A SOCIALIST CITY IN A CAPITALIST SOCIETY?

PROPERTY OWNERSHIP AND URBAN REFORM IN AUSTRALIA

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This paper deals with two interrelated themes: property as power, and the problem(atic) of the nature and limits of state intervention in the city.[1]

In the dominant (i.e. social democratic) debate about urban problems in Australia there has always been the implicit, confused and never-thought-through notion of a socialist city within a capitalist society — that is, the assumption that there is a solution to urban problems that is separate from any solution of the broader problems of the capitalist society that contains them. Central to this assumption has been the idea that if only we could reform land policy most of the other desirable urban reforms would follow.[2] The consequences of state intervention in the urban land market would be the stabilisation of land prices, the opportunity for coherent and comprehensive urban planning, a reduction in the costs of public provision of urban infrastructure, a more open, democratic, participatory planning process, and so on.[3] But would it? Isn't there a contradiction in this whole notion? I'd like to follow through this riddle of a socialist city in a capitalist society by focussing attention on just two things: the philosophy and achievements of the Department of Urban and Regional Development from 1972 to 1975, particularly in the area of land reform; and the importance of property investment to finance capital, particularly insurance companies. This ought to throw some light on the possibilities and limits of urban reform in capitalist Australia.

In his policy speech in November 1972 Gough Whitlam identified various problems that were prominent <u>in</u> the cities, and called them urban problems — rising land prices, declining public transport services, sewerage backlogs, inadequate community facilities, overdeveloped central business areas and so on. To this catalogue he added an important statement: that "in modern Australia social inequality is fixed upon families by the place in which they are forced to live even more than by what they are able to earn". During the campaign he indicated that he believed that the main causes of inequality in Australia were not those arising out of ownership of wealth and property, but regional disparities in the costs of land and housing and the provision of urban and social services — education, health and other community facilities.

The main point I want to make here is that this philosophy of locational inequality, this concern with questions of <u>distribution</u> in the city, with the equity <u>effects</u> of urban development, was very much a <u>description</u> of symptoms rather than an analysis of the causes of urban problems. But the city is, in the first place, a pool of labour — a relatively self-contained area where a whole community enters into common <u>production</u> and consumption processes on a daily basis. This <u>production</u> is the first key process in the development of urban areas. The second, the competition for space and location, the competition in the

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land market, is a reflection of the competition between firms and other agencies in the economy with limited resources. Channelling these forces of competition and coping with their effects is the essence of the urban planning problem.

Whitlam and the Labor Party, through D.U.R.D., chose to ignore the causes of urban problems, which lay in the sphere of production, and to try to ameliorate some of the more blatant social and economic effects of the capitalist mode of production. In doing so, they were behaving as social democratic parties characteristically do — tackling the consequences of the capitalist economy rather than trying to dismantle it. But isn't there some contradiction here? How successful was D.U.R.D. within the terms of its own philosophy? Would there be any point in creating another D.U.R.D. under some future Labor Government, or was it an unrealistic, misguided or contradictory exercise from the beginning?

There were some half dozen key programmes established by D.U.R.D. during 1973 — programmes for growth centres, land commissions, area improvement, sewerage, urban renewal and for the updating of urban public transport. These were ambitious programmes, and the government's real concern with their solution was evident in the urban and regional budget allocation, which rose from zero to $135 million in the first year and $436 million in the second year of D.U.R.D.'s existence. But was that enough? Solutions to any of these problems had three basic requirements: coordination of all public sector activities affecting urban development; a huge expansion of government spending; and some overall control of private sector investment and location decisions. Were any of these requirements met? Are they ever likely to be, under a social democratic regime?

Take the problem of public sector coordination. In the years leading up to the Whitlam victory the Labor Party's urban advisers, and numerous other more 'neutral' urban commentators, had argued that any effort by a federal government to intervene in the nation's urban problems must be done through the agency of an urban "super-ministry". That is, a new department should be created to encompass all aspects of urban development — housing, transport, environment and conservation, and so on. The reality was rather different. The Labor caucus elected twenty-seven men to the ministry, so twenty-seven portfolios had to be created. There was no urban super-ministry. The old departments of Housing, and Transport, and Environment lived on as bureaucratic rivals to the fledgling D.U.R.D., often resenting its (D.U.R.D.'s) claim on resources and its efforts to influence their decisions.

And there were two other grave obstacles to the realisation of public sector coordination. If the Departments of Housing, Transport and so on resented D.U.R.D., even more so did Treasury, that traditional king of Canberra bureaucracies. Conflict between D.U.R.D. and Treasury was two-fold. There was an obvious clash in economic philosophies. The neo-classical economists in Treasury confronted the more radical interventionist economists in D.U.R.D. and neither would, nor could, give an inch without giving the proverbial mile.[4] And there was the more familiar 'territorial' rivalry between the two departments. Since D.U.R.D. had not been able to subsume the old departments of Housing, transport or Environment, not to mention Education, or Health, or Tourism and Recreation, or Services and Property, all of which made decisions with vital consequences for the equity aspects of urban areas, then the next best thing was to try to exercise some overriding influence on the resource allocations of those departments (particularly the locational aspects of those allocation decisions; if the Department of Transport wanted to build a railway line, for example, D.U.R.D. wanted to influence where that line went). Treasury, however, had other ideas. Traditionally it had been the only department with the ability to 'interfere' with other departments, and it resented this new competitor for influence. Treasury was more powerful, its officials more experienced, its Permanent Head more formidable, and it won most of its battles with D.U.R.D.

So coordination of the public sector was never achieved at federal level. But even more intractable was the problem of federal/state cooperation and coordination. Certain programmes could only be implemented with the cooperation of the state governments — for example, the establishment of Land Commissions or the switch of emphasis within public housing policy from building for sale to building for rental. In both these cases cooperation was not forthcoming from the non-Labor state governments and nor does it seem realistic to expect that it ever would be on issues involving basic ideological differences. And although in these situations the conflict is usually about political economy (who is getting what out of the urban economy and why) it always tends to be disguised as a conflict about 'states' rights' and 'the erosion of state sovereignty'. Therein lies an ongoing problem for any future urban ministry with reformist intentions.

This group of problems, which I've called problems of public sector coordination, were not solved by D.U.R.D., but it doesn't necessarily follow that they are insoluble for all time. The other two sets of problems (the need for increased public spending and for some control over private sector investment and location decisions) look more intractable, and would perhaps be better described as long-term contradictions. My discussion of these two issues leads naturally into the concerns of the second half of this paper with the land question, the importance of property investment to finance capital, and the limits thereby imposed on state intervention.

To solve the problems of rising land prices, rundown urban public transport, sewerage backlogs, inadequate community facilities and the twin process of decay and gentrification of the inner suburbs, was obviously going to require an enormous increase in public expenditure. Within two years of its creation D.U.R.D. commanded a budget of $433 million. In the following and final year of Labor government, in a budget which reduced overall levels of government spending, D.U.R.D. was cut back to $408 million. By that time the Whitlam government was faced with what the capitalist press insisted on calling an economic crisis of mis-management. By this they meant that the levels of inflation and unemployment that existed in Australia had nothing to do with a broader international crisis (with complicated origins including among other things the way the U.S. financed the war in Vietnam in the 1960's, the oil price rise in the early 1970's, and the emergence since the 1940's of powerful multi-national corporations) and everything to do with the Labor government's economic policies, in particular, their extravagant public spending.

This line of conservative criticism became a significant part of the 1975 election campaign, but its importance here goes beyond that level of opportunism into perhaps the most difficult debate of this decade, concerning what some writers have called "the fiscal crisis of the state".[5] Stated succinctly, O'Connor and others postulate that the capitalist state must provide the infrastructure and subsidies which will ensure the profits of monopoly capital. It must subsidise and protect the accumulation process, while continuing to permit the private appropriation of profits. At the same time, the state must absorb the popular discontent generated by the social costs of the accumulation process, much of which is expressed through or as urban problems. This theory of the state argues that the fiscal crisis is the result of the increasing demands on government arising from these dualistic functions. The state's absorption of the social and private costs of accumulation, combined with the continued private appropriation of the social surplus, produces an inherent tendency towards fiscal crisis. If profits are to be maintained, there is a constant tendency to let the costs and taxes of state spending fall more on the workforce and less on industry. In the long run this results in a 'catch 22' dilemma for the state. Both industry and the population continually require more state intervention, each on their own ultimately contradictory terms — the one to maintain profits and reduce costs and the other to improve living standards and hence increase private sector costs. The overriding constraint is that the state should not encroach on the operation of the private sector by making too many goods and services available ('free' education, health and so on) or by competing with the private sector in productive activities (manufacturing cars, or steel, or housing, for example). Rising inflation and rising unemployment are recent manifestations of this catch 22 situation. It seems that in the advanced capitalist economies there is a limit or barrier to the growth of the state if the market economy is to be preserved in its present form.

The Whitlam government had come to power with a social and welfare programme whose implementation was based on the assumption of an expanding economy. When the economy contracted the Labor Party found itself in an ideological vacuum. It had always assumed that its public spending programmes could be paid for out of the expanding growth rate. When that was no longer possible the Labor government floundered, and failed to develop alternative ways of financing its programmes. This could have been done, in theory, by either increasing taxation or increasing public ownership of productive enterprises. This latter solution has been advocated by Catley, who argues that a meaningful alternative to Fraserism

> ...must centre around the expansion of democratic public ownership of the means of production in the face of the opposition of its present domestic and foreign owners...The lesson of 1972-5 was not that Labor cannot run a capitalist society: nor that it moved too fast; nor that revolution is the logical alternative. It was that welfarism depends on production, which follows its own laws while left almost exclusively in private hands.[6]

The problem with this argument is that it begs the whole question of the political problems posed by the fiscal crisis of the state. Is the private sector really prepared to sit back and tolerate the falling rate of profit that would follow either from increased taxation or from public sector involvement in productive enterprises?

I'll return to that issue later. But briefly, what are the problems posed by the third requirement for successful urban reform, the need for some control over private sector activity, particularly its investment and location decisions? D.U.R.D. wanted to offer a more diverse choice of location of jobs to people living in the big cities. It could relocate government offices and employment centres, but the private sector still provides most of the jobs. D.U.R.D. never had any way of controlling the investment patterns and location decisions of private capital. It had no way of controlling the speculative boom in central city office space that was occurring under its nose and which could determine future job locations for some time to come. Except in South Australia, it had no way of controlling the speculation in land for urban development that had doubled residential land prices in most states between 1972 and 1974. Without control over these kinds of private sector decisions D.U.R.D. had no control over the big issues like city size, land prices, growth centre strategy and the journey to work — all issues that featured in the 1972 election promises. The reason for this lack of control? The power of finance capital in Australian economic life. Which brings me to the second part of this paper — a discussion of the limits imposed on urban reform by the private ownership of land the power of finance capital.

When the Whitlam government made public in early 1973 its intention to establish Land Commissions in each state to try to stabilise and lower the price of residential land, the Victorian government was quicker than most conservative state governments in its response. At a cabinet meeting of July 16, 1973, it detailed the Victorian Housing Commission to become an instant land banking authority to spend $8 million as quickly as possible on broad acres in an effort to be seen to be pre-empting the D.U.R.D. idea. But the V.H.C. paid urban prices for rural land (some of it unsuitable for urban development) and, according to a subsequent public inquiry, wasted $4.5 million of public money.[7] In the process it bolstered the land boom and protected the interests of property speculators. This was precisely the opposite of what D.U.R.D. intended to achieve through the establishment of a Land Commission. But the Victorian Liberal government was acting in accordance with its long tradition of support for and defense of property interests. What was at stake for those property interests? How important is finance capital (or property capital as part of it) in the urban development process through its property investment activities, and what limits does this place on urban reform, particularly reform of the land question?

In order to assess the possibilities of success of the kind of land policy reform that was central to the D.U.R.D. philosophy (central, that is, to what David Harvey[8] calls the 'liberal' formulation of the problem) I'll proceed as follows. Firstly, property (land) ownership will be broken down into three different categories, and the functions of and conflicts between each category will be outlined. But finance capital will become the focus of attention. Figures indicating the property assets and investments of insurance companies suggest the importance of this area of investment to finance capital. We can then discuss the kinds of land policy reform that might be in the interests of or tolerable to the different sectors of capital and make some conclusions about what needs to be done and what is likely to be done given the conflicts between the different sectors of capital on the one hand (which may provide some room for reformist manoeuvre), and the limits of state intervention in the mixed economy on the other. The various efforts and failures of different approaches to land policy reform in the U.K. since 1947 provide a useful illustration of these theoretical arguments.

Some recent work on capitalist land ownership in the U.K. analyses the effects of the private ownership of land on the operation of the capitalist mode of production and on the wider structure of production and circulation.[9] This research breaks down ownership of land by capital into three different categories. The first, "former landed property", refers to a number of groups of agents, including the landed aristocracy, the landed gentry, the Church of England, and the Crown Estates. This group owns nearly 40 percent of the total land area of Great Britain but, in acreage terms, most of this is rural land. (The Church and the Crown Estates do, however, have important urban estates.) This type of land ownership resulted from the specific nature of the transition from feudalism to capitalism in Great Britain and is not, strictly speaking, what one might call 'purely capitalist'. Land for this group is not just one sector for investment like any other, chosen simply on the basis of its potential economic return. Rather, it is an integral part of a wider social role in which considerations other than 'return on capital invested' are of real importance. And this wider role influences the nature of the economic relation to land ownership.

The second type, "industrial land ownership", is in fact not really land ownership as such.

> For this group, the ownership of land is neither the result of selecting sectors for investment nor the basis of a separate economic or other function. Land in this case is owned because it is a condition of production. The economic relation to land ownership is consequently dominated by considerations of the relevance of particular characteristics of land to the process of production. For this type, conflict with landowners as such can be as important as its own benefit from land ownership.[10]

The third type, "financial land ownership", is, like the second, more directly a product of the capitalist mode of production but, unlike industrial land ownership, this is land ownership 'as such'. For finance capital (that is, property companies, pension funds, insurance companies) land and property ownership is just another sector to invest in. For these groups their ideological context is related to their present economic function and does not (as in the case of 'former landed property') place constraints on that function. This division of bourgeois land ownership into three structurally distinct groups indicates, according to Massey, "that no one catch-all category of landed capital — that is, no single coherent fraction of capital based on the ownership of land — can be said to exist".[11] This obviously has important political consequences for the possibilities of land reform, which will be developed later.

But first of all, a more detailed analysis of financial land ownership since this type is clearly the most central to political issues of land ownership. In the cities, although the absolute amount of land owned by the groups composing this type is small, it nevertheless dominates the shape of the land market precisely because it is financial land ownership and as such, is solely concerned with the maximisation of return on land. And, significantly, it is precisely where the financial form of land ownership is dominant that the most explicit political struggles are found. "The dynamic created through this form of land ownership has been partly responsible for the spatial problems of urban areas, and specifically for those aspects of the problems to which the Community Land Act was supposedly a response."[12]

Now some political economists claim that finance capital dominates Australian economic life.[13] We all know from observation over the last twenty years that property investment in the central city by insurance and finance companies has become increasingly important. But why? What are the functions of finance capital? What kind of surplus value is produced by property investment? Is it essential to the functions of finance capital? And what limits does this place on land policy reform, in theory and in practice?

If we accept the basic proposition that labour is the source of all value then it follows that only industrial capital produces surplus — that is, capital is only productive in the sphere of production. But it is only through circulation that the capitalist converts his capital into productive capital and extracts, with the sale of commodities, the surplus value created in production. Circulation thus prepares the way for and completes the extraction of surplus value. Taken in itself circulation does not add any value to the commodity or create surplus value. But in order to speed up the process of capital accumulation it is important to speed up the circulation process. Hence the division of labour among the different sectors of capital is to the advantage of the capitalist class. Hence the specialized functions of three types of capital, with industrial capital controlling the process of production and of surplus value, commercial capital controlling the circulation of commodity capital, and financial capital controlling the circulation of money capital. Commercial and financial capital provide a service to industrial capital and in return share in the surplus created in that sphere. Insofar as finance capital is involved in the land and property market then it is extracting a profit that is created in the sphere of production. Property capital (that is, that part of finance capital involved in the land and property market) creates no surplus. It simply buys in order to sell at a higher price. Or, as Vieille put it, the landowner "speculates on urban dynamism and the provision of facilities by the community, and takes today the value expected tomorrow".[14] But in so doing, and forcing up land prices, financial capital is forcing up the costs of production of industrial capital and producing conflict within the process of accumulation. Clearly then, the interest of finance capital in land ownership is not necessarily compatible with the interest of industrial capital in accumulation. But what follows from this politically? What is the extent of finance capital's involvement in land ownership?

There have been several studies of the role of finance capital in property investment in the U.K.,[15] some more systematic than others, but nothing comparable for Australia.[16] Tables I, II and III at the end of this paper update Archer's 1967 figures on the property assets and investments of the seven largest life insurance companies in Australia. If Archer's figures for 1956-65, and mine for 1965-76, are put together, and abbreviated, we get the following table.

PROPERTY ASSETS OF THE SEVEN LARGEST LIFE INSURANCE COMPANIES
As a total $m, and as % of total statutory fund

	1956		1965		1970	1973	1976	
	Total $m	% S.F.	Total $m	% S.F.	Total $m	Total $m	Total $m	% S.F.
A.M.P.	22.4	3.2%	175.7	11.0%	248	425	708	21.3%
Col. Mut.	12.8	5.4%	55.4	8.5%	62	98	155	20.6%
Nat. Mut.	8.9	3.6%	59.8	9.3%	69	153	283	25.3%
T & G	8.6	3.8%	26.7	5.7%	54	104	209	26.3%
City Mut.	2.0	2.8%	5.2	3.0%	15	26	41	11.7%
Prudential	1.9	4.5%	26.7	18.3%	51	89	123	31.4%
M.L.C.	14.8	5.7%	49.3	8.1%	77	141	238	20.0%

Source: Annual Reports of the Life Insurance Commissioner.

The total property assets of all life insurance companies in Australia and the proportion of this total invested in New South Wales and Victoria is indicated below:

	Total	New South Wales	Victoria
1956	$ 60.6m	$ 34m	$. 9m
1965	312.6m	143m	93m
1970	751.2m	324m	227m
1973	1,402.6m	593m	453m
1975	1,969.2m	758m	613m

Source: Life Insurance, Australian Bureau of Statistics.

In 1976 A.M.P. invested a total of $510 million, $98 million of which went into property.[17] In 1977 $80 million of National Mutual's $200 million total investment was in property.[18] All these figures indicate the increasing importance over the last twenty years of property investment for finance capital. For the seven largest companies (who comprise 90-95 percent of the total statutory fund of all insurance companies) the investment has risen, on an average, from around 2-5 percent in 1956 to 8-12 percent in 1965, and 20-26 percent in 1976. A breakdown into types of investment for National Mutual in 1977 indicates the predominance of offices in the overall investment pattern.

Offices	43%
Industry, factories, warehouses	22%
Retail shopping centres	15%
Residential units	6%
Sub. division of land	2%
Land and buildings for redevelopment	4%
Other (motels, car parks, etc.)	8%

Source: Australian Property Investor, July 1977.

Of course we need much more information, but these preliminary figures indicate both the scope and intensity of 'financial land ownership'. Not only are these companies playing a crucial role in the overdevelopment of the central city (Archer found that five of the twenty largest property developments in the Sydney C.B.D. from 1956-65 were owned by A.M.P.); their investments now extend into retail shopping centres, motels, etc., and acquisition of broad acres for subdivision and urban development.[19] Clearly financial land ownership is having a significant impact on metropolitan form. Lamarche goes on from this to argue that "the problems experienced by workers in their homes in the large cities depend to a major extent on land speculation and in particular on property capitalism".[20] Broadbent notes the

> ...large blocks of financial capital seeking to undertake large-scale developments as a source of rental income and increasing asset values... These large-scale redevelopment schemes are a concrete manifestation of the growth of financial capital and the financial sector...This capital circulates in the economy and must find a profitable outlet; competition in the land market generates rents and values and thereby provides this outlet. One of the incipient contradictions in this situation lies in the fact that competition for land is a local, urban-scale phenomenon whereas the capital propelling this local competition is circulating through the national economy — through national organisations.[21]

This has profound implications for urban planners, of course, who are constantly faced with problems caused by this activity of finance capital, yet they have no means of tackling those causes. A second contradiction in this situation is that ultimately the cost of the rising rents and values caused by the activities of finance capital is passed back to the sector where surplus is created, to industrial capital, whose rate of accumulation is impeded by these rising costs. It follows then that it may be in the interests of industrial capital to do something to curb the property activities of finance capital. But how far could this go? Which of the sectors is stronger politically?

In other words, what follows from all this in terms of political action and change? If we pause here to look at some attempts at land reform in the U.K. and some compatable situations in Australia, we can see these two contradictions being played out. Indeed, one possible interpretation of the recent Community Land Act in the U.K. (1975) is to see it as "just one more victory for industrial capital, in this case against the moribund remains of something called 'landed property'".[22] And the history of various attempts to take land into public ownership provides some support for the "barrier theory" of the encroachment of the public sector onto the private sector outlined by Broadbent[23] — the theory that there are limits to the growth of the public sector which are determined by the extent to which such growth would interfere with the profitability of the private sector. Applying this argument to the case of urban land, it would mean that the growth of public ownership or taxation could proceed only so far before it undermined the private market, at which point it would be abolished.

Successive efforts at land reform since 1947 by British Labor Governments have floundered in these dilemmas. In 1947 a 100 percent development tax was imposed which, it was argued, recouped for the community the rise in land values which were created by the community. But the effect of the development tax was to dry up the private land market and (in the absence of any public sector-initiated development to replace the private sector activity) to create shortages and make it easy for the subsequent conservative government to abolish the tax. Yet subsequent efforts by Labor Governments to encourage public sector land development have also floundered, from the Land Commission to the Community Land Act. Why? The case of the U.K. Land Commission shows the sheer logistical, legal and operational difficulties of trying to nationalise land by stealth, that is, by piecemeal intervention in the land market. In the five years or so of its existence it acquired and assembled very little land — a tiny fraction of the thousands of acres developed each year — yet the process of buying land laboriously in the market year by year meant employing thousands of planners, surveyors and valuers and increasing public sector expenditure. The fact that the U.K. Land Commission lasted only five years and that the D.U.R.D. Land Commission programme had such trouble getting off the ground (and was never accepted in some states) indicates an incipient contradiction in a policy of public sector intervention in the land market. Either the political resistance will be sufficient to prevent the policy in the making, or shortly after, or the policy will be sifficiently restricted in its execution so that only small quantities of land will be acquired, at the margin of existing development, ensuring that the land market as a whole continues to function. Thus the Land Commission approach has no impact at all on the profitability of property ownership for finance capital. And by providing a basic resource cheaply and thereby reducing production costs for the private sector, such land reform may well be to the advantage of industrial capital. In other words, we can see how this operation of a Land Commission or a Community Land Act, could easily become the traditional public sector-run monopoly or basic service — providing a basic resource cheaply.

Clearly what needs to be done is something far more drastic — a once and for all change in the rights of all landowners over their land at one stroke and a fundamental leap from a market-based and market-led economy to a public sector-led economy. But isn't there a catch 22 here? On the one hand the conflict of interest between industrial capital and finance capital with respect to land ownership suggests that there is room for reformist manoeuvre within the capitalist structure. The state can intervene in the land market. And yet, when it has tried to do so, the form the intervention has taken has been such as to have no detrimental effect on the main property interests of finance capital and has possibly even benefited industrial capital. (The whole history of the South Australian Housing Trust's operations in the Adelaide land market supports those points. Not only was cheap land provided for industrialists, but the fact that housing land was also cheap for the productive workers meant that labour costs could be kept down, thus further benefiting industrial capital.[24]) Yet there seems to be some barrier preventing something like a Land Commission from being fully effective (in terms of its aim to have a significant effect on the overall land market and to recoup the increase in land values due to community growth for the community). That barrier, in political terms, is the power of finance or property capital to halt reforms at the point at which (if not before) they begin to threaten or undermine the private market. One good example of this under the Whitlam government in Australia was the success of the campaign mounted by insurance companies to prevent the establishment of an Australian Government Insurance Corporation,[25] a campaign similar in many respects to that waged by the banks against the previous Labor Government's attempt to nationalise them in 1947.[26]

It would appear then that the concept of a socialist city in a capitalist society — that is, of significant urban reform within the capitalist structure — will be most difficult to realise. Insofar as land reform is central to urban reform it has only progressed in the past a very little way before it has been challenged and abolished. Insofar as contradictions exist between the activities of finance capital and the needs of industrial capital, there does seem to be room for manoeuvre even if not in the short term. In the medium term though, it may be that the likelihood of land reform will be determined by the political struggle between these two sectors of capital. But really significant long-term change may only be possible when this contradiction reaches a point of undermining the capital accumulation process. Private ownership of land is not a logical necessity for the continued existence of capitalism.[27] It is a result of the specific historical conditions of the establishment of capitalism in this country that the general form of land ownership is private. But different forms of land ownership are possible under capitalism, the most obvious alternative to private ownership being ownership by the state.

My argument is simply that whether land is ever 'socialised' within the capitalist mode of production will depend not so much on efforts at land reform by departments like D.U.R.D. but rather on the ongoing effects of the contradictions of private ownership — particularly in respect of its tendency to increase the costs of production of industrial capital and thereby to impede capital accumulation.

[1]If I were writing Cities for Sale now, then what follows would be the basis of its concluding chapter.

[2]See P. Troy, A Fair Price (Hale and Iremonger, 1978). This history of D.U.R.D.'s attempt to establish Land Commissions in each state is the most extensive account yet published expressing these assumptions. See also the annual D.U.R.D. Budget Papers for a more concise statement of the same thing.

[3]Troy, op. cit., pp. 14-24.

[4]See ibid., pp. 49-76, for an account of Treasury's opposition to the Land Commission programme, for example.

[5]Perhaps the best known exposition is James O'Connor, The Fiscal Crisis of the State (St. Martin's Press, New York, 1973).

[6]R. Catley, "Socialism and Reform in Contemporary Australia", in E. Wheelwright and K. Buckley (eds.), Essays in the Political Economy of Australian Capitalism, vol. 2 (A.N.Z. Book Company, 1978), p. 57.

[7]This is discussed at length in a chapter on the Victorian Housing Commission land deals affair in my forthcoming Fortunes from Land (Hale and Iremonger, 1978).

[8]D. Harvey, Social Justice and the City (Edward Arnold, 1973).

[9]D. Massey and A. Catalano, Capital and Land: Private Land Ownership by Capital in Great Britian (Edward Arnold, 1978).

[10]D. Massey, "The Analysis of Capitalist Land Ownership: An Investigation of the Case of Great Britain", International Journal of Urban and Regional Research, vol. 1, no. 3 (1977), p. 417.

[11]Ibid., p. 418.

[12]Ibid., p. 421.

[13]See L. Rivers and J. Hyde, "The Dominance of Finance Capital", Arena, no. 39 (1975), and P. Cochrane, "Australian Finance Capital in Transition", Intervention, no. 6 (June 1976).

[14]Quoted in F. Lamarche, "Property Development and the Economic Foundations of the Urban Question", in C. Pickvance (ed.), Urban Sociology: Critical Essays (Tavistock, 1976), p. 106.

[15]P. Ambrose and R. Colenutt, The Property Machine (Penguin, 1975); T.A. Broadbent and A. Catalano, "Notes on Office Development by Major Property Companies 1960-1975", Working Note 426 (Centre for Environmental Studies, London, 1975); O. Marriot, The Property Boom (Pan, London, 1967); Massey and Catalano, op. cit.; C. Amery and D. Cruickshank, The Rape of Britain (Elek, 1975).

[16]Ray Archer's article "Market Factors in the Redevelopment of the Central Business Area of Sydney, 1957-1966", in Troy (ed.), Urban Redevelopment in

Australia (Urban Research Unit, Canberra, 1967) provided some interesting data on insurance and property development companies, but that information is now ten years out of data.

[17]Annual Report, A.M.P. Society, 1976.

[18]Annual Report, National Mutual, 1977.

[19]For examine, T & G in Melbourne are developing themselves a large residential estate at Mi-l Park and acquired 6,500 acres at Mount Ridley for the same purpose. The Mount Ridley land was not zoned as land for urban development but the company succeeded in 1976 in persuading State cabinet to override this zoning. I have discussed that in detail in my forthcoming book on land speculation, mentioned in footnote 7.

[20]Lamarche, op. cit., p. 120.

[21]T.A. Broadbent, Planning and Profit in the Urban Economy (Methuen, 1977), pp. 124-125.

[22]Massey, op. cit., pp. 404-405.

[23]Broadbent, op. cit., see chapter 2.

[24]See L. Sandercock, Cities for Sale (M.U.P., 1975), pp. 52-54.

[25]See Rivers and Hyde, op. cit.

[26]See A.L. May, The Battle of the Banks (Sydney University Press, 1968).

[27]I strongly disagree with Harvey on this issue. See Harvey, op. cit., chapters 6 and 7. But a paper of this length is not the place to develop this argument.

TABLE I

PROPERTY ASSETS IN $M OF WORLD AND AUSTRALIAN PLUS BREAKDOWN OF STATUTORY FUNDS

Total figures ← → Australian figures only

	1966		1967	1968	1969	1970	1971	1972	1973	1974	1975	1976		1977
A.M.P.	175	*1,585*	219	222	209	248	293	349† 4*	405 20	483 36	559 46	641 67	*3,045* *272*	
Colonial Mutual	55	*654*	60	62	53	62	72	82	97† .8*	116 3	127 5	145 10	*707* *43*	
National Mutual	59.8	*639*	70	80† .4*	55 1	64 5	73 12	89 28	114 39	145 53	173 75	198 85	*819* *300*	369
T & G	26	*465*	36	40	42	54	62	75† .4*	102 1.7	131 5	150 7	199 10	*765* *31*	
City Mutual	5	*173*	10	12	13	15	17	21	26	31	34	41	*349*	
Prudential	26	*146*	28	30	35	51	56	77	89	99	111	123	*391*	
M.L.C.	39*† 9§	*512*	43 9	49 9	49 8	67 10	83 16	98 19	119 22	143 25	168 28	205 33	*991* *197*	
TOTAL (of 7 companies)	395	*4,174*	475	504	465	576	684	842	1,036	1,270	1,483	1,657	*7,910*	

† Statutory Fund No. 1
* Statutory Fund No. 2 (combined with other statutory funds)
§ Industrial statutory funds

Total statutory funds in 1977 was $4,579m.
Total statutory funds in 1976 was $9,036m.

NOTE: Figures in italics indicate total investment in statutory funds.

TABLE II
PROPERTY ASSETS IN $M OF WORLDWIDE INVESTMENTS

	1966		1967	1968	1969	1970	1971	1972	1973	1974	1975	1976		1977
A.M.P.	175	*1,585*	219	222	250	300	358	427† 4.7*	489 20	583 36	685 46	758 67	*3,683* *272*	
Colonial Mutual	55	*654*	60	62	76	87	99	115	135† .8*	169 3	188 11	183 38	*1,274*	
National Mutual	59.8	*639*	70	80† .4*	94 1.6	108 5.7	123 12	140 28	172 39	208 53	248 75	250 87	*1,226* *348*	
T & G	26	*465*	36	40	45	59	68	81† .4*	109 1.7	131 5	163 7	213 10	*866* *31*	
City Mutual	5	*173*	10	12	13	15	17	21	28	31	34	41	*349*	
Prudential	26	*146*	28	30	34	51	56	77	89	99	111	123	*391*	
M.L.C.	39† 9*	*512*	43 9	49 9	52 9	69 11	89 17	106 21	128 24	157 27	191 30	226 35	*1,068* *41*	
TOTAL (of 7 companies)	395 .1	*4,174*	475	504	575	706	839	1,021	1,236	1,502	1,789	2,031	*9,549*	

† Statutory fund figures
* Industrial fund

NOTE: Figures in italics indicate total investment in statutory funds.

TABLE III

PROPERTY ASSETS IN $M WORLDWIDE AND AUSTRALIAN FIGURES

			Total figures ←		Australian figures only →									
	1966		1967	1968	1969	1970	1971	1972	1973	1974	1975	1976		1977
A.M.P.	175	*11%*	219	222	209	248	292	353	425	519	605	708	*21.3%*	
Colonial Mutual	55	*8%*	60	62	53	62	72	82	98	119	132	155	*20.6%*	
National Mutual	60	*9%*	70	80	56	69	85	117	153	198	248	283	*25.3%*	369
T & G	26	*5.6%*	36	40	42	54	62	75	104	136	157	209	*26.3%*	
City Mutual	5	*2.9%*	10	12	13	15	17	21	26	31	34	41	*11.7%*	
Prudential	26	*17.8%*	28	30	35	51	56	77	89	99	111	123	*31.4%*	
M.L.C.	48	*9%*	52	58	57	77	99	117	141	168	196	238	*20%*	
TOTAL (of 7 companies)	395	*9%*	475	504	465	576	684	842	1,036	1,270	1,483	1,757	*20.75%* *22.37%* *10.83%*	

Average of the seven companies
Average of all insurance companies
Average of insurance companies excluding the above seven

- The statutory funds of the seven companies amounted to 91.15% of the total statutory fund of all life assurance companies operating in Australia in 1966.
- The % in 1977 of total statutory funds was 87.54%.

NOTE: Figures in italics indicate property % of statutory funds.