Offset Mirrors: Institutional Paths in Canadian and Australian Social Housing

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ABSTRACT Paired comparisons of liberal-welfare regimes are underrepresented in housing policy literature. This paper adopts historical institutionalist theory in comparing two such cases: Canada and Australia. Despite these countries’ many similarities, social housing policy differences have been shaped by institutional differences in federal systems, welfare states and social housing itself. Australia’s earlier welfare state supported much larger postwar production, but Canada caught up once it departed from the residual US model in the 1960s. Although the 1970s economic shocks challenged Australia’s welfare state more than Canada’s, the latter’s centrifugal federalism became a bigger threat to social housing. In 1985–1995 Australia expanded its social programmes, including demand-side assistance, while Canada devolved and retrenched social programmes, including social housing. Although supply-side social housing is an orphaned legacy in each case, Australia has higher assistance to low-income tenants, more active policy discourse and stronger recent signs of post-neoliberal re-engagement than Canada. These two cases illustrate the importance of institutional differences, including “institutional design”, in creating different forces of change at key junctures, leading to divergences in policy paths. These findings suggest value in reinterpreting the existing secondary literature from the perspectives of welfare regime theory and historical institutionalism.

KEY WORDS: Social housing, welfare state, housing policy, federalism, Canada, Australia

Introduction

In all affluent Western nations, the rise and the plateauing of the welfare state has greatly affected social housing (Mishra, 1990; Harloe, 1995). This paper compares the shifting course of social housing policy in Canada and Australia: two ‘liberal welfare’ regimes alike in history, culture, economy, federalism and residual social housing. Social housing policy is defined here to include supply-side subsidies to non-market production and stock, and demand-side subsidies to households. Despite large similarities between the two countries, institutional differences in their welfare states, federalism and social housing itself have created divergent paths today.
The central argument is that within the liberal-welfare regime type, institutional differences between countries may create dynamics and constraints which, at key junctures, are divergent enough to yield materially different results. In a global context where diverse regimes are tending towards liberal-welfare characteristics such as a reduced state role, priority for home-ownership, and residual social housing, this reinforces the significance of particular institutional arrangements, even within the ‘givens’ of market-oriented policy. Methodologically, this article extends the recent application of historical institutionalist theory in housing policy studies, in a paired ‘most similar comparison’. This serves as a tool for reinterpreting the existing secondary literature on housing, thereby enriching our understanding of the shifting course of policy over time. These theoretical issues are amplified in the remainder of this introduction.

In the decade or more that followed seminal works by Esping-Andersen (1990) on welfare state development and Kemeny (1992) in housing, a large body of West European comparative studies applied, developed and critiqued welfare regime theory in regard to housing regimes and policy (e.g. Kleinman, 1996; Doling, 1997; Kemp, 2000). This has offered rich perspectives on the interrelations between fundamental political-economic change, welfare states, housing markets, and social housing policy – from postwar expansion through neoliberal retrenchment. Nations have developed diverse policy regimes which placed emphasis on varying combinations of home-ownership, social rental supply, demand-side housing subsidies, and state income transfers. An emphasis on any of these becomes, intentionally or not, a strategic policy choice which affects the social need, fiscal capacity, and political constituency for alternative choices as conditions change, and alters the probability of such alternatives (Castles, 1998b; Kemeny, 2005; Stamsø, 2010).

Among the major theoretical concerns in this literature has been a set of questions about the relation of welfare regimes and housing regimes. This includes the inconsistent fit of housing regime types with broader welfare regime types (Kleinman, 1996); alternative typologies and sub-types of welfare regimes (e.g. Kemeny, 2006); the relative importance of broad global forces and trends versus particular national paths; and the merits of regime theory versus historical method and cross-national themes (Harloe, 1995). Recent work has extended welfare regime theory to a wider range of types, notably Mediterranean, East European and East Asian, offering broader perspectives on the relationship between affluence, welfare regime formation and housing, and on home-ownership versus social housing as a policy priority and welfare strategy (Doling, 1999; Allen, 2004; Groves et al., 2007).

Comparisons of liberal-welfare cases are few, but are timely in today’s context where many nations and regime types are tending toward housing policies typical of liberal-welfare regimes. Central features of such regimes include a limited state role in housing, priority for home-ownership, and residual social housing. ‘Residual’ social housing refers to that sector’s low policy priority and its increasing marginality as stigmatized low-quality housing of last resort and of concentrated
Institutional Paths in Canadian and Australian Social Housing

poverty. The European countries that dominate the comparative literature include few liberal-welfare regimes; the British liberal-welfare case is quite anomalous in its large historical and ongoing state role in housing; the US case in housing stands largely untouched by the comparative welfare state literature. There are few comparisons between liberal-welfare cases with high home-ownership and residual social housing.

This paper’s theoretical approach draws on historical institutionalism, which offers illuminating perspectives on formation and change in housing regimes. Comparative housing policy has started to adopt this theoretical perspective, long prominent or even dominant in comparative policy studies generally. The recent article by Bengtsson and Ruonavaara (2010) articulated the theoretical relevance of such approaches, and probed empirically the large differences in the housing regimes of Scandinavian countries despite their broadly similar welfare regimes.

Housing systems have long been recognised as having an ‘institutional’ character. This suggests the importance of examining path dependency, and forces in play at key turning points. Bengtsson and Ruonavaara (2010) articulated the institutional character of housing, while noting that ‘analyses of housing framed explicitly in terms of path dependence have so far been rare’. Such institutional characteristics, long noted by economists and sociologists, include durability, spatial fixity, the directly institutional nature of production (firms, public agencies, etc.), and the salience of tenure systems, financing regimes and infrastructure in the structuring of housing markets. Bengtsson and Ruonavaara have suggested that such institutional characteristics in housing may foster path dependency and inertia and tend to become obstacles to policy change. Moreover, in a sphere dominated by market resources and allocations, forces of policy change must contend not only with contrary interests within policy-making itself but also with constraints and dynamics in the larger sphere of the market (Bengtsson & Ruonavaara, 2010).

In policy-making, ‘institutions’ include formal structures of law, state organisations, and programmes, and also the informal ‘. . . norms and conventions embedded in the organizational structure of the polity . . . ’ (Hall & Taylor, 1996, p. 938). Institutions are the channels in which political interests interact and compete, and are the locales of policy decision-making. Specific institutions give shape to and entrench certain ways of framing and understanding social and political issues. These in turn shape and constrain subsequent choices in ways that tend to be path-dependent (Hall & Taylor, 1996; Pierson, 2000). In historical institutionalism, the emphasis on path dependent forces is now balanced by a focus on key turning points, and how forces of change overcome the momentum of established paths at such junctures (Mahoney & Thelen, 2010).

Nation-to-nation differences in ‘institutional design’ have significant implications for results and outcomes. This term is that of Castles (1997), the leading scholar of the welfare state. Differences in institutional design of the welfare state may create divergent benefits, constituencies or interests, and incentive structures – even within the same regime type. This may help create different paths and associated momentum
of policy. Such differences are widely noted in comparative housing studies, but with little theoretical framing in these terms. Within social housing, the salient differences in institutional design include the locus of delivery responsibility, narrower or broader income-targeting, and the sources and structures of funding, financing and debt. Debt is particularly topical in the wake of the recent global asset boom (including real estate) and Global Financial Crisis. Kemeny (1995) emphasised debt in his theoretical distinction between dualist and unitary systems, arguing that ‘maturation’ in cost-rent social housing systems becomes a means to achieve low housing costs for renters in a parallel way as for mortgage-free home-owners. Following the Global Financial Crisis, housing systems and financing have attracted wider attention outside housing studies, notably in ‘varieties of Capitalism’ literature (Schwartz & Seabrooke, 2008) analysing housing systems as aspects of national financial-economic regimes, albeit without attention to private rental.

The Canadian and Australian social housing regimes offer illuminating evidence on such questions of liberal-welfare comparisons, regime sub-types, path dependency and institutional design. Canada and Australia are each distinct liberal-welfare variants, with a history of emphasising, respectively, high social benefits and strong wages policy. In their welfare states and in the significance of social housing, they have common political roots, are close together on the liberal welfare spectrum, and are distant from the UK and US extremes. Yet, reflecting dominant linkages in culture, migration and academia, the UK has been the main reference point in Australian housing research (e.g. Jacobs et al., 2010) while the US has been the main reference point for Canada (e.g. Dreier & Hulchanski, 1993). Australia and Canada are ‘offset mirrors’: reflections of each other and yet misaligned in quite illuminating ways.

Methodologically, this paper is a paired comparison of similar cases, and a reinterpretation of existing secondary literature through a chosen theoretical lens. Paired comparisons of ‘most similar’ cases can be analytically very fruitful. Dissimilar cases, or comparisons with large numbers of cases, lend themselves best to loose broad comparisons – housing in Europe and India, for example, or housing across all OECD countries. A comparison of few but similar cases limits the range of differences to a set of potentially manageable ones, enabling the research effort to focus on sifting through complex causal relationships in a context of historically contingent causality (George & Bennett, 2005).

This paper is a reinterpretation of the existing secondary literature on Canadian and Australian social housing. Perspectives from comparative welfare regime theory can be found in that existing literature – more strongly for Australia than Canada. Australian scholars have applied such theory in understanding that country’s postwar welfare state model and housing regime (Berry, 1999), and its neoliberal turn from the 1970s onwards (Hulse, 2007). Hulse (2003) has compared private rental with the lens of welfare regime theory; Dalton (2009) is discussed below. For Canada the leading overviews and interpretations are by Banting (1990), Fallis (e.g. 1994), and Hulchanski (e.g. 1990; 2006); and, for the early postwar period only, Bacher (1993).
The emphasis in Banting has been the relation of social housing to the welfare state and federalism; similarly in Hulchanski but with emphasis on welfare-state dualism; in Fallis, perspectives from welfare economics. No source has analysed, in policy studies terms, the mid-1960s turning point which opened Canada’s three decades of significant social housing priority; no source has provided a credible overview of the mid-1990s turning point which closed it; no source has sought an overall interpretation in terms of welfare regime theory.

That the literature on Canadian social housing is thin has implications for the method and emphasis in this paper. A policy study requires a dialogue between theoretical concepts and the evidence. For the much-studied housing systems of northwestern Europe, empirical description ranks low today as a research priority. But theory without evidence base is perilous, and for less documented countries the emphasis may tilt slightly toward presenting the evidence base. For the less-studied countries of East Asia, Eastern Europe or the Mediterranean, there has been great value in recent work analysing the facts of particular regimes and interpreting this vis-à-vis theory. For example, (e.g. Groves et al., 2007) this has led to reinterpretations of the recent priority for home-ownership in European systems, and (e.g. Arbaci, 2007) to strikingly new perspectives on housing regimes vis-à-vis polarisation in urban space. Canada – perhaps surprisingly for a long-established welfare state and top-15 global economy – fits this less studied category.

This paper, although inspired by Dalton’s (2009) comparison of Canadian and Australian social housing, addresses different and wider aspects of policy history and of theory. Dalton, asking why social housing retrenchment has occurred at the same time as rising need, focused first on the broad similarities between the countries, and second on neoliberal retrenchment. He emphasised the role of particular state agencies and civil society, and the weak place of social housing in the welfare state. He described Australia’s stronger home-ownership priority and postwar public housing; and Canada’s stronger federal lead and third-sector housing. He argued that social housing institutions in both cases focused on production, and were junior in the state bureaucracy; while the articulation of housing’s role in the welfare state was weak. Housing policy therefore could not withstand neoliberal ideas prevailing by the 1980s, leading to retrenchment.

But retrenchment occurred in these two countries among many others in the liberal era, and unlike Dalton (2009) the concern in this paper is not ‘why’. The concern here is with how the rise and decline of social housing has varied, and the implications of this for theoretical concerns in welfare regime theory, housing regimes, neoliberalism, and path dependency. Beyond the parallel of supply-side retrenchment noted by Dalton (2009), the impact of neoliberalism in Canada and Australia is strikingly divergent. The shift towards demand-side assistance is a dominant neoliberal policy shift globally – large in Australia but not Canada. Devolution is another dominant shift – large in Canada but not Australia. Despite similarities, the economic value of state assistance to low-income tenants is far higher in Australia than in
Canada. Exploring explanations for such divergences through the lens of historical institutionalism points to conclusions on the importance of path dependency and institutional design.

The institutional emphasis in this paper is three-fold: the welfare state, federalism, and institutions within social housing itself. The importance of welfare state institutions has been touched on above. Federalism is inescapably important: along with fiscal matters, social policy is the largest part of intergovernmental relations in affluent federal states and has changed the shape of federalism (Obinger et al., 2005). As for housing institutions, policy paths create not only institutional relationships and ways of thinking; but in housing they also create financial obligations, assets and social geographies which contemporary policy must manage.

The historical institutional argument is a spine around which the paper is organised, but not a limitation on presenting or interpreting the evidence. Complex reality is not reducible to single theories or arguments, which indeed skew our understanding. The institutional emphasis in this paper is balanced by attention to less ‘institutional’ influences on policy including ideas, political parties, interest groups and socio-economic conditions. In this way the paper strives for sufficient breadth and balance beyond its central argument, to be useful for readers today or in the future who may find less value in historical institutionalist theory.

Following a brief comparison of the two cases, the body of this article proceeds through four key periods: early foundations which set the institutional mould; peak postwar expansion; key turning points in the 1980s; and again in the 1990s. For the early period, differences in political economy are emphasised. For the 1970s onwards, the emphasis shifts: divergent welfare state trajectories; Canada’s changing federalism; and institutional legacies in housing.

**Broad Similarities**

Canada and Australia are both ‘liberal welfare’ regimes (Esping-Andersen, 1990), with primary reliance on the labour market for social security, and with social programmes mostly means-tested and residual. Social spending as a percentage of gross domestic product (GDP) is historically among the lowest of the OECD countries (Castles, 1998a). Political culture reflects this, with a stronger individualist, anti-state ethos than in western Europe, but more positive attitudes about social programmes than in the US.

The Australian and Canadian state and economic systems are quite parallel in their evolution, despite the enormous difference that francophone Quebec creates culturally and in the politics of federalism. The 1780s British colonial foundation in each country led to over a century of English-speaking immigration and UK investment, marginalised Aboriginals and affluence sustained by natural resource exports. The colonies became self-governing in the 1850s, with British parliamentary systems, and then federated in 1867 (Canada) and 1901 (Australia). Protected industrialisation in
1880–1930 propelled urbanisation, and the beginnings of a welfare state. The postwar years brought affluence, high immigration and confident national identities. Both are post-industrial today, with widening economic disparities, neoliberal policy, rising ethno-racial diversity and issues of Aboriginal rights. GDP per capita has long been similar; Australia has long been two-thirds of Canada’s size (22 and 34 million in 2010).

The housing systems are similar. Home-ownership is a deeply rooted value and priority; 70 per cent of Australian and 69 per cent of Canadian households are homeowners. Most low-income people are in private rental, which comprises 25–26 per cent of households in each case. Social housing is a declining 4\textperthousand per cent of stock in Australia, and a declining 5\textperthousand per cent in Canada. But Australia has much greater demand-side assistance (see below).

Despite all these similarities, the Canadian and Australian political economy and welfare state have deep-rooted institutional differences which resonate today in social housing policy.

**Foundations: Political and Economic**

Canadian federalism is much more decentralised. Each country has a dominant province or state (Ontario in Canada and New South Wales in Australia) and affluent resource-based regionalism, but the struggle between nationwide interests and French-speaking Quebec’s search for autonomy has no counterpart in Australia. Canada’s regional differences in economic base are greater, and the politics of its national expenditure is more about balancing regional interests (Banting, 1987; Jenson, 1989). Australia is fiscally much more centralised, with less regional economic inequality and more fiscal equalisation. The Commonwealth (federal) government collects all income tax and about 80 per cent of total revenues, and supplies the state governments half their revenues. In social policy, the federal lead is undisputed, and Australian states spend far less than Canadian provinces (Matthews & Grewal, 1997; Obinger et al., 2005). The municipal role is trivial in Australia, comprising only 2 per cent of GDP; municipalities are much larger players in Canada.

Canadian and Australian economies and social structures were quite different in the early period of industrialisation and welfare state development circa 1890–1940. With the US at its door, Canada became progressively more trade-dependent, while Australia kept tariffs high and became less so (Castles, 1998a; Jones, 1983; Jenson, 1989). Australia was more urban and industrial. The shift from one-half to three-quarters urban occurred between 1890 and World War II in Australia, but between the war and the 1970s in Canada (Suttor, 2009). Manufacturing reached 15 per cent of jobs in Australia in 1890–1910, 40 years before Canada (Vamplew, 1987, Table ‘LAB50-58’; cf. Podoluk, 1968). Sydney and Melbourne each reached 1 million people in the 1920s, matched only by Montreal despite Canada’s larger population and economy. Agriculture/rural was 38 per cent of Canada’s workforce versus 22
per cent in Australia (1920); 32 versus 20 per cent (1940) (Vamplew, 1987; Podoluk, 1968). Canada had a large class of small farmers; since the late nineteenth century most rural Australians have worked for wages in grazing or transport or mines.

Australia had a ‘strong state’ tradition unlike any other prewar Anglo society, reinforced by labour politics. The state had orchestrated investment, built railways and subsidised immigration from the earliest colonial days. It accounted for 40 per cent of all investment; by 1910–1911 it employed fully 10 per cent of the workforce and operated the Commonwealth Bank (Jones, 1983; Castles, 1988). Australia was the world’s most unionised country after 1890: one-quarter of the labour force by 1914, not surpassed by Sweden until the late 1930s (Castles, 1988; Vamplew, 1987, Table LAB-209-226). Labour was integral in the 1890–1914 foundational period of Australian federal politics. Canadian politics then had nothing of this sort.

Cultural differences and demographic connections also shaped different political cultures. Australian origins until 1945 were overwhelmingly British and Irish. Canada was one-third French; its elite had mixed British-Quebec-US origins; it had unrestricted and vast migration to and from the US until 1965, more American than British immigrants overall, and varied European immigration by World War I (Kalbach & McVey, 1979). This, entwining with the different socio-economic context, made Canada’s political culture more American and Australia’s more British. And it meant that Canada’s labour movement was smaller, riven by linguistic and ethnic and regional divisions, and strongly influenced by apolitical currents in US unionism (Jenson, 1990; Huo, 2006).

Foundations: Welfare State

Differences in welfare state development reflected such socio-economic and political differences. Australia’s welfare state emerged earlier, emphasising state investment and intervention to manage labour markets and later housing markets. Canada caught up strongly after World War II, with higher social spending to offset wider inequalities in its more open housing and labour markets.

The Australian (male) ‘wage earners’ welfare state’ arrived by World War I, its three underpinnings being government-arbitrated wages, control of immigrant labour competition under the racist White Australia policy and highly protected industry. Wage arbitration covered over 85 per cent of workers from 1930–1990, fostering high minimum wages and relatively equal distributions across the working class (Castles, 1988, 1994; Schwartz, 2003, 2006). Social benefits started in 1900–1910; by 1920 Commonwealth social spending exceeded the states’ and, by 1939, 17 per cent of its expenditure was for pensions, benefiting 30 per cent of the elderly (Kewley, 1973; Jones, 1983; Castles, 1994; Castles & Uhr, 2005). Canada, with a smaller labour vote than farmer vote until World War II and rising dependency on US trade, investment and corporate power, followed the US welfare model until the 1960s. Workers’ compensation started by World War I and embryonic old-age pensions
by 1926–1935, but the British high court ruled *ultra vires* any strong federal lead (Banting, 1982). Conciliation dominated labour relations until 1943 (Kealey, 1989), with narrower union rights and membership than in Australia.

World War II changed this in both cases, amid the world’s highest 1937–1950 growth, but more so in Canada. Its manufacturing workforce and unionisation rates doubled (Jenson, 1990; Banting, 2005); elite opinion, as in the US, accepted the welfare state. Constitutional amendments enabled federal unemployment insurance (1940), family allowances (1945) and old-age pensions (1952). Australia’s 1940s welfare state expansion was large too, but smaller relatively. Yet Canada embraced a diluted Keynesianism, with an eye on the politics of US trade and investment, and the leakiness of demand management in a trade-dependent economy (Jenson, 1989; Wolfe, 1989). Australia’s Labor governments from 1941–1949 embraced Keynesianism (Dalton, 2009); the wage earners’ welfare model was deeply entrenched, even under the red-baiting Menzies Liberal/Country government of 1949–1966. Despite wide class divides and lesser social programmes, postwar Australia had less income inequality than Canada (Castles, 1988, 1994).

The postwar Canadian welfare state soon surpassed Australia’s; the literature suggests five main explanations for this. Affluence and industrialisation are the strongest long-run correlates of welfare-state development (Banting, 1987) and in this Canada saw greater postwar change. The ‘quiet revolution’ in 1960s Quebec – a social modernisation akin to that in Spain or Ireland a couple of decades later – embraced an activist state (Béland & Lecours, 2006) and tilted the balance in Canadian politics in toward welfare state expansion. Canada’s welfare state was less a ‘social contract’ between capital and labour than a way for elites to use rising affluence to assuage regional inequalities and quell that same Quebec nationalism with a ‘discourse of nation-building’ (Banting, 1982; Jenson, 1990). In party politics (Huo, 2006), Canada’s centrist Liberals sought to co-opt the third-party social-democratic vote electorally, and in 1963–1968 and 1972–1974 minority parliaments; Australia’s Liberals and Labor stood starkly opposed. As well (Cameron, 1978), social spending was a way for trade-dependent Canada to buffer external economic impacts.

Australian public spending, higher than Canada’s in the 1920s and 1930s, changed little from then to 1960, while Canada’s almost doubled. In social spending, Canada passed Australia during the 1940s, staying ahead by 1 ½ per cent of GDP into the 1960s. Income transfers were consistently larger in Canada; but one-quarter of them were unemployment benefits, accounting for the full difference in social spending per capita. This reflected chronically high postwar unemployment: usually about 5 per cent versus 1 to 2 per cent in Australia (Castles, 1998a; Banting, 1987; Jones, 1983).

**Foundations: Social Housing Policy**

Differences in early Canadian and Australian social housing were great, reflecting such welfare state differences. Although market housing dominated both countries,
Australia saw stronger, earlier state involvement, consistent with the dirigiste state tradition and the ‘wage earners’ welfare state’. Canada’s role in social housing started later and smaller, like its welfare state, leaving more to the rental market.

Australia’s early-twentieth-century politicisation of rental issues (Troy, 1992; Hayward, 1996) appears distinctly stronger than in Canada. The main policy focus was an active state role to promote working-class home-ownership. Each state government established a housing agency in 1910–1919, with broad political support, providing loans to 20,000 ex-servicemen and others of moderate income in the 1920s (Pugh, 1976; Hayward, 1996). The Commonwealth government mandated by regulation the volumes and rates of home-owner mortgage financing, and state government banks played a dominant role in this into the 1960s. It is also likely (Castles, 1985) that Australia’s high and equal working-class wages also fostered high home-ownership rates.

Although Australia’s state housing authorities were ‘reluctant landlords’ (Hayward, 1996) in a residual welfare state, 1945–1965 public housing production was vastly larger than in Canada (see Table 1), accounting for 15 versus 0.7 per cent of total production. Annual postwar housing spending averaged well over $300 million in 1980 dollars (Paris et al., 1985), i.e. well over $500 million in today’s dollars.¹ Australian public housing was the main rental supply; it became a large support to working-class home-ownership when half was sold off to tenants in 1955–1970; and by the 1970s it became a source of targeted low-income rental with minimal capital costs.

The postwar institutional models were different, although similarly resourced by federal lending. Australian state housing authorities were largely autonomous, operating within the framework of Commonwealth–State Housing Agreements (CSHAs) adjusted every five years or so, with few federal conditions until the mid-1960s. The homes were leased at break-even rent to tenants from the ordinary working class: a ‘bungalow’ version of the 1945–1965 European social and financial model for social housing (Harloe, 1995; Pugh, 1976; Paris et al., 1985; Burke et al. 1990). Canada’s provincial housing authorities were formed to use federal funding under the 1949 National Housing Act; federal programme changes shaped their activities; while regional offices of Central Mortgage and Housing Corporation (CMHC) oversaw them. Canada’s public housing was mostly rent-geared-to-income, following the US model (Rose, 1980).

Also important were postwar private-rental institutions. Canada’s home-ownership rate plateaued by 1951 at 66 per cent; for 30 years from the mid-1960s to mid-1990s it fluctuated within a lower 60 to 63 per cent range; fully 42 per cent of net postwar housing demand was rental. Australian home-ownership rates rose steadily to 71 per cent by 1966; private rental declined absolutely from 1945–1966 and bottomed out at 21 per cent of households – versus 36 per cent in Canada then. Canadian policy from the 1960s to 1980s was strongly concerned with private rental supply, and fostered a large corporate landlord-developer sector (Spurr, 1976). Once net rental...
Table 1. Average Annual Social Rental Production by Five-year Period.

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<td>Population (M) base year</td>
<td>13.7</td>
<td>15.7</td>
<td>17.9</td>
<td>19.6</td>
<td>21.3</td>
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<td>25.8</td>
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<td>Social rental production</td>
<td>1,500</td>
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<td>11,400</td>
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<td>18,400</td>
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<td>Per 1000 population</td>
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<td>Per 1000 pop growth</td>
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<td>Population (M) base year</td>
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<td>Per 1000 pop growth</td>
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Source: Suttor (2009), using data from Canada Mortgage and Housing Corporation, Pugh (1976), Hayward (1996), and Wilkinson (2005). Australian 1950-75 data include many units subsequently sold.
growth recommenced in Australia after 1965, this took a form befitting the low-density suburban cities: mostly bungalows and quite small apartment blocks rented out by individual household investors. Canada’s apartment boom of circa 1965–1975 was much larger than Australia’s and, unlike the latter, almost entirely rental (Suttor, 2009).

Such differences, including tenure composition, housing-sector interests, varying subnational roles, and the scale of early public housing production, would have important consequences later.

The 1960s and 1970s: Welfare State and Social Housing Convergence

In both countries, as across the affluent West, peak welfare state expansion was in the mid-1960s to mid-1970s. Canada diverged then from the residual US model (Myles, 1996; O’Connor, 1989), with more ‘universalist’ unemployment insurance and healthcare, and access to higher education. Generous federal cost-sharing of provincial social expenditure was institutionalised in law (Banting, 1987; Battle, 2001). In Australia, modest early postwar growth gave way to the 1960s mineral boom; immigration was diversifying; job growth was tilting towards white-collar, non-union sectors; and social activists pointed to inequalities and the ‘inferior’ welfare state. The reformist Whitlam Labor government took power in 1972, and in three years ratcheted social spending from 12.9 to 18.8 per cent of GDP, closing in on Canada with less than a decade’s lag (Jones, 1983; Castles, 1988).

This peak period transformed social housing in both countries. In Australia, as in northwestern Europe, public housing programmes that had served the broad working class were reoriented to subsidize the poor. This was reflected in the CSHAs of 1966 and 1973 (Paris et al., 1985). Meanwhile in 1965–1975, Canadian social housing production ratcheted up to 0.8 units annually per 1000 population: half as high as Australia and well ahead of US levels per 1000. Canada’s social housing sector, once smaller (per capita) than US public housing, was now similar to Australia’s after the latter’s massive sell-offs.

In social housing, Canada and Australia in the 1970s tended to converge in social model and general magnitude. The sector (per capita) was much smaller and more residual than in northwestern Europe, but much larger and less residual than in the US. It was income-mixed, with moderate market rents for some, and geared-to-income rents or rebates for others. In Australian public housing, the percent of tenants receiving income-related rebates rose from 20 per cent in 1969 to half by the early 1980s, and over 80 per cent by 1992 (Burke, 1998; Jones, 1983). In Canada, income mix arrived with the 1973 shift to non-profit and cooperative housing, responding to community opposition to low-income public housing, and rising subsidy requirements. This became the production regime for two decades; such stock exceeded all-low-income public housing by the mid-1980s. By the 1990s, Canada’s social housing was slightly
less residual than Australia’s: about 70 versus 90 per cent income-targeted; about one-quarter of tenants on (non-elderly) public income assistance in each case.

Both countries’ social rental production peaked in the 1970s (Table 1), but both sustained robust production through the 1980s. This contrasted to the US, where production plummeted after a brief 1968–1973 peak, and to northwestern Europe, where dramatically falling 1975–1990 production still left postwar social housing as a great share of overall stock. Through the 1950s and 1960s, rental production was dominated by public housing in Australia but private rental in Canada; in the 1970s and 1980s both sectors expanded greatly in both countries.

Institutionally, however, the two countries diverged in ways that reacted to post-war institutions, and which shaped later policy debates. In Australia the critique of public housing was that it housed too few of the poor; in Canada that it concentrated them. The main institutional change in Canada was in the roles of the federal government, provincial governments, municipalities and third sector; in Australia it was a shift from supply-side to demand-side policy strategies. Australia’s Commonwealth government in the 1970s introduced both massive income targeting and a small demand-side rent assistance program (Burke, 1998), leaving unchanged the state-level supply-side monopoly. In 1970s Canada, acute federal-provincial conflicts over Quebec separatism and Alberta oil reinforced the Trudeau Liberal government’s strategy of flowing funds directly and ‘visibly’ to non-profit and co-op groups as one prong in its promotion of regional equalisation and resistance to decentralisation (Fallis, 1994; Banting, 1990). The third-sector strategy, conforming to a broad shift toward a ‘mixed economy of welfare’, had many advocates in Australia, but in that period ran against the statist grain, and against the longer-entrenched subnational dominance in social housing.

The 1980s: Challenges in Welfare State, Challenges in Federalism

In the 1970s and 1980s, Australia experienced a more profound challenge to its model of welfare capitalism than did Canada. This reflected larger impacts from the turbulent global economy in 1973–1982, including the end of the postwar boom, oil price shocks and sharp recessions. Canada was not a net oil importer; Australia was. Canada proceeded in ever-greater US trade; Australia faced an export transformation, reorienting to Asia. Canada’s unemployment rate rose by one-third to typically 7 per cent in the latter 1970s, Australia’s tripled to 5 per cent by 1973–1975 and reached recession peaks of 10–11 per cent in 1983 and 1993, similar to Canada. The manufacturing percentage of Australia’s workforce was halved in 1974–1993 to 13 per cent, now below Canada. The unionised share of Australian workers dropped from 61 to 40 per cent, 1960–1980. Australia’s income inequality became somewhat greater than Canada’s (Castles, 1988). Home-ownership rates ceased rising, two decades after Canada. Australia now had ongoing increases in low-income private-rental households, as Canada always had.
The response in Australia to such conditions was an earlier, deeper shift to neoliberalism than in Canada, but with a twist of post-industrial labour politics. The Hawke-Keating Labor government elected in 1983 initiated severe economic deregulation and tariff reduction in an ultimately successful strategy of increasing manufacturing exports to ever-more-affluent Asia (Schwartz, 2006). In tandem there was an increase in social spending and a new approach to wages policy to mitigate rising inequalities. Both these prongs were open, purposeful and controversial with social advocates and the Labor Party’s left wing (Castles, 1994; Berry, 1999). After tripartite negotiations on tariff reduction and wage restraint, an ‘accord’ was struck between the government and the Australian Confederation of Trade Unions, with business in silent agreement (Schwartz, 2003, 2006). Reduction in real wages was the explicit means to better export competitiveness; welfare state expansion was the explicit trade-off for less wage protection. This policy, although dramatically new, was path-consistent with earlier years’ state role in wages policy, and trade-offs between wages and protectionism. The housing ramifications are discussed below.

In Canada too, welfare state spending increased in the 1980s, but this arose from the pressures of unemployment and aging, and the ‘regional brokerage’ politics of the Mulroney Conservative government (1984–1993). Social policy was an uneasy compromise between neoliberal influences and the role of spending in regional brokerage (Myles, 1996; Fallis, 1994). Income security expenditure ratcheted up to successively higher plateaus in the 1981–1982 and 1990–1993 recessions (Battle, 2001). Yet benefits and transfers to provinces were chiselled-at through tighter eligibility, capping and de-indexing (Battle & Torjman, 1995; Battle, 2001). The dénouement unfolded in the mid-1990s is discussed below.

Social spending in Australia rose by 4 1/2 per cent of GDP, 1984–1997, virtually catching up with Canada. Australian social spending as a percentage of public outlays was far higher than Canada’s by 1997 and above the OECD average. This fits Castles’ argument (2001) that trade openness fosters not so much high welfare spending but its early adoption. By the 1980s–1990s, social expenditure plateaued in affluent nations, lower-spending countries caught up, and social expenditure became correlated with unemployment and negatively with trade openness. Thus Australia shifted from low to high in trade and also joblessness, and social spending rose; Canada was already there, and spending plateaued.

Both countries in the 1980s and 1990s reduced federal transfers to the states/provinces, but the meaning of this was quite divergent. In Australia this went hand in hand with centralisation of social policy/programme responsibility, whereas in Canada the diminished federal transfers accompanied devolved responsibility (Banting, 1990). These trends in the welfare state and federalism reverberated in the social housing sphere.
The 1980s: Resulting Housing Policy Shifts

Australia’s federal centralisation, expanding welfare state and more uncompromising ‘economic rationalism’ all manifested in its 1980s social housing policy, in ways contrasting to Canada.

Australia extended Commonwealth Rent Assistance in 1987 to all working families and private renters meeting income criteria, as one component of a new income supplement and more targeted but more adequate benefits (Wood, 1990; Paris et al., 1985; Castles 1994). Annual Rent Assistance spending rose to $400 million by the mid-1980s then steadily to $1.4 billion by the mid-1990s, by then exceeding supply-side assistance. Demand-side assistance also responded to new market realities: widening income disparities, and more and more low-income private renters. Policy discourse in the 1980s and 1990s was very concerned with horizontal equity between social and private rental tenants, and issues of neighbourhood social integration (Caulfield, 2000; Wulff, 2000). This discourse started in the 1970s, when the private rental sector was still relatively much smaller than Canada’s, posing a smaller cost hurdle to mass demand-side programmes. By contrast, Canadian discourse on housing and social mix remains overwhelmingly about mix within social housing and not across broader urban space.

Canada’s private rental sector was equally a venue for housing stress, but this was nothing new. Demand-side assistance was studied, advocated and debated, but never seriously considered as a policy strategy. Canada’s large corporate landlord-developer sector advocated it, and vaguely so did Conservative platforms. The non-profit housing sector opposed it, as did centre/left parties. The debates (Steele, 2007; Mishra, 1990) reflected the interests and political leanings of these two sectors, both large in Canada but very small in Australia. Canadian governments responded in the 1980s to the social rental lobby, but by the 1990s criticism from business helped undermine political support for social housing. In Australia, supply-side and demand-side approaches instead had champions within the institutions of government, respectively at the state government and federal levels; the latter prevailed.

Canada’s politics of private rental instead focused heavily on rent control, reflecting the postwar legacy of a large corporate private rental sector, many middle-class tenants, and a strong tenant movement by the 1960s. The results, unlike postwar Australia, were state-regulated landlord-tenant relations, legal protections for tenants, and rent control after 1974. Rent control in private rental and new supply of social rental remained the dual political focus through the 1980s and 1990s, despite their deepening irrelevancy to worsening affordability for lower-income tenants.

Both countries in the 1980s reduced social housing production, but net additions to targeted supply (rent rebated or rent-geared-to-income) were far higher in Australia due to the legacy of postwar production. Australia’s average annual production in the 1980s (1.0/1000 population) was only two-thirds of its pre-1975 level per capita, although still slightly higher than Canada’s 0.8/1000. But during the 1970s and 1980s, Australia’s large stock of untargeted postwar public housing was steadily converted to
targeted units, while only about two-thirds of Canadian social housing production was income-targeted. Consequently Australia’s increase in targeted social housing units in the 1980s was over three times as high as in Canada: about 2.2 versus 0.6 per 1000 population. By 1990–1994, production was down to about 0.5/1000 in each country and the conversion of Australia’s public housing to income-targeting was substantially completed. In the 1980s the greater expansion of housing subsidy in Australia – through rent assistance, conversion to income-targeting and new supply, versus only the latter in Canada – somewhat matched Australia’s greater economic challenges and income polarisation. In the 1990s the contrasting results were: Australia, despite the strengthening of its welfare state, experienced more dramatic shrinkage in net non-market housing supply for its poor than did Canada, where the welfare state became seriously retrenched.

Canada’s federalist and welfare state trajectories shaped its 1980s social housing policy: in tensions between fiscal conservatism and regional brokerage politics; cumulative discreet expenditure cuts; and incremental devolution. When the Mulroney Conservative government took power in 1984, social housing policy was shaped by a mix of forces: responding to provincial and non-profit sector pressures, the rationalist imperative of more targeting, and modest expenditure reductions. The new 1986 programme framework retained the federal lead, but with provincial delivery (except co-ops) on condition of 25 per cent provincial cost-sharing. This lasted until 1993, but with declining annual new-supply funding (Pomeroy, 1989; Banting, 1990).

Canada’s decentralisation also led to unilateral provincial programmes not seen recently in Australia. In 1987 Ontario’s new centrist Liberal minority government, in a parliamentary ‘accord’ with the social-democratic NDP, initiated a programme which continued under Ontario’s majority Liberal then NDP governments to 1995. This is what maintained Canada’s early-1990s production near 1980s levels; it also ramped up Ontario’s subsidies 10-fold to $1 billion annualised, tilling the soil for neoliberal reaction. After federal withdrawal in 1993, British Columbia (BC) and Quebec ran unilateral programmes that continued about their 1986–1993 share of new supply funding.

Yet Canadian social housing remained more federally led than most social policy outside income security. This is attributed to the legacy of CMHC’s regional presence, the federal focus of non-profit-sector lobbying, and the weak provincial policy capacity and consensus about demanding block funding (Banting, 1990; Dalton, 2009). The latter surely also reflects the marginal place of housing in the welfare state. The federal lead would prove fateful in the 1990s.

The 1990s Onward: Divergent Courses in Federalism and Retrenchment

Neoliberalism and evolving fiscal federalism propelled further divergence between the two countries in the 1990s, in ways that built on earlier differences. Social policy retrenchment was more severe in Canada, but affected social housing more
in Australia. Canada saw devolution, including social housing, while Australia saw stronger centralisation and reaffirmed federal/state roles in housing. After 2001, both countries had federal housing supply initiatives disconnected from social housing ‘as we knew it’ – but within a stronger social policy agenda in Australia.

Resurgent neoliberalism in the 1990s affected Canada far more. Facing severe fiscal deficits and debt in the wake of the worst recession in 60 years, Canada’s new Liberal government in its 1993–1997 term proved far more neoliberal than Mulroney, little tempered by regional brokerage politics. ‘Major changes to important social programs . . . were implemented by stealth with no advance notice and little effective public debate’ (Battle, 2001). The 1995 budget replaced the 1960s–1970s regime of federal transfers with smaller capped amounts, feeding cuts in provincial social spending (Battle & Torjman, 1995; Prince, 1998; Battle, 2001). The result was a flatlined, more targeted ‘post welfare state’, no longer offsetting rising labour market inequality as in the 1970s and 1980s (Battle, 2001).

Australia’s welfare state reform had happened differently before the early-1990s downturn. The neoliberal Howard Coalition government, elected amid recovery in 1996, significantly weakened the overall 1980s bargain of wages and social benefits. Yet there was no social policy devolution; no end to rent assistance; wage-regulation was undermined but not eliminated. Wages policy remained a national political issue, and after 2007 the Rudd Labor government reinforced the wage-regulation regime. Wage-floors, long the keystone of Australian social welfare, remain high by OECD standards, with much narrower income disparity below median income than in Canada (Schwartz, 2006; Brody, 2010; LaRochelle-Côté and Dionne, 2009).

Realignment of Australian fiscal federalism in the 1990s threatened but ultimately confirmed the social housing regime which had lasted and evolved for five decades. When the Hawke-Keating government initiated federal-state negotiations on disentanglement, the outcome, despite the inauspicious context of fiscal imbalance and cutbacks, was a consensus affirming the federal demand-side and state-level supply-side role, reflected in the ensuing 1996 CSHA (Caulfield, 2000; Wolfe, 2000). The Howard Coalition government in turn initiated negotiations on a fundamental fiscal reordering. In 1999 it was agreed that the Goods and Services Tax, collected federally, would become unconditional block transfers to the states, with offsetting cuts in certain state-level taxes and specific-purpose federal transfers. As this unfolded there was grave concern that the transfer for public housing would end, and with it the regime of CSHAs that had underpinned social housing for half a century. In the upshot, a front of state-level Labor governments prevented Commonwealth withdrawal, against the intent of federal central agencies (Caulfield, 2000), and new CSHAs were signed for 1998–2002 and 2003–2008.

Realignment of Canadian fiscal federalism in the 1990s ended the social housing policy regime which had lasted and evolved for three decades. Attempts at major constitutional change failed in 1987–1990 and 1992–1993, but the associated federal offer to devolve various policy spheres including social housing (Hulchanski, 2006)
was restarted after the 1995 Quebec referendum on separatism. The 1993 federal budget terminated spending for new social housing; the 1996 budget offered to devolve CMHC’s management of housing programmes. Housing subsidy would become federal-provincial block transfers, initially at 1994/1995 levels but tapering over 40 years to nil (Hulchanski, 2006). The positioning was of assured funds and accountability, but the result is steady shrinkage relative to population, GDP or needs. Although the social housing sector lamented this definitive federal exit, three of Canada’s four large provinces had neoliberal or separatist governments, debate was minimal and most provinces signed devolution agreements by 2006. Devolution offered all provinces three main advantages: control and paramountcy; integrated portfolio management (as in Australia) instead of programme and project ‘silos’; and, as interest rates fell throughout the 1990s, scooping all debt service savings rather than sharing with CMHC. For Ontario, with 40 per cent of Canada’s social housing, the end of silos facilitated devolution to municipalities, the route its neoliberal government chose in 1997 to get ‘out of the housing business’. The resulting Ontario system has only residual political engagement, policy capacity and fiscal resources. As in other social policy (Battle, 2001), devolution and neoliberal agendas converged, and fundamentals were reframed by stealth as fiscal arrangements.

Housing expenditure cuts have been less severe in Canada, mostly as a function of programme design legacies. Although provinces have exploited their autonomy by reducing net housing expenditures (Pomeroy, 2007), this mostly reflects declining interest rates. Debt service is a much larger part of costs in Canada, because it has far less old pre-1965 stock, and its post-1978 production was financed at market interest rates (11–18 per cent initially), versus Australia’s subsidised $4\frac{1}{2}$–5 per cent rates (1979–1989) and federal grants after that (Matthews & Grewal, 1997). Federal spending cuts will hit hugely in the 2010–2019 decade, under Canada’s devolution agreements. Australia is already there: supply-side CSHA funds were flatlined at $0.9–$1.1 billion annually in the decade ending 2005/2006, declining by one-third in real terms. Rent Assistance plateaued: the caseload stabled at 1.7 million from 1995/1996 onwards and expenditure at $2.0 billion from 1999/2000 onwards (Johnston, 2007; Australia FAHCSIA, 2010).

Australia saw slight losses of social housing stock, circa 1995–2005; Canada slight increases. The latter reflects decentralisation – modest Quebec and BC new-supply programmes – and earlier new federal initiatives (see below). Australia’s losses arose from widespread estate redevelopment, funded in part by sales of stock. This is driven by greater fiscal pressures and much stronger discourse of housing vis-à-vis socio-spatial inclusion; it is facilitated by the legacy of 1950s–1980s social housing in three ways. Australia has far more pre-1965 stock with obsolescence but minimal debt. State authorities have greater asset management capacity than Canada’s small community agencies; there is no tangle of project agreements. Also, social housing bungalows are more easily sold off than Canada’s apartment blocks.
Both countries now have a new programme model for new supply. When Canada's federal deficit disappeared by 1998 thanks to the warm and cold winds of economic recovery, much lower interest rates, and severe spending cuts, debates ensued about how to spend the ‘fiscal dividend’. Augmented federal transfers and new social policy initiatives emerged amid ‘relentless incrementalism’ (Battle, 2001) and ‘collaborative federalism’ (Cameron & Simeon, 2002). Social housing was peripheral in this: the devolution agreements were signed in precisely this period. Yet the agenda included housing after 2000, with extended repair programmes, local allocation of federal homelessness dollars to housing, and the Affordable Housing Initiative (AHI): totalling an extra $300 million annually (Pomeroy, 2007) and higher in the 2009–2011 stimulus.2 Australia’s National Rental Affordability Scheme (Australia FAHCSIA, 2008a, 2010) likewise emphasises moderate-rent supply and a mix of private and non-profit sponsors, and its ‘Road Home’ framework (Australia FAHCSIA, 2008b) strongly resembles Canada’s federal homelessness programme.

It is early to evaluate the long-run importance of such new initiatives, but some parallels and differences are evident. In each country, there is a parallel departure from the ethos and institutional design of postwar social housing – the capped legacy of a vanished welfare state era. The new initiatives are far removed from the former approach of deep subsidies or low rents on a scale large enough to significantly improve housing affordability for many bottom-quintile renters. In each country, the new initiatives are highly vulnerable to shifting political winds in a context of minority government and of retrenchment after the 2009–2011 stimulus. But, in Australia, the social policy agenda of the Rudd/Gillard Labor government led to the 2009 commonwealth-state National Affordable Housing Agreement (NAHA), a policy umbrella for the social housing legacy, new-supply programme, and homelessness initiatives. Canada’s policy twitches in that direction were truncated by the election of the Harper Conservative government in 2006. Canada’s 2001-2011 AHI production volumes per capita resembled the 1950s but with moderate (not low) rents, erratic targeting and minimal monitoring. The National Rental Affordability Scheme’s projected per-capita funding volumes over five years are similar to those of Canada’s AHI over 10 years. Australian politics remains more polarised, with more political contention about the future of the welfare state. Canada’s politics, long founded on centrist accommodation, sees little questioning in the political centre of the welfare state retrenchment accomplished in the 1990s. In sum, the post-neoliberal re-engagement is distinctly stronger in Australia, but similarly vulnerable.

Rental Housing Subsidy: Cost and Value

Welfare state and housing institutions provide greater assistance to low-income tenants in Australia than in Canada. This is a legacy of different models and trajectories in the welfare state, of postwar supply-side policy, and of divergent 1980s choices on demand-side assistance.
Table 2. Social Housing: Subsidy Outlay and Value of Assistance, 2006.

<table>
<thead>
<tr>
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<th>Annual Recurring Amounts as of 2006</th>
<th>Social rental subsidy expenditures (all levels of government)</th>
<th>Estimated value of assistance to RGI or rebated tenants</th>
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<tr>
<td><strong>Absolute</strong></td>
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<tr>
<td>Canada</td>
<td>$3.8 B</td>
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<td>Australia</td>
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<td>$1.3 B</td>
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<tr>
<td><strong>Per capita</strong></td>
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<tr>
<td>Canada</td>
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<tr>
<td>Australia</td>
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Source of estimates: See note 2. Does not include Commonwealth Rent Assistance.

This difference is not evident in supply-side expenditures, twice as large per capita in Canada as in Australia (Table 2). However, despite Australia’s smaller expenditure, the *value* of supply-side assistance per capita – the difference between prevailing market rents and the subsidised rents paid by income-targeted tenants – is similar in both countries. Canada’s social housing generates much less ‘value’ relative to expenditure levels because, in aggregate, it breaks even only moderately below market rents. This is a legacy of postwar regimes: Canada’s later peak production (1970–1990 versus 1955–1975) and market financing mean far higher debt levels per unit, and far more subsidizing of debt service.

The large difference in the value of state assistance to low-income renters is rooted in two aspects of the overall welfare state models and two strategic dimensions of housing policy. (Urban rent levels are not much different in the two countries.) First, low-end wages are much higher in Australia, directly as a function of the wage regulation regime, albeit attenuated today (LaRochelle-Côté and Dionne, 2009). Second, overall social transfers are no longer superior in Canada, as noted earlier, in contrast to the postwar period. Although Canada’s income security ‘presents’ well in comparative literature (e.g. Scruggs, 2006), only 20–25 per cent of jobless Canadians in higher-growth, higher-rent urban regions are eligible for Employment Insurance outside recessions (Task Force on Modernizing Income Security, 2006; Banting, 2005) and for the rest, social assistance offers income replacement rates of only 25 to 40 per cent of average wages. Third, Canada has minimal demand-side rental assistance for renters in the market, unlike Australia. Although Canada’s social assistance is sometimes equated to Australia’s Rent Assistance (e.g. Dalton, 2009), shelter allowances within Canadian social assistance have no relationship to urban rents (Hulse, 2003; Steele, 2007). Housing allowances outside social assistance cover only 13.5 per cent of tenant households in Quebec and 2 per cent elsewhere in Canada, versus 33 per cent percent in Australia. Fourth, these factors are not offset by supply-side assistance, the ‘value’ of which is similar per capita.
Thus if one includes only demand-side and supply-side housing programmes, Australia has far more generous assistance. If, alternatively (supposing that Canada’s income transfers may compensate for this) one includes social assistance and demand-side assistance plus supply-side social housing, the difference is even larger. In this alternative the sum of beneficiaries is about one-quarter of Canadian tenants, most paying over half of income on housing, versus half of Australian tenants, a majority paying 30 per cent or less (Hulse, 2003, 2007; Johnston, 2007; Steele, 2007).

Conclusions

For all their broad similarities, Canada and Australia present large differences in federal system, welfare state, and social housing regime. This section will first distil the main differences and then consider the theoretical implications.

Australia’s welfare state developed earlier, and created a vastly larger postwar public housing system. By the 1970s, parallel social and economic evolution resulted in similar welfare states and social housing regimes, intermediate between US and European models. From the 1980s onwards, however, quite different forces dominated policy shifts. Economic change profoundly challenged Australia’s welfare state model, but Canada’s centrifugal federalism became a greater threat to social housing. Australia expanded its welfare state and integrated demand-side housing assistance into income security, while Canada devolved much social policy, including social housing, and retrenched. Australia’s shifting policy strategies, including demand-side programmes, contrast to Canada’s retrenchment and shifting federal/provincial roles.

Canada and Australia arrived at similar welfare states and social housing regimes by different paths. Australia’s much larger postwar social housing production echoed its distinct welfare state model, reflecting earlier urbanisation, different class politics and a more dirigiste state. Canada’s surge of supply-side social housing in circa 1965–1980 reflected its overall welfare state expansion. Since then, housing devolution in Canada has been driven by a centrifugal politics of federalism absent in Australia. All these contribute to different conditions today, and different prospects. Despite comparable supply-side systems, Canada has much smaller housing assistance to low-income tenants and smaller policy attention to such issues. The differences between Canada and Australia are like a softer echo of differences between the US and UK, cases with social housing regimes at the extremes of the liberal-welfare spectrum.

Each country’s social housing regime is a legacy of a past era, but remains a reference point for policy advocacy and debates. Canada’s system is largely the product of three decades of production from 1965–1995 during a 30-year detour into a less residual welfare state. Australia’s system today is the product of postwar production, plus conversion of cost-rent postwar housing to targeted occupancy, plus the decisive 1980s shift to demand-side assistance. Postwar experience still
flavours today’s attitudes: Canada’s mixed-income, community-based model retains wide esteem, while debates on ‘public housing’ versus ‘welfare housing’ still have resonance in Australia.

Australian political life and policy discourse appear more favourable to affordable housing. Canada has no equivalent to Australia’s 2006 multi-sector affordable housing summit (Johnston, 2007), or its joint academic-government policy research body (Australian Housing and Urban Research Institute), or its recent political turns. The Australian party system offers more openings for active social policy, including housing. The successor to the Howard Coalition decade was the Rudd/Gillard Labor government, its robust social policy platform reflecting that part of Australia’s political tradition. The successor to Canada’s 1998–2006 Liberal ‘fiscal dividend’ period was the Harper Conservative government, and a thin social policy agenda on both sides.

The broader theoretical implications are in five aspects of institutional differences and how these relate to policy choices and policy paths in social housing. First is determinative character of broader institutional factors, particularly the character and trajectory of the welfare state and of federalism, in shaping and changing social housing policy regimes. Second and related is the specific importance of the locus of funding and programme delivery. Third is the significant momentum of paths once they are established, and fourth is the way interests and forces created by policy choices affect later choices. Lastly is historical timing and its repercussions in debt and ‘maturation’ and other matters.

In liberal-welfare regimes such as these, the social housing histories reflect above all the trends in the welfare state and federalism. Only secondarily do they reflect needs or issues among low-income renters or within social housing. Institutional matters at a higher level than any particular policy sphere are the most important shaper of what happens in that sphere. Thus Australia’s earlier urbanisation, stronger labour politics, and (by liberal welfare standards) dirigiste state tradition all underlay the priority for cost-rent social housing production in the early postwar period of circa 1950–1965, with all its large later consequences. Canada’s 1965–1980 welfare state expansion was premised on large social programme expenditures, and it is in this context that large multi-year commitments for operating subsidies to social housing were politically possible. The greatest shift in Canadian social housing in the past generation was devolution – reflecting both centrifugal federalism and federal withdrawal from income-targeted spheres of the welfare state. The greatest shift in Australian social housing policy in that period was the shift from supply-side to demand-side policy strategies – reflecting commonwealth social policy dominance and centralisation, and the agenda of a stronger welfare state to mitigate the fallout of economic liberalisation. The labour-welfarist currents and party institutions in Australian politics are stronger than in Canada, and governments of that stripe have shaped an active social housing policy in the 1940s, 1980s and 2000s. Such active social housing policy was seen federally in Canada only in circa 1965–1975.
The surging 1970s–1980s social housing spending that ensued pushed the limits of Canada’s welfare state consensus and was soon reversed severely, in a way the contemporaneous expansion of demand-side subsidy in Australia did not encounter.

The locus of funding and programme delivery is unavoidably important, in shaping the political dynamics of retrenchment and devolution. Although in both these countries the largest supply-side funding is federal while most such programme delivery is subnational (state/provincial): this hides important differences. The largest resource to achieve affordable rents in Canadian social housing is federal subsidy, and provincial/municipal is almost as large. The largest resource to achieve affordable rents in Australian social housing is the fact that these state-government assets achieve low rents due to low debt, while state-level subsidies are less than 40 per cent of commonwealth subsidies (Australia FAHCSIA, 2010). The Australian state government role in delivering public housing is longer-standing than in Canada and until recently less questioned. For such reasons Canadian social housing has been more buffeted by federal political change: 1960s expansion, 1970s shift to a community-based model and 1990s retrenchment. Australia’s shift to income-targeting in the 1970s was of this sort – system-shaking and federally-led – but the other great changes have been shared commonwealth-state priorities (postwar sell-offs) or driven by state governments (regeneration recently). For reasons of entrenched role and low subsidy burdens, Australia’s state governments were more motivated and more successful in the 1990s at retaining federal engagement than were Canada’s provinces.

Further on the locus of delivery, the evidence of these two cases suggests that federalism, including historical accidents of where policy jurisdiction is assigned, tends to be a barrier to strategic integration of supply-side and demand-side policy. Supply-side social housing has the misfortune of being led federally in decentralising Canada, and relegated to the state level in centralising Australia. In both, this makes the supply-side system into an orphaned and under-resourced policy sphere. Australia’s centralisation has helped integrate demand-side policy with income security, but detached it from supply-side social housing. Canada’s devolution edged housing policy away from the federal level which dominates income security and has the greater fiscal resources – thereby discouraging adoption of demand-side policy.

Policy regimes have enormous momentum as institutional ‘paths’ once they are established. Thus the postwar Australian social housing production regime, founded on a strong interwar state-government role overlain with 1940s labour/welfare goals, endured for over two decades (circa 1950–1970) despite the weak social programmes and right-wing federal government. The Canadian social housing production regime(s) established in the expansive 1965–1973 period endured for over two decades despite, by the latter 1970s, powerful adverse forces of neoliberal ideas and devolution of social programmes to provincial governments. More recently in Australia, 12 years (1996–2007) of centre-right government did not gut Australian wages policy (see above) or rental assistance, both creatures of its welfare state history and all but unimaginable in Canada. No reversal of 1990s Canadian devolution
was contemplated by the centrist governments in power federally and in three of the four large provinces for most of the prosperous 2000–2010 decade.

Decisions at foundational points or major junctures have other enduring consequences, through the interests they create the forces they set in motion, for the issues and dynamics in play at later junctures. Thus Australia’s 1970s–1980s demand-side policy shift reacted against its model of mass untargeted supply, unknown in Canada, and against a surging return of low-income private rental needs. Such needs had long been present in Canada, reflecting in part its lower ownership rates and larger private-rental sector—both created partly by postwar policy. Canada’s 1970s shift to mixed-income housing reacted against residual public housing, not present at that time in Australia. Housing sectoral interest groups—landlord-developers and social housing agencies—created in Canada’s postwar regime—weighed against the embrace of demand-side policy in the 1980s. Despite the merits of Canada’s community-based non-profit model, it proved a much weaker opponent to forces of retrenchment in the 1990s than did Australia’s state institutions.

Different historical timing can have important consequences, especially for debt and ‘maturation’ in Kemeny’s (1995) sense, affecting the subsequent politics of retrenchment. Thus the fact that Australia’s social housing regime was established in the 1940s global wave of welfare state expansion, and Canada’s (beyond trivial scale) in the later global wave of the 1960s, has had large implications. Australian social housing, predominantly built at low interest rates in a period preceding the high inflation of the 1970s and 1980s, experienced strong ‘maturation’, i.e. it has low debt relative to revenues, and the main resource that achieves ‘affordable’ rents is its ability to break even well below market rents. Canadian social housing, predominantly built at high interest rates in a period preceding the low inflation of 1990–2010, has only modest average maturation and high debt, and the main resource to achieve affordable rents is very large subsidy outlays. Thus the extent of ‘maturation’ is historically contingent. The associated difference in subsidy burden contributed to the quite different stances of Australian and Canadian state/provincial governments in regard to federal devolution proposals of the 1990s. Australian state governments were set to lose fiscally and opposed devolution, while Canadian provinces were set to gain fiscally in the short term and accepted devolution. The institutional design legacies of debt and targeting had quite different impacts in times of national economic crisis. In Australia the greatest economic downturn and restructuring of the past half-century was in the decade starting in the mid-1970s; in Canada in the early and mid-1990s (in neither case was it the Global Financial Crisis). In 1970s and 1980s Australia, the large postwar social housing stock provided a supply of added low-income units at minimal fiscal outlay, through conversion to targeted occupancy—helping the urban poor adjust to the fallout of economic change, albeit at some cost in poverty concentration. Canada’s poor had no such resource in the hard-pressed 1990s.

In Canada and Australia, some trends are similar and some are not. They share widening income disparities, rising rental housing need, and declining supply-side funding. Both coast on a social housing legacy, a stock shrinking relative to GDP,
population and needs. The new initiatives of recent years are modest in scale and politically vulnerable. Social policy leaves the poor more exposed in today’s more unequal labour market, and retrenched social housing leaves them exposed in a more unequal housing market. In Australia, with more vigorous policy discourse and a far greater recent property bubble (Demographia, 2011), the sense of crisis in affordable housing is stronger. Yet given its more favourable institutional paths in federalism, the welfare state, and social housing policy, Australia’s social housing prospects may possibly be better.

Disclaimer

The views and analysis in this article are those of the author, not of the City of Toronto or the Government of Ontario.

Notes

1. Dollar values in this article are either Australian or Canadian dollars, depending on the context. Australia’s dollar averaged 89 per cent of Canada’s in 1998–2008 exchange value, but is virtually equal in terms of Purchasing Power Parity; by 2011 these currencies were at par with each other and with the US dollar.

2. Leone and Carroll (2010) provide an unreliable account of AHI, e.g. indicating that its projects are underrepresented in big cities and that it amounts to a federal re-engagement rather than a less-targeted reprise of meagre 1950s production levels. Their account of policy history also misses the transformative public housing ‘heyday’ described earlier.

3. Housing assistance outlays for circa 2006 are from Australia FACSIA (2007) and Pomeroy (2007). Value of Australian assistance from Wang et al. (2004), consistent with more recent sources such as Hulse (2007) and Australia FAHCSIA (2010). The value of Canadian assistance is estimated based on market rent at census median of $671, average RGI rent of $375, and RGI units comprising 70 per cent of the social housing stock of 680,000 to 700,000 units. The Canadian estimate is conservative insofar as social housing is skewed to higher-rent cities, and the RGI units (within the census stock) lower the census median vis-à-vis market rent levels. Thus the value of assistance is similar in each country.

References


