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Our metropolises must evolve but let's preserve their strengths

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A 19th-century map of Sydney, where the density of population at the time was considerably greater than in Melbourne. Source: News Limited

AUSTRALIANS are ambivalent about their cities. From AD Hope's *Australia - with its denunciation of "her five cities, like five teeming sores,/ ... Where second-hand Europeans pullulate/ Timidly on the edge of alien shores"* - to Barry Humphries' *Gladiola Duchy of Moonee Ponds*, the metropolis has been where Australians live, not where they dream. The result is a society profoundly uncertain as to what it wants its cities to do, and even more uncertain as to how they should do it.

Yet Australia has long been one of the world's most highly urbanised countries. By 1891, two-thirds of Australians lived in urban areas, a fraction the US only matched in 1920 and Canada did not reach until 1950.

And the structure of Australian urbanisation was as striking as its extent. The largest cities, which contained one-third of the population in 1901, dominated the urban landscape; and centred on each colony's capital, they combined political, administrative and commercial power to a far greater extent than in the other countries of recent settlement. That intertwining of sources of power had consequences that reverberate to the present day.

To begin with, it helped give the urban hierarchy a stability that has few parallels internationally.

Comparisons to the US are telling.

At the beginning of the 20th century, the five largest American cities were New York, Chicago, Philadelphia, St Louis and Boston. A hundred years later, Philadelphia, St Louis and Boston were off the list, relegated by upstarts (Houston, Los Angeles and Phoenix) that barely figured in 1901. But in Australia, the main metropolitan centres are the same today as they were at federation, with Canberra - itself the result of a political decision - the only significant entrant into the settlement pattern.

Unlike the other settler economies, competition between urban areas has therefore occurred within a fixed group of major players, making change almost entirely dependent on those players' ability to adjust.

At the same time, the fact that the major cities were the seats of the colonial (and then state) parliaments, and the principal centres of administration, impeded the development of local government. No matter what forms of urban decision-making developed, the major cities were always effectively run by the colonial and then state governments, albeit with more autonomy in some places than in others.

As well as unending meddling in what should have been local affairs, the result was a misalignment between those who took decisions and those who bore their consequences, potentially impeding the very adjustment on which the efficiency of our urban structure depended. But that is not to say the cities failed to respond to new demands: far from it. However, much of the response occurred by the creation of new subdivisions and suburbs in existing metropolises, and through the interplay between those ever-greater extensions of each city's reach and its established areas.

This model of adjustment through extensive growth first emerged in the capital cities facing the Indian and Southern oceans, taking its most spectacular form in the late-19th-century development of Melbourne.

With abundant land, and the gold rush leaving a legacy of high incomes, Melbourne accommodated its explosive growth (which saw its population rise from 29,000 in 1851 to 593,000 in 1911) by becoming one of the world's first truly suburban cities. Fully 70 per cent of the enormous population increase of the 1880s was absorbed by outer Melbourne, unleashing a building boom that was the wonder of the world - at least until the devastating crash of 1891.

The city shaped by that boom covered an enormous land surface. In 1891, nearly 90 per cent of Sydney's population lived in an area of just 59sq km, at an average density of 54 people per hectare. In contrast, Melbourne's population was distributed over some 660sq km, with an effective density of around eight people per hectare. Even in its most crowded district, Fitzroy, population density was less than half that of the most crowded district of Sydney and barely one-fourth the maximum density in Boston.

Melbourne set the pattern to which other Australian cities eventually converged, creating today's settlement structure: a structure based on a stable core of major cities, which account for the great bulk of the population but spread that population over a vast, steadily expanding, urban form. That structure's endurance reflects its underlying strengths. Well suited to an economy that manages trade between an export-oriented hinterland and distant markets, the dominance of major cities has allowed myriad efficiencies of agglomeration.

Thanks to concentration, infrastructure could be brought within the reach of much of the population without crippling duplication of costs; and by co-locating skills and employers, labour markets could be rendered deep and diverse, improving the matching of people to jobs and helping structural adjustment.

Every bit as important, proximity facilitated the diffusion of new ideas, an effect reflected in a high degree of receptiveness to innovation.

And suburbanisation, as well as providing a means of ongoing change, also made underlying sense. After all, few countries have had more readily usable land within easy reach of population centres; and population dispersion within well-connected metropolitan areas retains the efficiencies cities can provide while putting that land to highly valued purposes - going from a passion for gardens and backyards to the fervent belief that "a man's home is his castle".

Little wonder then that the pioneer of urban studies, Adna Weber, wrote in 1899 that Australia's urban structure was "representative of the new order of things, towards which the modern world is advancing"; but that structure has never lacked critics.

Among the most vocal are the "decentralisers", who rail against the dominance of major cities and call for a shift to regional towns. With roots stretching back to the 19th century, this line of critics is responsible for an uninterrupted string of costly failures, going from the postwar soldier settlement schemes to Gough Whitlam's "new cities" of Albury-Wodonga and Bathurst-Orange. Its latest proponent is Queensland Premier Campbell Newman, who has announced that in 30 years half of the state's population should live outside southeast Queensland.

However sincere Newman's "aspirational goal" may be, history suggests it is incapable of being realised without imposing crippling inefficiencies. Even were it possible to prevent migrants settling in the southeast, Queensland's regions would need to grow at 4 per cent a year to achieve Newman's target. But over the past decade, population increased by 43 per cent more in the southeast than in the rest of the state, despite an unprecedented mining boom which bolstered growth outside the main metropolitan areas.

Faced with those trends, decentralisers point to information technology as a factor that could reverse urban concentration. And there is no doubt that the internet has slashed the costs distance previously imposed on communications. So far, however, the evidence is that instead of undermining major cities, the flourishing over the internet of new activities and business models has made the scope large urban areas provide for easy linkages between people even more valuable than in the past. So has the expectation the internet helps create of immediacy: an expectation most readily fulfilled in large metropolises where everything and everyone is at hand. And rising incomes, higher levels of education and greater cultural diversity fuel an ever-growing consumer demand for variety - ranging from restaurants to lifestyles, career choices to networking options - that only cities can readily provide.

As a result, while technological developments will continue to improve the quality of life in regional areas, they are unlikely to weaken the role of our large cities.

But there are also critics who seek not less population concentration but more, with the goal of replacing what they pejoratively dismiss as urban "sprawl" by higher density forms of settlement. By tightly constraining land release on the metropolitan fringe, while facilitating "infill development" in existing suburbs, these urban planners want to limit and ultimately reverse the primacy of the stand-alone family home.

It is true that tax preferences to housing, and the lack of congestion charges on heavily trafficked roads, can encourage greater population dispersion than would be ideally efficient; but the planners' cures are often far worse than the disease.

By reducing land release, they artificially inflate the price of land relative to that of capital, which in this case involves structures. As well as encouraging the inefficient substitution of capital for land that is visible in the spread of McMansions and the building of massive apartment towers, the effect is to disproportionately raise housing costs for low-income families, as (all else equal) land accounts for a far larger share of the cost of low-quality than high-quality housing.

It is therefore unsurprising that it is in Sydney, where this approach has been pursued with the greatest zeal, that poor households have been most drastically priced out of the housing market.

In short, the critics do more harm than good; but none of that is to deny our cities need to change. On the contrary, even demographic developments alone make change imperative.

In the golden years of postwar suburbanisation, the population of children under the age of 15 was growing by 3 per cent a year; over the period to 2046, it is projected to rise at just one-tenth that rate. And while in 1974 there were 1.5 couple families with children for each person aged 65 and over, by 2046 there will be two people 65 and over for each couple family with children.

Those shifts will require a major transformation in our housing stocks and settlement patterns; and the shifts will be accentuated by far-reaching changes in tastes, including the growing preference for urban forms that offer the "look and feel" of inner-city living. No, the suburbs will not go the way of disco music; but to remain competitive, they will have to be radically different from the mainly uniform rows of large, detached homes along curving subdivisions, looping streets and cul-de-sacs that shaped the cities' postwar growth. Instead, if current trends in North America are any indication, they will evolve towards a jumble of commingled housing types and mixed-use buildings with an easily identifiable town centre that provides a distinctly urban "buzz".

But that will hardly be easy. Few assets are as long lived as the housing stock: that is why there is so much truth in Winston Churchill's dictum that "we shape our buildings, and afterwards our buildings shape us". Modifying the urban texture is therefore the work of decades. And the states' planning and land-use frameworks, which manage to be both highly prescriptive and deeply uncertain and litigious, make that process all the slower and more difficult.

Yet however unloved it may be, our urban structure is one of Australia's greatest achievements. The legacy of a more free-wheeling age, preserving its strengths requires understanding them; and most of all, it requires developing governance arrangements that instead of suffocating change, allow the response to market demand.

After decades of mounting regulation, that may prove to be the most monumental challenge of all.