegener 1996). New transport links, for example, may enhance the access of peripheral regional producers to markets in and beyond large cities, but they may also expose the same producers to competition from 'the centre'. It may be that careful planning is the key to ensuring that the new networks both enhance regional accessibility and assist in the balancing of growth.

Along with the emerging urban and regional planning regime, there exists a parallel policy emphasis on protecting and enhancing valued cultural regions, including rural landscapes, from the centralising tendencies of globalisation and political integration. As noted earlier, the EC has moved in recent years away from blanket subsidy regimes (e.g., the Common Agricultural Policy) towards spatially targeted schemes and programs that focus on enhancing the capacities and well-being of lagging regions and places.

As part of its commitment to enhancing inter-regional cohesion, the EU has advanced policies and programs that concentrate on developing transport, infrastructure, telecommunications and socio-political links between places and regions. An example of a successful socio-political link fostered by the EU has been the European Sustainable Cities and Towns Campaign that has improved networking between urban areas in the area of environmental policy (see www.sustainable-cities.org).

Our research confirms that there is recognition that strengthened links serve four main purposes:

1. they increase the opportunities for lagging regions and places to learn from and in other ways benefit from the success of the 'winners';
2. they provide the networks and interaction necessary for flexible, dynamic economies;
3. they strengthen regional cultural and political ties, and hence lessen the sense of social exclusion that spatial disparities can create; and
4. they enhance the accessibility of the benefits of growth for people in regional and outlying areas.

The EU and member states place great emphasis on inter-governmental networks as a means to promote:

- policy cohesion/integration;
- dissemination of information; and
- capacity building, especially amongst lagging and/or smaller places and regions.

In regional policy, this emphasis is encouraged by commitment to the goal of 'partnership', which constitutes one of four key principles for the organisation of structural funds.

Finally, increasing recognition of the complexities and interdependencies that characterise urban regional economies has encouraged the EC to consider an important new approach to structural funding that would seem on first analysis to contradict established funding principles. The EC is now considering investment in certain metropolitan 'growth poles' in order to stimulate social and economic conditions in surrounding regions, especially 'lagging' hinterlands. In the past, growth poles obviously did not qualify for regional assistance, but the new view reflects a more sophisticated analysis of the distributional potential of metropolitan growth engines within relatively disadvantaged regions.

The EC has recently underlined the importance of 'urban development within an integrated regional policy' (Directorate-General for Regional Policy 1999a:39). A key strategic aim of structural funding in the future is to secure 'greater prosperity and employment in urban areas by enhancing the role of towns and cities as regional growth poles' (emphasis added, *ibid*). The EC aims to improve the 'synergy of urban and rural development' (*ibid*); an object that might well be advanced through the formation of city-hinterland partnerships which aim to secure mutually reinforcing and mutually beneficial growth patterns. Regional assistance programs could very well provide the institutional vehicles to give effect to such partnerships.

SUMMARY

The EC, essentially a federal administrative structure, frames regional policies in a context that mirrors in many respects the conditions which define the Commonwealth's regional policy domain. In both contexts, a central government-administration must frame regional policies within member states, and it must do so with the cooperation of member states.

A central premise for regional assistance by the EC is the belief that socio-economic disparities between regions can be harmful to the whole Union. In this view, under-performance in weaker regions hinders economic development, distorts competition in the Single Market and ultimately reduces the EU's competitiveness on the global market.

The level of funding for regional assistance by the EC is enormous by Australian standards, even accounting for the much larger population of the EU. In the current framework, the four structural funds amount to EUR 195 billion, or AUD 331 billion. Overall, the EU will spend EUR 709 (AUD 1191) per capita on regional assistance during the current framework period (2000-6). If this per capita spending was translated to the Australian context it would require

Australian governments to commit approximately AUD 24 billion to regional policy over a similar time period.

It is the EC's firm belief, supported by considerable analysis, that successive rounds of structural funding have reduced the scale of inter-regional disparities within the Union and also significantly enhanced the well being of several regions and member states.

Increasingly explicit concern seems to be focusing on the tendency for the benefits of structural investment by the EC to go to the wealthier places and groups within funded regions. Thus structural investment may over time enhance a supported region's position relative to other EU regions, whilst at the same time widening that region's internal socio-economic disparities.

There seems to be implicit recognition by the EC that social disadvantage cannot always be adequately addressed at the regional scale. Local investment may be needed to produce more effective outcomes and to reduce the potential for wealthier groups to capture the benefits of assistance.

- The EC is now considering investment in certain metropolitan 'growth poles' in order to stimulate social and economic conditions in surrounding regions, especially 'lagging' hinterlands. In the past growth poles obviously did not qualify for regional assistance, but the new view reflects a more sophisticated analysis of the distributional potential of metropolitan growth engines within relatively disadvantaged regions.

In contrast to the EU, regional policy is not a strong feature of the US federal framework in recent decades. A range of regional assistance programs exist but they do not involve large amounts of funding. Two federal government departments play a role in regional and housing policy: the Department of Housing and Urban Development (HUD) and the US Department of Agriculture (DoA), via its Rural Development programs.

The strategic emphasis in US regional policy is on 'community empowerment' through small, highly targeted projects and through the dissemination of information about 'best practice' in social and urban renewal.

HUD support mechanisms are largely framed at the sub-regional scale, often in distressed urban areas, ranging in size from neighbourhoods to larger sub-metropolitan districts. However, whilst HUD programs tend to fund projects at the local level, such support mechanisms are often embedded in regional institutional frameworks.

This 'multi-scaling' of assistance to socially disadvantaged areas reflects to some extent the contemporary EU context for regional policy. It admits a broader range of policy objects which might be traditionally associated with regional assistance, including issues that often manifest at the local scale, including housing, crime, and point source/target pollution.

The research did not uncover much evidence of explicit city-hinterland partnership policies in the overseas policy frameworks that were examined. In the EU, however, attention has long been given to both rural and urban contexts in different parts of the EC policy framework, without a blanket bias against either at any particular time.

In the EU, regional policy means more than rural assistance. The EC recognises the critical role that cities play in determining the economic, environmental and social health of the Union. Urban areas are a central focus of regional assistance policy.

The EC has recently underlined the importance of 'urban development within an integrated regional policy'. The EC aims to improve the 'synergy of urban and rural development'; an object that might well be advanced through the formation of city-hinterland partnerships which aim to secure mutually reinforcing and mutually beneficial growth patterns.

CHAPTER 5 – HOUSING AND REGIONAL ASSISTANCE POLICIES

INTRODUCTION

This chapter outlines the second part of the research findings, focusing on the links between housing and regional assistance policies and programs in selected overseas bodies. The chapter specifically addresses the third aim of the research project, which was to review the housing policy components of overseas regional assistance programs. Information for the review was drawn from the EU, Britain, the USA and the OECD.

The review shows that regional policy frames rarely contain housing elements. Conversely, in the contexts studied, housing assistance programs do not appear to be framed in any meaningful (operational) sense at the regional scale. However, whilst there is little evidence of any explicit links between regional and housing policy frameworks, two important summary findings should be noted:

1. localised and specific housing assistance programs are sometimes embedded within regional assistance frameworks, and there is evidence in some contexts that this multi-scale relationship is taking on increasing significance, especially in the EU;
2. some national contexts include national housing assistance mechanisms that have a regional context – such as the US rural programs – and which appear to be mindful of a broad regional differentiation in the forms of accommodation needs (e.g., rural-metropolitan differences).

THE EUROPEAN COMMISSION

Housing and Member States

The EC has no direct competency in the area of housing which is regarded as a member state responsibility. Several Commission officers during the fieldwork interviews offered the comment that housing was seen as too sensitive a political issue for the EC to engage directly. The EC's regional and social support mechanisms have tended to focus on employment objectives, reflecting as interviewees confirmed a belief that housing markets are largely local not regional phenomena. Housing, however, represents a discrete, geographically fixed asset that could, in certain circumstances, provide an effective mode for the transmission of targeted social investment. For this reason, some Commission officers expressed regret about their lack of ability to frame and deploy housing related assistance in regional policy mechanisms.

However, the growing importance of urban renewal projects within the broader structural funding programs means that the EC is increasingly engaged, if implicitly, in housing related assistance. As the urban agenda strengthens as a strategic concern for the EU (something anticipated by interviewees), the irreducible significance of housing as a dimension of social disadvantage will doubtless attract greater explicit recognition in EC policymaking. The current incipient presence of housing as a policy concern in the structural assistance framework will mean that housing will increasingly emerge as a legitimate local or project concern for Commission funded programs. A recent EC document that summarises housing statistics for the Union, comments that:

...housing problems concern the Member States, the Regions and the Municipalities, as well as professional investors and households. The first ones [levels of government] are confronted with the urge to achieve social justice and to encourage local dynamic (sic) throughout the development of urban and rural housing policies, where transport, education and health can be integrated (Directorate-General for Employment and Social Affairs 1998:1).

The statement illustrates also the EC's strong commitment to policy integration, especially in social assistance programs. This commitment doubtless also helps to explain the growing, if still incipient, interest of the EC in housing policy.

There appears to be a multi-scaling basis for social assistance programs, both in the USA and in the EU, where housing renewal is undertaken at a local or site specific level within broader support programs that are governed and funded at the regional level. This multi-scale structure, in either an incipient or explicit form, may tend to understate or even hide the presence of active housing interventions at the local scale within regional assistance programs.

The Lisbon Agenda: Towards a Housing Role for the EU?

Finally, a critical new strategic direction for the EU and the EC was identified and discussed during the course of the fieldwork. The European Council meeting in Lisbon in March 2000 produced a new 'Poverty and Social Exclusion Agenda' that represents a major broadening of the EU's interest in social disadvantage.

Whilst the structural funds have recognised the issue of social disadvantage they have nonetheless been firmly set within an economic frame. Put simply, the premise for the structural funding program has been that 'weak' or 'lagging' regions needed to be assisted if they were to play a meaningful and positive role in the economic union of Europe. Social cohesion was largely seen as contingent upon equal access amongst peoples and regions to employment opportunities, to the exclusion of other important dimensions of well being, such as housing, environmental quality, health and cultural integrity. In 1996 the EC stated that: 'The promotion of social cohesion requires the reduction of disparities which arise from unequal access to employment opportunities and to the rewards in the form of income' (European Commission 1996:14). The Lisbon agenda for the first time recognised that the EU is more than a vehicle for economic integration and established that social cohesion was a key object in its own right.

Importantly, the Lisbon agenda recognises that social policy is a productive rather than merely palliative force that lifts not lowers GDP in depressed regions. In the first instance EUR 100 million have been allocated towards initial action to counter social exclusion under the Lisbon agenda. The concept of social exclusion – defined in the Position Paper for this project – has become a new key object for the EU's regional assistance regime.

The new 'Lisbon agenda' signifies for the Commission 'a significant redirection of emphasis from the material deprivation of the poor towards their inability to fully exercise their social, economic and political rights as citizens' (Geddes 2000:761). This shift necessarily means a broadening of the Commission's long prioritisation of employment as a key social policy object. Several interviewees predicted that this new charter would lead the Commission eventually to focus on housing needs at the regional level, but felt that this shift might be resisted by certain member states. The view is supported by one external commentator, Geddes (2000), who underlines the housing component of social exclusion, often manifesting in policy frames as a concern for homelessness.

In summary, there appears to be an inevitable drift in the EC policy landscape towards a greater engagement with housing policies, both through a greater recognition of the many policies and programs that already have housing impacts and through the gradual incorporation of additional housing concerns as part of a broadening out of the EU's social agenda. Donner (2000:10) writes:

...housing...according to the principle of subsidiary, is left to national governments. However, several EU directives concern housing-related matters, such as competition, capital markets, construction materials, etc. Furthermore, the Maastricht criteria exert an indirect influence on housing policies. Several subsidisation programmes concerning urban renewal and social integration are simultaneously related to housing. Finally, the European Parliament has passed a number of resolutions on housing-related issues, for example against social exclusion.

Finally, Geddes (2000) identifies limitations in the emergent social exclusion agenda that is expected to encourage a localisation of the structural funding program. Geddes questions the effectiveness of localised responses to social exclusion, especially those heavily reliant upon 'partnership' approaches that seek collaborative, cross-sectoral responses to multidimensional problems. Localised responses 'bear no relationship to the scale of contemporary problems of poverty and social exclusion across the EU' (emphasis added, 2000:797).

BRITISH REGIONAL DEVELOPMENT AUTHORITIES

The multi-scaling of housing within regional policy frames is evident also in the British context. In 1999 eight Regional Development Agencies (RDAs) were established in England by the British government. The RDAs are expected to be the major vehicles for regional policy making in England. In time, these are expected to be augmented by new regional governance structures, in the form of regional chambers and eventually regional assemblies with stronger executive powers.

Each RDA has produced a Regional Economic Strategy. The RDAs have control over expenditure of regeneration funds for both urban and rural areas. Thus, regional institutional bodies now fund and govern regeneration programs that are largely applied at the local level and often in partnership with a range of interest groups. The regionalisation of regeneration programs, in many instances involving a shift in responsibility from central bodies to the RDAs, is to be viewed in context of the broader political project of devolution that is recasting governance in Britain. (Some commentators have questioned, however, whether the devolution of powers is substantive, pointing to the constraints that the British central government has placed on the RDAs – see Robson *et al.* 2000).

The RDAs play a significant role in the governance and delivery of housing assistance mechanisms through the regeneration programs. This seems to mirror in some respects the sort of multi-scaling of housing policy – applied locally and embedded in regional governance – that was observed for the EC and the US regional assistance frameworks. Robson *et al.* (2000), however, note the potential for this multi-scale frame to cause policy anomalies, fearing that RDAs will be unable to resolve tensions or contradictions between the local implementation of sub-regional programs and national policies that frame regeneration schemes (e.g., housing, transport). They see housing needs, for example, as a 'pan regional issue', but point to the difficulty that RDAs face in ensuring an effective articulation between housing support mechanisms at both the local-regional and regional-national policy interfaces. This appears to be an argument for capacity building and greater resourcing for the English RDAs rather than a critique of the concept of multi-scaling of housing and regional policies.

Finally, a major summary of research programs by the Joseph Rowntree Foundation (2000) concluded that there was a need for regional strategies for housing renewal as part of 'sustainable area regeneration' programs. In many instances regeneration will need to be applied at the scale at which need often manifests in Britain, the neighbourhood. But in other cases – in certain 'city-regions' exhibiting general decline – regeneration will be best effected through regional governance; frameworks for strategic partnerships between the variety of local and metropolitan groups that have an interest and/or a role in social renewal:

At the city/borough level, city-wide regeneration strategies, including social housing allocation policies, are required to avoid merely shifting social problems from one area to another. They are also important for the attraction of private finance into regeneration, where a concern is that

investment in one area risks being degraded by lack of regeneration in a neighbouring area (Joseph Rowntree Foundation 2000:5).

US RURAL HOUSING AND ECONOMIC DEVELOPMENT PROGRAM

The previous chapter noted the limited extent of regional assistance policies in the USA. There is, however, some evidence in the USA of a regional dimension to housing assistance policies, largely manifesting as support for certain groups in rural areas. The programs in question are 'regional' in only the broadest sense, in that they are directed to rural not urban areas. The functional specificity of such programs limits the potential for generalisations about their potential to provide models for regional and housing policy integration. The programs may, however, be suggestive of how the accommodation needs of specific rural population groups might be supported in other national contexts, including Australia.

The US Rural Housing and Economic Development Program was authorised by the *Department of Veteran's Affairs and Housing and Urban Development and Independent Agencies Appropriations Act of 1999*. This program, small by US federal standards, is administered by HUD and provides US\$27 million in grants for capacity building and support, including seed money, for housing and economic development in rural areas.

The program aims to enhance the capacity of organisations operating in rural areas to carry out housing and economic development activities and to fund innovative programs and provide seed support in these areas. Currently, the program disburses US\$25 million in grants for rural housing and economic development amongst a variety of participating states. About 700 applicants around the country competed for the 81 grants in 1999.

US DEPARTMENT OF AGRICULTURE PROGRAMS

The US Department of Agriculture's Rural Development Program was created in 1994 to consolidate the rural economic and community development programs spread across the Department's various sub-agencies. The Rural Development Programs are administered through three services: the Rural Housing Service (RHS), the Rural Utilities Service, and the Rural Business-Cooperative Service. While each of the three 'services' is focused on reversing the trends experienced by rural communities of job losses, out-migration, and diminished services, the RHS is the most relevant to the regional housing policy focus of this study.

Rural Housing Service

The Rural Housing Service (RHS) aims to improve rural Americans' quality of life by facilitating access to affordable home ownership and rental assistance via an array of loan programs. The RHS is underpinned by a set of broader socio-political concerns: promoting increased home ownership (thereby increasing peoples' equity in their homes), encouraging long-term economic stability and securing greater participation in the development of communities (Department of Agriculture 2000).

The RHS recognise the direct and indirect impacts of housing rehabilitation and development, not only for targeted areas, but also the various industries and services associated with the residential construction sector and its benefiting industries. RHS programs include:

Self-Help Housing – these loans are provided to groups of six to ten low-income families to build their own homes via the provision of skilled labour and materials. Participants must agree to work together until all homes are finished (www.rurdev.usda.gov/rhs/ProgramBriefs/brief_selfhelpsite.htm).

Home Ownership Loans – over 65,000 loans are provided each year to low and moderate-income families for the purchase, construction, and rehabilitation of housing. The RHS provides this finance with no deposit and at low interest rates, via either a direct loan from the RHS or a private financial institution (guaranteed by the RHS) (www.rurdev.usda.gov/rhs/ProgramBriefs/brief_rhdirect.htm).

Farm Labor Housing – the only US-wide program designed to provide housing for farm labourers. Loan funds may be used to buy, build, improve, or repair housing for farm labourers. Funds can be used to: purchase a site or a leasehold interest in a site; construct housing, day care facilities or community rooms; pay fees to purchase durable household furnishings; and pay construction loan interest (www.rurdev.usda.gov/rhs/ProgramBriefs/brief_mfh_flh.htm).

Rural Rental Housing Loans – these loans are direct, competitive mortgage loans for the provision of affordable multifamily rental housing for low and moderate-income families, the elderly, and persons with disabilities. The loans provide an alternative for people unable to afford the purchase price and maintenance costs associated with owning their own home. Loans can be made for the construction of cooperative operated housing, however, they can not be used to finance individual units. The funds in this program may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems (www.rurdev.usda.gov/rhs/ProgramBriefs/brief_mfh_rrh.htm and www.rurdev.usda.gov/rhs/ProgramBriefs/brief_mfh_grrh.htm).

Housing Subsidies – the Rental Assistance Program provides assistance in the form of subsidised monthly mortgage and rental payments (limiting costs to no more than 30% of the adjusted monthly income of the applicant). The subsidies can be used in the home ownership, rural rental and farm labour programs (www.rurdev.usda.gov/rhs/ProgramBriefs/brief_mfh_rra.htm).

Rural Community Development Initiative

Most recently (in the 2000 fiscal year), the US Congress created the Rural Community Development Initiative (RCDI) with an appropriation of US\$6 million under the Rural Community Advancement Program. The statutory requirements of RCDI are that:

such funds be used solely to develop the capacity and ability of private, nonprofit, community-based housing and community development organisations, and low-income rural communities to undertake projects to improve housing, community facilities, community and economic development projects in rural areas;

such funds be made available to qualified private and public (including tribal) intermediary organisations proposing to carry out a program of technical assistance; and

such intermediary organisations shall provide matching funds from other non-federal sources in an amount equal to the grant amount.

SUMMARY

- Regional policy frames rarely contain housing elements. Conversely, in the contexts studied, housing assistance programs do not appear to be framed in any meaningful (operational) sense at the regional scale.
- Whilst there is little evidence of any explicit links between regional and housing policy frameworks, two important summary findings should be noted: first, locally applied housing assistance programs are sometimes embedded within regional assistance frameworks, and there is evidence in some contexts that this multi-scale relationship is taking on increasing significance, especially in the EU.

The growing importance of urban renewal projects within the broader structural funding programs means that the EC is increasingly engaged, if implicitly, in housing related assistance. As the urban agenda strengthens as a strategic concern for the EU, the irreducible significance of housing as a dimension of social disadvantage will doubtless be attract greater explicit recognition in EC policymaking.

The European Council meeting in Lisbon in March 2000 produced a new 'Poverty and Social Exclusion Agenda' that represents a major broadening of the EU's interest in social disadvantage. Importantly, the Lisbon agenda recognises that social policy is a productive

rather than merely palliative force that lifts not lowers GDP in depressed regions. Commission officers predict that the Lisbon Agenda will help to raise the profile of housing as a policy concern for the EU.

In summary, there appears to be an inevitable drift in the EC policy landscape towards a greater engagement with housing policies, both through a greater recognition of the many policies and programs that already have housing impacts and through the gradual incorporation of additional housing concerns as part of a broadening out of the EU's social agenda.

The multi-scaling of housing within regional policy frames is evident also in the British context. The British Regional Development Authorities play a significant role in the governance and delivery of housing assistance mechanisms through the regeneration programs. This seems to mirror in some respects the sort of multi-scaling of housing policy – applied locally and embedded in regional governance – that was observed for the EC and the US regional assistance frameworks.

- Some national contexts include national housing assistance mechanisms that have a regional context – such as the US rural programs – and which appear to be mindful of a broad regional differentiation in the forms of accommodation needs (e.g., rural-metropolitan differences).

The functional specificity of such programs limits the potential for generalisations about their potential to provide models for regional and housing policy integration. The programs may, however, be suggestive of how the accommodation needs of specific rural population groups might be supported in other national contexts, including Australia.

CHAPTER 6 – POLICY IMPLICATIONS

INTRODUCTION

This chapter addresses the final study aim by outlining the policy implications of the research. The main purpose of the chapter is to consider the relevance of the overseas policy frames that have been reviewed as part of this study for the Australian regional policy context. The chapter is organised in three main sections, addressing in sequence the first three study aims.

It is useful at this point to recapitulate the study's policy focus. 'Regional policy', of course, denotes a wide range of possible policy and program settings, many of which may not in the first instance address social issues (e.g., regional planning, regional resource management, regional economic development). This study, and the following review of policy implications, addresses a more specific issue: regional assistance measures which are designed to counter social disadvantage.

THE SPATIAL SCALING OF REGIONAL ASSISTANCE

- There appears to be a strong and continuing basis for regional policies to address social disadvantage. Many critical aspects of individual and household well being are shaped by forces operating at the supra-local scale, including employment markets, industrial location patterns, infrastructure networks, environmental processes and government service frameworks. In national contexts characterised by the absence of strong regional assistance mechanisms – such as the USA – regional social disparities may be marked relative to those settings that do attempt to counter polarisation at this level.
- Regional assistance, involving direct public investment in social and physical infrastructure, has a demonstrated capacity to reduce spatial polarisation. The structural funding program of the European Union provides the best contemporary example of this potential.
- Regional assistance policies can be justified on economic as well as social grounds. Socio-economic disparities between regions can be harmful to the national economy. Under-performance in weaker regions leads to a fall in consumer demand for the national product, hinders economic development, distorts internal and external trade and ultimately reduces the nation's competitiveness in the global markets.
- There is little evidence that housing support policies have been applied at the regional scale, individually or as part of broader social assistance measures. There is, however, ample evidence that housing assistance can be 'multi-scaled' within regional support programs to achieve effective policy outcomes. In this scenario, housing assistance is governed and funded at the regional level as part of broad scale, integrated assistance packages. This 'embedding' of housing within regional assistance frameworks ensures a mutually reinforcing relationship between local area housing and community renewal strategies and the various support mechanisms that are better framed at the regional scale (e.g., development of employment, infrastructure, natural resources).
- Spatially targeted social support mechanisms – including housing assistance – can be regarded as productive not 'unprofitable' investments that have a demonstrated potential to enhance regional and therefore national well-being.
- Regional social support can be effective at reducing inter-regional disparities but they may in some instances worsen intra-regional differences. A multi-scaling of support mechanisms, in the manner suggested above, seems one way of preventing such a perverse outcome in regional assistance programs. The targeting of certain forms of investment at the local, even neighbourhood, level may ensure that needy groups and places within relatively disadvantaged regions receive the most benefit from regional support.

- Housing, community renewal and crime prevention are key examples of locally appropriate support mechanisms that can be readily situated within regional assistance frames. Other forms of assistance, however, including economic and infrastructure investment, seem best applied at the regional scale. The challenge is to ensure that policies and programs at each spatial level are mutually reinforcing, with a view to lessening both inter- and intra-regional disparities.

CITY-HINTERLAND PARTNERSHIPS

- Recognising the inter-dependency of cities and their hinterlands, it may in some instances be appropriate to focus social and economic support in 'growth pole' urban areas with a view to raising overall regional well-being. In some contexts, investment in growth poles may return more aggregate benefit than investment targeted solely in depressed non-urban areas. This policy setting would be appropriate if it could be demonstrated that a share of the benefits of such investment could be channelled towards outlying hinterland regions.
- There would be considerable advantage in monitoring and evaluating the effectiveness of the EU's new growth pole investment strategy. The evaluation should, *inter alia*, seek to determine whether the benefits of targeted investment in urban growth poles can be effectively generalised to surrounding regions.
- It may be appropriate to establish in certain Australian contexts explicit city-hinterland relationships as part of regional assistance programs. Such relationships would carry the policy and programmatic frameworks needed to ensure that the benefits of public investment in either area are generalised at the supra-regional scale. For example, such a relationship might link the governance frameworks of a regional city with those of its hinterland to ensure that public investment in either context leads to benefits in both policy domains.
- It is important to ensure that regional disadvantage is addressed wherever it occurs. Inter-regional disparities will not be reduced if there is an exclusive policy and investment focus on either rural or metropolitan areas. Developed countries such as Australia are highly urbanised and there is ample evidence of regional stress within the larger Australian metropolises. Equally there is evidence to show that some non-metropolitan areas are not relatively disadvantaged. There may be sharp differences between the ways in which social disadvantage manifests in urban and non-urban areas. In many cases, housing may be a stronger component of socio-economic stress in urban areas than in rural areas. Regional assistance will need to be tailored to address the specific causes and effects of disadvantage in rural and metropolitan areas.

HOUSING AND REGIONAL ASSISTANCE

- As mentioned above, there seems to be a strong case, based on overseas experience, for embedding housing assistance within regional social support programs. This multi-scaling seems an effective means for ensuring coherence between the forms of social assistance applied at the local (e.g., housing, crime, community renewal) and regional (e.g., employment, industrial location, infrastructure development) scales.
- Regional assistance is too often focused on narrow economic objects that understate or ignore the importance of social, environmental and cultural dimensions of communal well-being. A more 'rounded' focus on disadvantage recognises the interdependencies of social resources such as housing, security, environmental quality, social participation and the importance of these relationships to individual and communal welfare.
- In the European Union, policy concern has shifted from a focus on employment related disadvantage towards a broader interest in the many dimensions of social exclusion. The social exclusion focus requires support mechanisms that open up for disadvantaged individuals and communities a range of social, economic and cultural opportunities. This

broadening of policy focus within regional assistance frames is raising the policy significance of housing as a dimension of social disadvantage.

- US housing assistance programs that are targeted to specific regional groups (e.g., farm workers) may bear some consideration in the Australian context. These appear to be a tightly targeted form of housing support that can be tailored to specific types of region (e.g., rural, regional urban). This tailoring of assistance by regional type might better match housing support to regional employment conditions (e.g., supplying or promoting accommodation appropriate for rural farm labourers). There seems to be no reason why the governance of such support programs could not be devolved to the regional (sub-state/territory) level, though this has not occurred in the USA.

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APPENDIX 1: MAIN FIELDWORK SOURCES

This appendix lists the key informants who were interviewed as part of the fieldwork for this research. These informants are either senior officers of the European Commission with regional policy responsibilities or consultants who work with, and have expert knowledge of, the EU's spatial governance structures.

Name	Job title and affiliation
Mme. Mireille Grubert	Administratrice principale Affaires Urbaines Directorate-General for Regional Policy European Commission
Mr. Jörgen Gren	Administrateur Directorate-General for Regional Policy European Commission
Mr Jos Jonckers	Principal Administrator Social Exclusion and Poverty Directorate-General for Employment Policy European Commission
Dr. Stefaan De-Rynck	White Paper on European Governance European Commission
Dr. Rosarie McCarthy	Anna Macdougald Consultancy EU Public Affairs
Mr. George McDonnell	Team Leader The Tacis Joint Environmental Programme European Commission/World Bank

APPENDIX 2: HUD EMPOWERMENT ZONES BY AREA AND POPULATION SIZE

Urban Empowerment Zones - Round 1	Area (km ²)	Population
Atlanta	24.08	49,998
Baltimore	17.61	72,362
Chicago	370.35	199,938
Detroit	47.52	101,279
New York	19.68	199,375
Philadelphia/Camden	11.39	49,645
Los Angeles	49.98	200,000
Cleveland	N/P	N/P
Average	77.23	124,657
Urban Empowerment Zones - Round 2	Area (km ²)	Population
Boston, MA	15.53	57,640
Cincinnati	18.12	49,877
Columbia	49.2	48,971
Columbus	36.25	63,229
Cumberland County	10.35	16,514
El Paso	25.89	51,444
Gary/East Chicago	44.02	48,889
Huntington/WV	25.89	31,139
Knoxville	41.43	48,192
Miami-Dade County	33.66	49,616
Minneapolis	18.12	46,977
New Haven, CT	12.94	49,913
Norfolk/Portsmouth	25.89	49,055
Santa Ana	10.35	49,432
St Louis	36.25	49,507
Average	26.93	47,360
Rural Empowerment Zones - Round 1	Area (km ²)	Population
Kentucky	1950.2	27,219
Mid-Delta	2540.7	29,457
Rio Grande Valley	587.9	29,859
Average	1692.93	28,845
Rural Empowerment Zones - Round 2	Area (km ²)	Population
Desert Communities	1926.9	23,248
Southwest Georgia	1579.8	23,900
Southernmost Illinois Delta	1162.9	18,743
Griggs-Steele	2131.5	3,966
Oglala Sioux Tribe	2589.9	14,562
Average	1878.19	16,884