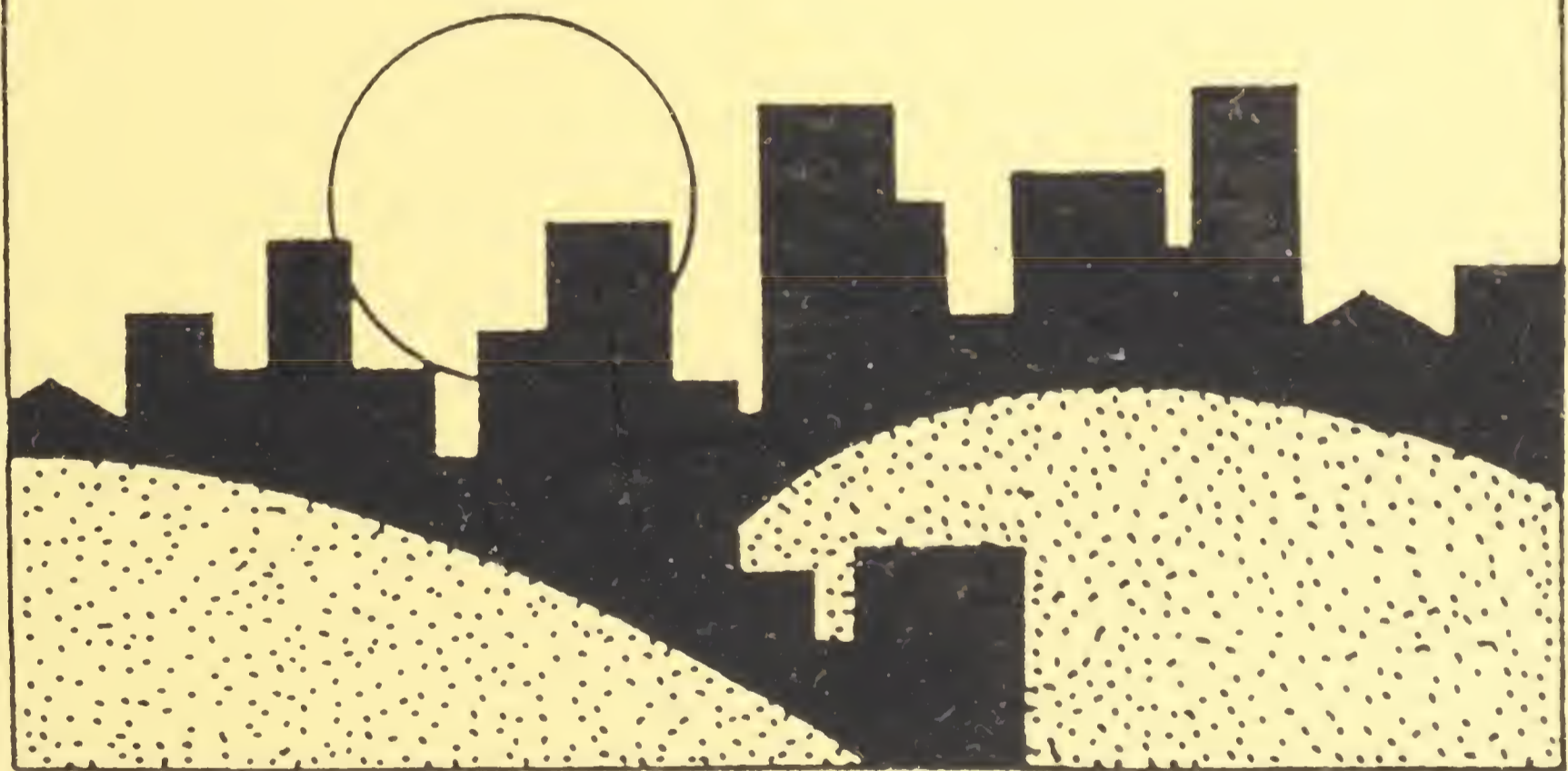


The Commonwealth-State  
Housing Agreement of 1956  
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Home Ownership in the Cold War

John Murphy

Urban Research Program  
Working Paper No. 50  
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URBAN RESEARCH PROGRAM  
RESEARCH SCHOOL OF SOCIAL SCIENCES  
AUSTRALIAN NATIONAL UNIVERSITY



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## ABSTRACT

*The Commonwealth-State Housing Agreement of 1956 is commonly seen as marking a shift in policy and in political rhetoric, away from public housing provision towards private home-ownership. Before examining the evolution of this policy shift, this paper frames it within the context of the social history of the early 1950s, particularly the post-war affirmation of the independent family, with its commitments to domesticity as a basis of citizenship, but in a period when a severe housing shortage also signalled uncertainties about the reliability of the economic boon. The paper then examines in detail the evolution of the 1956 Agreement within the conservative parties, the Commonwealth bureaucracy and the Cabinet. It concludes that, even though home-ownership emerges from these debates as a central ideological priority for the Menzies government, Cabinet thwarted the attempt of Senator Spooner — as the responsible minister — to abolish the CSHA altogether.*

# The Commonwealth-State Housing Agreement of 1956 and the Politics of Home Ownership in the Cold War \*

John Murphy

It is not difficult to establish the general significance of the re-negotiation of the Commonwealth-State Housing Agreement in 1956; the new agreement re-directed Commonwealth funds from public housing provision towards private home-ownership, diverting 20 to 30 per cent of the funds to building societies and lending institutions, and encouraging state housing authorities to sell public housing they built with the remaining funds. The 1956 CSHA has frequently been seen as a stimulus to the pervasive ideology of home-ownership which became so much a feature of post-war Australia, though there has been debate over the causal linkages between the agreement as policy, the actual pattern of increasing home-ownership and the widespread cultural and ideological endorsement of the aspiration to home-ownership.<sup>1</sup> Much of the discussion of these themes has construed policies directed towards home-ownership as building a constituency for conservatism, based on the aspirations of ordinary people for a suburban place and domestic fulfilment — aspirations about which the left has generally been disapproving. This paper examines the political context of housing and the home in the 1950s, and then sketches the evolution of the re-negotiated CSHA within the Menzies Cabinet.

## Home-centred citizenship

Judith Brett's study of Menzies' rhetoric suggests the ways that he appealed to citizens' intimate experience in family life as the basis of their political identification; against the rationalisation and impersonalisation of mass society, Menzies appealed to the affective, face-to-face "life world" of family experience, asking people to see themselves not as members of classes, or as

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\* This paper was researched and written as a Visiting Research Fellow at the Australian Centre, University of Melbourne.

<sup>1</sup> See Jim Kemeny, "The Ideology of Home Ownership", in J.B. McLoughlin and M. Huxley (eds), *Urban Planning in Australia: Critical Readings*, Longman Cheshire, Melbourne, 1986, pp. 251-258; Mike Berry, "'To Buy or Rent?': The Demise of a Dual Tenure Policy in Australia, 1945-60", in R. Howe (ed), *New Houses for Old: Fifty Years of Public Housing in Victoria 1938-1988*, Ministry of Housing and Construction, Melbourne, 1988; Robyn Hollander, "The Wage-earner's Welfare State and Owner-occupation, 1900-1972", *Policy Organisation and Society*, no. 6, Summer 1993, pp. 72-84; Carolyn Allport, "Castles of Security: the New South Wales Housing Commission and Home Ownership, 1941-61", in M. Kelly (ed), *Sydney: City of Suburbs*, NSW University Press with Sydney History Group, Sydney, 1987, pp. 95-124, and Alastair Greig, *The Stuff Dreams Are Made Of: Housing Provision in Australia, 1945-1960*, Melbourne University Press, Melbourne, 1995.

participants in mass organisations, but as citizens constituted in the private sphere.<sup>2</sup> This represents a politicisation of domesticity, in that it transfers into political rhetoric, the intimate values and experiences of the private sphere; in a sense, this made political virtues of what, since the end of the war, ordinary people had been doing, in the marked demographic shift towards lower marriage age, a higher marriage rate and the baby boom. And so, the conservatives presented the nuclear family ideal as the cornerstone of society, to be supported through child endowment and tax deductions — though the latter went particularly to Australian born middle class families.<sup>3</sup> If there may be an echo of “maternal citizenship” in the ways that conservatives represented the family and motherhood in the 1950s, it now has none of the potentially radical dimensions which “maternalism” sometimes had as a strategy by which women’s dependence on husbands might be replaced by an abstract relation with the state.<sup>4</sup>

What to make of this rhetoric of the family, so pervasive and apparently endorsed in the 1950s? I want to suggest two arguments. The first is drawn from Elaine Tyler May’s book *Homeward Bound: the American Family in the Cold War* which connects fervent domesticity with the politics of the Cold War.<sup>5</sup> She suggests that the dominant metaphor of the Cold War — containment — is equally relevant to familial experience; that domestic ideology acted as a buffer against all that was seen as threatening and disturbing in the Cold War period — anxieties about communist threats, about the shadow of the Bomb that hangs over the decade, about internal social subversion and about the worrying effects of post-war prosperity. Family affluence was to contain discontent, domesticity would stabilise an otherwise unstable society experiencing rapid transformation. Affirming family identity was a form of politics, which demonstrated loyalty rather than subversion, stability rather than precariousness.

A second way to understand what the family and domesticity meant in this period is drawn from Nicholas Brown’s study of Australian conservative

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<sup>2</sup> Judith Brett, *Robert Menzies’ Forgotten People*, Pan Macmillan, Sydney, 1993.

<sup>3</sup> John Murphy, “Shaping the Cold War Family: Politics, Domesticity and Policy Interventions in the 1950s”, *Australian Historical Studies*, vol. 26, no. 105, October 1995, pp. 544–567.

<sup>4</sup> Marilyn Lake, “A Revolution in the Family: The Challenges and Contradictions of Maternal Citizenship in Australia”, in Seth Koven and Sonya Michel (eds), *Mothers of a New World: Maternalist Politics and the Origins of Welfare States*, New York, 1993, pp. 378–395.

<sup>5</sup> Elaine Tyler May, *Homeward Bound: American Families in the Cold War Era*, Basic Books, [New York], 1988.

intellectuals. Menzies' promotion of the "independent virtues" of thrift, self-provision and independence from the state suggested a distinctive image of citizenship, which may have appealed precisely because these were seen as values that were vulnerable in the face of mass society. In social theoretical attempts to characterise identity and social change in the 1950s, conservative intellectuals took up David Riesman's theme (in *The Lonely Crowd*) about the loss of individuality in mass society, with its implication that, in modern society, former categories of class and community identity were fragmenting, leaving only what Nicholas Brown calls "the amorphous individualised demands of prosperity".<sup>6</sup>

For the conservative intellectuals Brown studied — academics, marriage guidance counsellors, broadcasters — individuality and citizenship were seen as disturbingly "plastic" and contingent, and hence unstable, and their concern was with strategies for the "adjustment" of "personality" to social functions. Conservatives worried about the containment of the social forces unleashed by post-war prosperity and Cold War tension, and so emphasised the reconciliation of personality with social stability. Citizenship was, in effect, being a well-adjusted civic personality, attuned to social structures. The family was central to this process of reconciliation, because the family "was seen to provide an antidote to the mass society", by playing a role in social stability, by regularising sexual relations and by socialising children. As Talcott Parsons put it: families were "factories which produce human personality", a formulation strikingly like that of Corbusier, the classic modernist architect, that modern houses were "machines for living in".

During the 1950s, amongst conservative intellectuals, religious leaders and social commentators, there were some common anxieties about the maintenance of social stability amidst abundance and about the deterrence of internal subversion. Their images of society had in common an endorsement of familial stability as a means of shaping and containing civic identity. Ways of seeing the family were equally ways of seeing society and citizenship. If we say, then, that Menzies elaborated a public vision of citizens' classless identity in the post-war years, it was one with intense emphasis on domesticity, as the locale of authentic non-rationalised values, and one which resonated with a wider intellectual disquiet about mass society.

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<sup>6</sup> Nicholas Brown, "'Possess the Time': The Formation and Character of Australian Intellectual Conservatism in the 1950s", PhD, ANU, 1990, p. 2.

But given the swirl of anxieties and tensions within which these ideas of domesticity were being developed, the familial containment of the 1950s was not simply a retreat into private concerns. Menzies appealed to the family gathered around the radio to make domestic experiences the basis of political identity, but this was more than an endorsement of civic retreat and complacency in affluence. It was an appeal that touched on peoples' experience of modernity and mass organisations, that saw citizenship as a personal affirmation, and that occurred within a context of Cold War strife. May suggests that the similar pattern in America was less a retreat from the public world, than "an expression of one's citizenship. Postwar men and women were endorsing and affirming, through their families, the goals expressed by major political leaders and experts", goals of family-centred security, of procreation as a national aim and of Cold War containment.<sup>7</sup> It is a measure of the power of familial ideology during the Cold War, that civic virtue could now reside in enthusiastic domesticity.

Within this political culture, home-ownership was clearly a widespread aspiration, as the tangible evidence of inclusion in the consumer boom, with the home as the "container" of civic virtues. Magazines such as *Australia Today* characterised the links between male citizenship, domesticity, home-ownership and prosperity in the following way:

Today, the Australian is essentially and above all things a family man, whose home is his castle...the mature Australian man [is] a person who finds most of his satisfactions within the home circle. His great ambition is typically to marry, to have a family, to purchase a house, to own a car and then to settle down to enjoy life...Above all things, the Australians are anchored to their own houses.<sup>8</sup>

The sentiment was widely noted, and widely endorsed, though with some qualms about the lack of interest in community organisations.

After experiences of depression and war, Australians in the postwar years held genuine commitments to domesticity and the aspiration of home ownership.<sup>9</sup> Writing in *Australian House and Garden*, one woman, Elizabeth Wells, provided a snapshot of these generational experiences:

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<sup>7</sup> May, op cit., p. 160.

<sup>8</sup> Morven S. Brown, "Australians and their way of life", *Australia Today*, October 20, 1956, p. 55.

<sup>9</sup> See Carolyn Allport, "Women and Suburban Housing: Post-war Planning in Sydney, 1943-61", in J.B. McLoughlin and M. Huxley, op cit., p. 237.

During the war years, while Andrew was overseas, I took a job and tried to save enough from my pay and the allotments Andrew sent me to buy a house. But when Andrew came back we spent more than half of our savings that first year while Andrew went back to school and I produced a son and heir. Now, my young man has had a cake with two candles, his father has had his first raise in his first post-war job, so I'm ready to finish what I started in the way of a family. [But two will be enough] We still haven't rebuilt our savings balance to buy that house and it's next on our agenda.<sup>10</sup>

This was in 1950, and reflected people who knew the war as adults; other younger couples had, perhaps, less of this background of built-up aspirations, but still endorsed the expectations of home-ownership. Writing in 1955, Bob and Zeita Esler, as a "young couple" who were owner-builders, put it like this:

Because a home is the happiest place in the world, and the only perfect setting for family living, we decided that we'd do without anything to have a better-than-average house. [But] No young couple likes to borrow without careful consideration...Especially when repayment depends on the health and earning capacity of the breadwinner.<sup>11</sup>

*House and Garden* was usually pitched at professional middle class couples with sunny dispositions, and the only cloud on their horizon was the housing shortage and the difficulties of housing finance for newlyweds. *Man* magazine, by contrast, often played to an underside of resentful misogyny and male discontents with suburban domesticity, representing marriage and mortgage as traps, and providing fantasies of escape to the South Pacific islands or into the arms of beautiful, but invariably dangerous, women. But it too, reflected the connections between employment (usually in white collar organisations) and domestic commitments. One of its short stories (they were frequently about breaking out of domesticity) has the husband exposed as an embezzler, trying to explain to his distraught wife: "I did it, Jeanne. I wanted money, success, a home like this, prestige — I intended to replace the money." With his wife unable to forgive him, he shoots himself. Domesticity and the home were here being destroyed by a desperate means to fulfilling these aspirations; the short story was significantly titled: "Death of an Idol".<sup>12</sup>

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<sup>10</sup> Elizabeth Wells, "A Little Family Suits me", *Australian House and Garden*, August 1950, p. 32.

<sup>11</sup> Bob and Zeita Esler, "We Borrowed to Build", *Australian House and Garden*, November 1955, p. 19.

<sup>12</sup> William D. Mills, "Death of an Idol", *Man*, May 1950, p. 12.

Although the aspirations of home and success were endorsed, the risk lay in too desperate a desire for them.

### The fluctuations of prosperity

Throughout the 1950s, there was a persistent concern with the housing shortage, which was not only significant in itself, but disclosed a deeper anxiety about the reliability and the permanence of the economic boom. By comparison with our period, since the end of the long boom in the mid-1970s, the 1950s appear something of a golden age of full employment, rising real wages and increasing standards of living. Yet within the 1950s, there are sharp fluctuations in prosperity; in addition, much social commentary was unsure, and even sceptical, about whether economic prosperity could be maintained. There was no consciousness of being in the first years of the long post-war boom. In popular magazines and fiction, the shadow of the Depression hung over the decade. This sentiment ran as an undercurrent to the implicit promise of Fordist compromise in the post-war years — that mass production would provide full employment and make possible mass consumption, and that consumer goods would be the fruits of co-operation, as a new politics of inclusion.

Yet by the middle of the decade, the suspicion that the boom could not last seemed confirmed by experience. There are in fact two booms in the 1950s, with a distinct slump in the middle of the decade from 1952 or 1953 until 1957 or 1958, and during this slump ordinary peoples' aspirations for security, home-ownership and a higher standard of living receded again from grasp. In the middle of the decade, the promise of Fordist modernisation — of a consumer boom as the tangible evidence of inclusion — must have seemed brittle.

When people were asked in Gallup Polls whether they thought they were better off, large majorities consistently said they were either worse off, or about the same as twelve months previously. In 1951, 60 per cent considered they were worse off, compared with 48 per cent in 1952, and then up again to 53 per cent at the end of 1953. In 1954 and 1955, sentiment swung in the direction of optimism, with majorities (of 52 per cent and 64 per cent respectively) saying they were now better off, but their confidence receded again. It was not until early 1958 that there was another substantial turn for the better, when only 22 per cent thought they were worse off, and 30 per cent said their standard of living had improved since a year before. Even within this improvement in 1958, unskilled workers and farm labourers still considered that they were going backwards, and it was the professional middle class which showed the greatest

improvement.<sup>13</sup> So we should be wary of general statements about unbroken improvement and prosperity through the decade.

These fluctuations are also reflected in the persistent refrain of the housing shortage, perhaps made more acute by the widespread endorsement of the aspiration for suburban home-ownership, which — having been offered as a universal hope — now receded from grasp. In the early 1950s, when people were asked what was the biggest problem facing the federal government, economic conditions and inflation rapidly replaced communism as the major issue — in mid-1950, at the height of Menzies' attempts to ban the Communist party, 45 per cent identified communism as the “biggest problem”, followed by 14 per cent housing and 10 per cent the cost of living; but a little over a year later, at the end of 1951, communism was seen as the major issue by a mere 5 per cent, and housing itself by only 7 per cent, but 48 per cent nominated the cost of living — the high inflation of 1952 and 1952.<sup>14</sup> Unfortunately, the question was not asked again during the decade, but given that high inflation was seen as contributing to high housing costs, inflation and the housing shortage were seen as connected. At the end of the decade, 60 per cent of the population still thought that “judging by what you see and hear”, the “housing shortage” was not ending, a view held by substantially more Labor than conservative voters.<sup>15</sup> This may only be a measure of opinion, rather than experience, but suggests how pervasive had been the discourse about housing shortages through the decade.

*House and Garden* wrote regularly, and without relief, about the alternatives facing young couples who wanted a home of their own; there were few places to rent and if available the rent would be too high<sup>16</sup>; living “cooped up in small homes with in-laws [had] reached appalling proportions”, and the choice seemed to be between “home and no children, or children and no home”<sup>17</sup>; other articles recounted experiences of living in converted garages, or building temporary housing on a purchased block of land.<sup>18</sup> Most of these accounts were cheerfully though pitifully disappointed, but a more grittily working class account such as Dorothy Hewett's *Bobbin Up* (written in 1958), reveals housing

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<sup>13</sup> *Australian Gallup Polls*, April 1951 to February 1958.

<sup>14</sup> *Australian Gallup Polls*, no. 691 (published June-July 1950) and nos. 822-834 (published Dec. 1951-Jan. 1952).

<sup>15</sup> *Australian Gallup Polls*, no. 1495 (published Oct.-Dec. 1960)

<sup>16</sup> *Australian House and Garden*, Oct 14, 1957

<sup>17</sup> *Australian House and Garden*, May 1958, (letter).

<sup>18</sup> *Australian House and Garden*, December 1951 and November 1952.

as a major problem amongst workers in Sydney's inner suburbs, with slum landlords arguing that rent control had meant they could not afford to fix leaking roofs, and with aspirations to home-ownership terribly tenuous, if not futile.

In 1958, *House and Garden* editorialised on the housing problem. The legacies of the war — rationing and black markets — were now long gone, and the stores were full of goods “that were hard to get a few years ago”:

Yes, we have everything. Everything, that is, but the most important thing of all — housing. Housing is the only shortage still with us. It is the only shortcoming in the whole nation we haven't solved. And whose fault is it? The cry is unanimous — the Government's. Of course the Governments are to blame. They could be doing more. They have had 10 years to solve this problem and they haven't done it yet. But what about some self-help?

The article then went on to argue that the building industry and lending institutions could do more, the former by increasing efficiency and cutting costs, the latter by more active investment in housing. But the editor also turned a scolding eye upon ordinary citizens, who were not prepared to make enough sacrifices to save to buy a house, and who expected home-ownership as a right: “Can we be sympathetic towards these people? After all, nothing helps quite so much as helping yourself...A home may be every man's heritage but this doesn't mean that it must be presented to him on a plate.”

But it was not clear what the conclusion from this train of thought should be; although the civic virtues well articulated by Menzies — of individual thrift and self-provision — were clearly being asserted, they were not necessarily presented as the solution, because “housing is a nation-wide asset — it is everyone's responsibility, not just the Government's or the financier's. This acceptance of the shortage has gone on too long.”<sup>19</sup> The magazine was passionate about home-ownership, as presumably were its 65,000 readers, but it seemed frustrated in the face of an intractable problem, rather than able to clearly diagnose its causes and propose policy solutions. If federal and state governments had tied their stars to home-ownership, they were getting little credit from *House and Garden*; if the Commonwealth's CSHA changes of 1956 were intended to signal a commitment to home-ownership, they were not mentioned in this analysis, and had certainly bought no political credit. But equally, the government was not being held clearly responsible for housing

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<sup>19</sup> Editorial “The Housing Shortage – whose problem is it?”, *Australian House and Garden*, April, 1958, pp. 70-73.

provision, seen as a problem of the nation, rather than of the government of the nation-state.

Within the boom of the 1950s, then, aspirations for home-ownership as one of the major fruits of Fordist co-operation were far from satisfied; during the slump in confidence and, to some extent in living standards, from about 1952 to 1957, home-ownership had slipped from the grasp of many, and was seen as a problem in public discourse. The same pattern can be seen in figures on new housing expenditure compared with GDP. In 1949-50 and 1950-51, the annual growth in housing expenditure far outstripped the growth in the economy in general, then began to slip in 1951-52, before slumping profoundly during the contraction of the economy in 1952-53; it was not until 1957-58 that growth in housing investment was again greater than the overall growth of the economy.<sup>20</sup> The intense periods of investment in private housing were at the beginning and the end of the decade. In between these peaks lay substantial doubt and anxiety, that home-ownership as the tangible evidence of prosperity might remain unattainable, and that the home was out of reach.

#### The Treasury, inflation and housing

Within this context of high political and cultural values placed on home and property, the Federal Government was balancing a number of contradictions. Its own political mores were tied to home-ownership and what Judith Brett calls ‘home-centred independent individualism’, yet its commitment to national development and economic expansion threatened to exacerbate the inflation and the shortages which could undermine that dream. In the first half-decade of the government, however, ministers such as Spender, Casey, Spooner and Fadden showed some talent for integrating analysis of different policy areas, in the attempt to balance these contradictions.

National economic development, as a major priority in the first years of the decade, was seen as related to defence preparedness in the Cold War (in terms of self-reliant industrial capacity), and this was in turn connected with an ambitious immigration program (to expand the economy, increase the labour force and produce a more defensible population); rapid growth was increasingly seen as linked with inflation, as a major policy problem by 1951, and inflation, growth and immigration were all seen as intimately related to housing, though in contradictory ways. For example, housing shortages could threaten public

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<sup>20</sup> Calculated from R.A. Foster and S.E. Stewart, *Australian Economic Statistics: 1949-50 to 1989-90*, Occasional Paper no. 8, Reserve Bank of Australia, Sydney, 1991, table 5.2b.

support for the immigration program, yet immigration required expansion of more housing; rapid growth in the economy made it harder to divert capital, materials and skilled workers towards housing, yet housing was also seen as a key industry; inflation was pushing up the costs of housing, and further growth in the housing industry might only fuel more inflation.

The inter-relation of these different aspects of policy is obviously complicated, and is scarcely sketched here, but a general point is that by 1951, rapid inflation as a consequence of the Korean war had severely alarmed the government, producing a tightening of policy that pushed aspirations such as home-ownership further out of reach. Well into 1953, the Treasurer held the line against Cabinet's restiveness on housing, arguing that inflation was the major problem, that housing shortages were caused by shortages of materials and skilled labour, rather than shortages of finance, and that no special arrangements should be made for housing interest rates.

In one sense, this was the Treasury line carried over from the Chifley government. As Treasurer and Prime Minister, Chifley was regularly requested to arrange lower housing interest rates for farmers, veterans and young marrieds. His consistent reply was that such arrangements for specific groups only represented a public subsidy to those groups, who were better served by the general government policy to keep interest rates as low as possible.<sup>21</sup> As the new Treasurer, Fadden received the same entreaties, and dealt with them in the same way. For example, in July 1950, the Young Christian Workers' Movement wrote to urge reduced interest rates for home loans, not least because: "All home-ownership schemes create a sense of dignity and independence which is the most effective answer we have to Communism." The YCWM argued that subsidies to bring out migrants, while well spent, could equally be deployed as subsidies towards reduced interest rates for "married couples", and "the resulting increase of Australian births would pay higher dividends in relation to population than the migration scheme". This was a heady mix: with Communism, the birth rate and human dignity all resolved by a subsidy for home-ownership. But Fadden was unfazed, replying flatly that the Government's policy was to keep interest rates as low as practicable, and the real problem with housing lay with the costs of building rather than the costs of finance.<sup>22</sup>

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<sup>21</sup> See "Commonwealth-State Housing Agreement – Interest Rates", Item 1948/1209, Part 1, A 571, Australian Archives (hereafter AA).

<sup>22</sup> F.W. Lombard to A.W. Fadden, 26 July 1950, in "Commonwealth-State Housing Agreement – Interest Rates", Item 48/1209, A571, AA.

In March 1952, Fadden put a detailed submission to Cabinet on housing and the economy, arguing that housing supply had to be considered as part of general economic management. The building industry was a source of inflationary pressures, with “go-slow” patterns, over-time and black-marketing of materials. Costs had risen “inordinately”, and with the priority “given to housing for materials and equipment, other branches of industry and construction have gone short, causing pressures and cost increases there”. Fadden then reviewed the provisions for housing finance through the trading banks, and argued:

...in general, it cannot be said that the advance policy instructions [from the Commonwealth Bank] as they stand are either restrictive or illiberal. Whether the banks undertake this class of business is, of course, their own concern; the Commonwealth Bank could not direct them to do so even if it wished.<sup>23</sup>

Treasury’s approach was rather phlegmatic, arguing that there was ample finance for housing, and that any more would be inflationary. This fitted with the extreme concern about inflation in 1951 and 1952, though it still left Cabinet with a problem in the area of housing.

Again, in August, Fadden returned to the theme, with a draft submission allaying Cabinet anxieties about housing shortages and arguing that the line should be held against inflation. He noted a “sharp downturn” in housing construction, but the

...root of the trouble lies in the level of building costs which rose so high as to deter many people from undertaking the building of homes, no matter how badly they needed them, simply because they could not face the price. ...One vital point to make is that neither the Government nor the Commonwealth Bank could do more for housing at this stage without calling further upon central bank credit.

Fadden would advise Cabinet to sit tight, because the essential solution “rests with the industry itself”, which should take its own measures to reduce the costs of building:

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<sup>23</sup> Cabinet Submission no. 223, March 1952, in “Review of Housing and the Economy 1952”, Item C554, A4940/1, AA.

Unless and until the Government is assured that the industry has reached and is likely to maintain a stable footing we would not, in my view, be justified in taking any further special measures to make additional finance available to it.<sup>24</sup>

As the government rode out the high inflation of the early 1950s, and tightened policy to reduce growth, Treasury seemed to be returning to the austerity politics of the pre-war years, but this in turn pushed the promise of home-ownership beyond the reach of many. In the 1952-53 financial year, GDP contracted by 4.8 per cent, with new private housing investment contracting even further, by 6.8 per cent. The number of new houses completed dropped, from some 78,000 in 1951-52, to 75,400 in 1953-54; as importantly, the proportion of these houses that were being constructed by “owner-builders” (either by their own labour, or dealing directly with sub-contractors such as bricklayers and plumbers) had risen from 33.3 per cent in 1951-52 to over 39 per cent two years later.<sup>25</sup> As Carolyn Allport noted for NSW in this period, for low-income earners unable to buy or even to afford the terms offered by the Housing Commission:

...the more feasible alternative...was to purchase land on the urban fringe and build their own houses. Many couples desirous of a home of their own used their wartime savings to make a deposit, or purchase such land. More often than not such “nest-eggs” were made available by the young wife or wife-to-be whose name usually did not appear on the title deeds, while others built on land subdivided and purchased by family members during the 1930s.<sup>26</sup>

The same pattern was being noted in *House and Garden*, with its regular features and advice on how to convert a garage into a flat, the dis-economies of building temporary housing, and the processes and pitfalls of building your own house. And it was noted in bureaucratic discussions, for example within the Immigration department, which took a keen interest in housing. In 1954, a senior research officer of the department described owner-building as “a remarkable development”, which was “the desperate homeseeker’s reply to building contractors’ prices which he cannot afford”. Owner building might be desperate, and might be inefficient, but “deserves encouragement”. “It is a sign of self help which it would be most unwise to restrain, especially in the case of

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<sup>24</sup> “Housing Activity and Finance”, draft Cabinet submission of 18 August 1952, in “Housing Activity and Finance”, Item 1952/12/31, A6006, AA.

<sup>25</sup> Foster and Stewart, *op cit.*, table 5.2b, and Australian Bureau of Statistics, *Official Yearbook of the Commonwealth of Australia*, Canberra, no. 43, pp. 638-639.

<sup>26</sup> Allport, “Castles of Security”, *op cit.*, at p. 111.

migrants.”<sup>27</sup> During the economic slump, then, as the gap between their aspiration for home-ownership and its affordability widened, ordinary citizens tried to bridge the gap with their own labour, a development which was seen both as a sign of desperation, but also as a welcome indicator of self-help.

### The Evolution of the CSHA

Against this background, of home-centred citizenship and of housing aspirations, yet of the apparent fragility of the boom, Cabinet was held to the Treasury line until late 1953. In December, Cabinet appointed a Housing sub-committee consisting of William Spooner (as Minister for National Development), Treasurer Fadden, Senator John Spicer (Attorney-General), Wilfred Kent Hughes (Interior, Works and Housing), Athol Townley (Social Services) and William McMahon (Navy). This was to be the committee which developed the new Commonwealth-State Housing Agreement, with Spooner as its chairman and its driving force. The committee’s brief was to consider changes to the existing Agreement, including the sale of houses, and secondly, to consider “ways and means of stimulating home ownership”<sup>28</sup>

It was not until early April of the following year that the Committee on Housing Policy met, to consider a detailed background paper from Spooner. This discussed four areas. First, it detailed the existing CSHA, and proposed solutions to various problems, including that there was no explicit limit on the Commonwealth’s liability, there were disputes over what constituted a “housing project” for the purposes of the agreement, and there were too many limits on the Commonwealth’s ability to specify standards and the location of houses built by the states. Second, Spooner discussed the desirability of selling off existing homes, since “the Governments are now landlords on a large and growing scale. This situation is fraught with potential political embarrassment; it also involves practical difficulties and increasing costs in maintaining the homes.” This potential embarrassment presumably referred to the consistent attacks Liberals made on Labor’s “socialist” planning, and certainly Spooner was strongly identified with the market liberalism of the NSW branch of the party.

Sale of houses to their existing tenants would require that attractive terms be offered, but the irony was that the current terms of tenancy were themselves

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<sup>27</sup> R. Kingston, “Notes on the Housing Position”, 16 February 1954, in “Housing Conditions and Statistics”, Item 202/3/6, A445/1, AA.

<sup>28</sup> “Decision no. 906”, 19 December 1953, in “Fifth Menzies Ministry – Minutes of Meetings – Decisions 856-1041”, Item Vol. 3, A4907/XMI, AA.

attractive, and too great an enticement to buy would raise “strong objections from traditional financing authorities”. Third, Spooner considered means of stimulating private investment in rental housing, but argued that, even without rent control, “the rents that would have to be charged by private investors to yield an attractive return on current building costs would probably prove prohibitive to the majority of prospective tenants”. Buildings costs were too high to make private investment profitable.

Finally, Spooner turned to home-ownership, and did so with an acute eye to the politics involved. He argued that part of the problem was that War Service Homes offered “exceptionally favourable financial arrangements” (with low interest rates and long repayment terms), followed by building societies in NSW and Victoria — between them, these two avenues attracted the most demand for home finance, though they were unable to meet demand. The more traditional lending institutions required deposits beyond the reach of many, who were defeated by “the large gap that generally exists between building cost and the maximum advance obtainable...” Spooner saw political dangers and opportunities here. Unless a new housing policy could be developed, “the Commonwealth’s present difficulties, with their consequent political disadvantages may become worse”; but on the other hand, “there is an opportunity in the present situation for the Commonwealth to use the [housing] industry more directly as an instrument of economic policy, but also for the Government to gain greater public recognition of its part in stimulating home ownership”.<sup>29</sup> In the subsequent developments, Spooner always had a keen eye for the political acclaim that could be gained from being seen to act on home-ownership, and frequently used this as one criterion for evaluating proposals.

Spooner’s submission was considered by the Housing Policy Committee on 5th April, 1954, with Menzies and Josiah Francis (Minister for the Army) also present; unusually detailed minutes revealed a vigorous debate, with some sharp disagreements. There was disagreement on just how politically important housing was. Spooner and Kent Hughes argued housing was of paramount priority, and would be important in the forthcoming election; McMahon, Spicer and Townley all considered it as “moderately but not vitally important to the Government”. But Arthur Fadden was a good deal more truculent: “Housing is essentially a state matter. By virtue of the agreement the Commonwealth had assumed some responsibility but it should not seek to increase its responsibility

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<sup>29</sup> “For Cabinet Committee: Housing Policy, GEN 26/1”, April 1954, in “Housing Policy 1954”, Item C2554, A4940/1, AA.

in this field.” Although he did not consider housing an important policy area, he conceded it was an issue more pressing in metropolitan than country areas.

There was support for a proposal, put by McMahon, that Commonwealth funds be diverted to building societies: “This would be a popular move and in keeping with the principle of encouraging private enterprise.” Spooner supported the idea, later to be the basic feature of the re-written CSHA, but “he felt that diversion of funds from the Housing Agreement was not the answer and certainly the State Governments would vigorously oppose the idea”. This caught the later developments in a nutshell. Menzies argued that the sale of public housing built under the existing CSHA should be encouraged, and reported that he had already floated the idea with the Premier of NSW. Spooner put a proposal for tax incentives for home purchasers, on the model of the tax deductions which the government had introduced for dependent spouses and children and for premiums for health and life insurance. Fadden was adamantly opposed: it would reduce “the field of taxation” and make it more difficult to reduce tax rates, and “it would bring in its train all sorts of complications on tax concessions generally and could make more enemies than friends”. Although Menzies kept the proposal alive, saying that “it was worth further examination”, this was a battle Fadden was to win. Similarly, “the Treasurer was emphatic that he could give no support to any proposals for a ‘subsidised’ interest rate.”<sup>30</sup> Clearly Treasury was opposing any taxation or other subsidies to support home-ownership, effectively cutting down the range of options available to the committee as it sought “ways and means of stimulating home-ownership”.

The Housing committee met a week later, on 14th April, and agreed to parts of a submission from Spooner. In particular, Spooner’s proposals for terms on which existing CSHA houses would be sold to their tenants were approved. He observed that over 60per cent of CSHA tenants were ex-servicemen and hence already entitled to purchase those houses under War Service Homes terms; they would be encouraged to do so. For the remaining CSHA tenants, Spooner proposed terms of a 10 per cent deposit (given that the size of deposit was seen as the major obstacle with conventional sources of housing finance) but an interest rate of 4.5per cent , which was the market rate. Spooner was acutely aware of not undermining the position of the banks and building societies, and proposed to “strengthen the competitive position of

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<sup>30</sup> “Cabinet Committee (Housing), Minutes of Meeting – 5th April, 1954” in *ibid.*

building societies”, effectively as compensation.<sup>31</sup> These terms for the sale of existing CSHA houses were then approved by the full Cabinet some 5 days later.<sup>32</sup>

At the Housing committee meeting, other parts of Spooner’s submission were more contentious. Spooner tried again with proposals for tax incentives to encourage home-ownership, but now considered that a concession for home purchasers would be undesirable because, if “we give a tax incentive to people to purchase or own their own homes we may increase the demand for homes to be built with Government moneys”. What he seemed to mean was that the government should be taking less of a role in housing provision, “we want more private investment in the home building industry and less government moneys”, and a tax incentive would only encourage perceptions that the Commonwealth would provide.

This was ironic however, given that Spooner was acutely aware of the political opportunities in being seen to have solved the housing shortage. Nevertheless, his overall perspective — as he put it “the pith of the problem” — was “to stimulate private investment and discourage the increasing demands upon Governments for funds for home building purposes.” Accordingly, Spooner argued, he was strongly in favour of tax incentives to mortgagees, to encourage private investment in housing, since “banks and other lending institutions would then have an inducement to lend to building societies. This would enable the building societies to provide more houses and as these houses were built the activities of the C.S.H.A. could be tapered off.” But, he noted with regret, “the proposal is not a practicable one at this juncture”, by which he presumably meant it was not politically practicable.<sup>33</sup>

For some years, Fadden and the Treasury had been arguing that the housing shortage was not caused by a shortage of available capital, but Spooner continued to disagree. Within a clear political commitment to encouraging home-ownership, the Government was also committed to reducing its own role, and particularly to reducing cultural and political perceptions of its role. Spooner’s suggestions for housing themes in the policy speeches of the approaching election illustrated this complex mix of intentions. He stated that

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<sup>31</sup> “Submission GEN 26/1”, p. 4, [no date, but between 5 and 14 April, 1954] in “Housing Policy 1954”, Item C2554, A4940/1, AA.

<sup>32</sup> “Cabinet Decision no. 1005, 19-20 April, 1954, in “Fifth Menzies Ministry – Minutes of Meetings – Decisions 856-1041”, Item Vol. 3, A4907/XMI, AA.

<sup>33</sup> “Submission GEN 26/1”, op cit., p. 9.

“a housing policy should undoubtedly be designed to encourage people to own their own homes,” and went on to describe the government’s “proud record of progress” in providing finance through the CSHA and War Service Homes. Total Commonwealth finance, including the Commonwealth Bank, accounted for “40 per cent of the money spent in Australia in building new homes”. But if this suggested a record of activism in meeting the housing shortage, it was neither the policy direction nor the cultural expectation which Spooner wanted to encourage.

The housing shortage is being progressively overcome. We are providing new homes for new families and for New Australians. So that governments can concentrate more on slum clearance, we aim now to encourage private capital to provide an increasing share of the normal housing field.<sup>34</sup>

One, more drastic, proposal which Spooner had briefly considered in his submission had come from John Cramer, who was a member of the Parliamentary Committee on Housing. This Parliamentary Committee of government backbenchers was militantly opposed to public housing, and regarded the CSHA as “the most powerful instrument to complete socialisation one could imagine”, which “creates a frustration to home ownership and encourages irresponsible citizenship”.<sup>35</sup> Accordingly, Cramer had proposed that the CSHA be simply abolished, “and indeed all transactions with the State Governments”. In its place, a Housing Fund would be established in the Commonwealth Bank, which would lend to building societies: henceforth “the Commonwealth’s interest in housing would be to provide funds for the Commonwealth Bank”. Spooner saw problems with the idea, though he was prepared to suggest it to his committee, the reaction of which is not recorded. The main problem Spooner envisaged was that, because the CSHA was the only source of funds for building homes for rent, “there would be great objections to cancellation of C.S.H.A.”<sup>36</sup> Nevertheless, by May of the following year, this had become the centre-piece of Spooner’s policy, but one on which he was to be defeated in Cabinet.

Spooner’s position in mid-1954 was set out in a letter to Menzies. He wrote that he had finished the recent election campaign “quite concerned at our position in relation to housing”. Under the existing arrangements, the

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<sup>34</sup> Ibid., pp. 12-13.

<sup>35</sup> “National Housing”, Appendix C to *ibid.*

<sup>36</sup> Ibid., p. 7.

Commonwealth did not receive “recognition of the major role we have played”, yet housing was of crucial “electoral consequence”. If the Commonwealth was to continue its role in housing, “it should do so actively in order that the Commonwealth’s work in providing finance is better appreciated by the general public”. The states tended to get the attention for housing provision, and the Commonwealth’s activity was not buying it sufficient political credit, at a time when housing was of such “electoral consequence”. Spooner’s point in what followed was how to re-design housing policy in such a way that the Commonwealth was publicly positioned to take the credit.

Spooner then proposed to Menzies that payments under the CSHA be reduced to as low a figure as possible:

...consistent with maintaining the provision of rental housing for those people who cannot be provided for by private enterprise. We should develop the means of getting finance into house building from a source which will be recognised as the outcome of Commonwealth policy.

The means of doing this were either to establish a new department within the Commonwealth Bank, which would lend for housing using the funds not allocated to the CSHA, or to use tax incentives to attract private funds to this new department or to building societies.

In addition, Spooner identified problems in planning to overcome materials and skills shortages in the housing industry, and consequently insufficient planning to deal with the housing shortage (with his department estimating “at least 100,000 homes would be needed in Australia to meet the present shortages without touching the problem of sub-standard dwellings”). Finally, he proposed the establishment of housing as a separate portfolio “so that we have a proper perspective and a co-ordinated policy”. Spooner ended by claiming that he was not “seeking any new portfolio which may be created if you accept my views. Indeed unless you are prepared to provide finance for some new organisation I very much doubt the wisdom of creating a new portfolio.”<sup>37</sup> The future of the CSHA was clearly now quite precarious, because it was not seen as an arrangement in which the Commonwealth received the political credit for financing housing, and nor did it satisfy Spooner’s ideological commitment to shifting the balance from what he had earlier called “government landlordism” to private investment in mortgages.

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<sup>37</sup> W.H. Spooner to R.G. Menzies, 22 June 1954, in “[Menzies Papers] Correspondence with [mostly] W.H. Spooner”, Item 4, M2576/1, AA.

Between mid-1954 and mid-1955, there appears to have been a lull in activity on housing policy; Spooner put his next substantial submission to Cabinet in May 1955, and its proposals to withdraw from the CSHA were defeated. Given the importance of the issue, it is worth briefly following the few threads available regarding the future of the Agreement during this lull. In March 1955, officials of the Treasury and of the departments of National Development and Prime Minister wrote a paper on housing policy which canvassed various options. If the Commonwealth was to withdraw completely from the provision of rental house building under the CSHA, the officials argued, this would pave the way “for a home ownership scheme”, but it exposed the Commonwealth to some political dangers. The states would be able to argue that this withdrawal was “the prime cause of all future housing problems”, withdrawal of existing benefits such as rental rebates and subsidised rents in CSHA houses “could provoke public protest”, and finally, the Commonwealth would be relinquishing one means of macro economic policy control, losing the “ability to exert an influence upon the building industry for the purpose of achieving economic stability...”

Other options which the officials considered included scaled-down versions of the CSHA, with a focus on building for “rental housing for families of limited means...”; the bureaucrats appeared to accept “the need for government participation in housing for less privileged groups”. Finally, they considered a “Commonwealth home ownership scheme...financing home builders”, reflecting Spooner’s aim of stimulating home ownership in ways that rebounded to the credit of the Commonwealth.<sup>38</sup> The Commonwealth Bank was seen as an appropriate vehicle for this, or a new authority could be created; interestingly, the idea of directing funds through the CSHA to building societies was not considered, and had not re-surfaced since McMahon had suggested it in April of the previous year.

The character of potential political opposition to Spooner’s as-yet vague plans can be seen in a letter from the South Australian Premier, Tom Playford, to Menzies. Playford defended the need for “a steady flow of rental houses”, for those whose “financial circumstances or conditions of employment” meant that they could not contemplate home-ownership. Because building costs were so high, investors would not invest capital “in cottages to be let to the lower paid

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<sup>38</sup> “Commonwealth Housing Policy”, 29th March 1955, in “Commonwealth Housing Policy 1955”, Item C1323, A4940/1, AA.

workers”; consequently the states had to supply such housing. Playford went on to defend the efficiency of the South Australian Housing Trust and to insist that “the Housing Agreement should be kept in existence...” under the existing arrangements. In addition, Playford did not object to proposals for the sale of Agreement houses, but was concerned that “in order to substitute private for State housing, the Commonwealth has had in mind the provision of funds to building societies.” Because South Australia had few building societies, a better solution would be to liberalise the conditions of advances from the Commonwealth Bank.<sup>39</sup>

Playford gave no indication that he knew serious consideration was being given to the abandonment of the CSHA, yet this was the centre-piece of Spooner’s proposals to Cabinet, which were considered by Cabinet three days after Playford’s letter. Spooner’s document was forthright and radical, and represented his disenchantment with the CSHA and his commitment to private solutions to housing. He argued at one point in the submission that housing was “the activity in which the Commonwealth is at the greatest political disadvantage”, most probably a reference to the ways the states took the credit for housing policy. This sense of political frustration runs through the submission, animating his radicalism. Spooner proposed, first, that the Commonwealth not renew the CSHA in any form; second, that the government provide loan monies to the Commonwealth Bank for lending to building societies, and third, that a tax deduction be granted on interest earned from loans made to building societies. He justified the abandonment of the CSHA in political terms; the States

...will want to offer — at the expense of the Commonwealth — the most advantageous terms that they can to both home builders and tenants. They will want to ensure that they receive the thanks for those terms and that they are able to continue the present position under which the minimum of credit comes to the Commonwealth.

Accordingly, Spooner was now proposing a complete withdrawal from public housing; “building houses for rental should be left entirely to the States”, who could use their own revenue for the purpose, and the Commonwealth should withdrawal from rental subsidy schemes, other than those to which it had a continuing commitment. He recognised unspecified objections and acknowledged that there were risks in the strategy, yet was presenting it in stark and unambiguous terms.

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<sup>39</sup> T. Playford to R.G. Menzies, 27 May 1955, in *ibid.*

Spooner was proposing the Commonwealth Bank scheme as an alternative to the CSHA; the Bank would be able to supplement from its own reserves the Loan Council funds the Commonwealth provided for building societies; there would be no change in the total amount allocated to housing, but it would be diverted from the CSHA to the central bank, to be clearly identified as a Commonwealth scheme, rebounding to the credit of the Commonwealth. His third proposal — of tax incentives to stimulate capital investment in building societies was justified in terms of “putting the [building] Societies in the most favourable position to raise as much finance as possible”, for they represented “the best chance of breaking the vicious circle in which Governments have become involved in housing in Australia”.<sup>40</sup>

This submission, then, contained the main themes Spooner had been working towards since early 1954: tax inducements to attract private capital into housing investment, a jaundiced and reluctant view of the Commonwealth’s involvement in housing, resentment that that involvement seemed to earn more criticism than credit, and commitment to using Commonwealth funds to stimulate private home-ownership rather than public housing. It was a mix of market liberalism and political calculation. Perhaps to fortify his position, Spooner despatched his paper to Menzies, to have it circulated under the Prime Minister’s name; though Menzies was hardly fulsome, noting simply on his covering note to Cabinet ministers that he had received it from Spooner and it “requires consideration before the forthcoming Premiers’ Conference”.<sup>41</sup>

In the Cabinet meeting that followed, Spooner was soundly defeated. Cabinet explicitly rejected each of his proposals, though it agreed “that the existing agreement needed substantial revision”. In that revision, Cabinet wanted to ensure that the Commonwealth would control the amounts voted to housing, and that of this amount a specific proportion would be “allotted by the States through co-operative building societies for financing home ownership”, with the remaining funds at the discretion of the states to use for rental or other housing.<sup>42</sup> Here, then, were the outlines of the 1956 Agreement, imposed on Spooner by his Cabinet colleagues, who were not prepared to adopt his more radical proposals. But why was Spooner defeated? The Cabinet minutes are bare and cryptic, and reveal nothing of the discussion. Possibly, Cabinet

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<sup>40</sup> “Submission no. 374: Housing Policy”, 11 May 1955, in *ibid.*

<sup>41</sup> Covering note to Submission no. 374, R.G. Menzies, 30 May 1955, in *ibid.*

<sup>42</sup> “Cabinet Minute, Decision no. 474”, 16 June 1955, in *ibid.*

colleagues balked at the strength of Spooner's market liberalism in a period of Keynesianism; presumably, they were concerned at what the reaction of the Premiers would be to the termination of the Agreement and accepted the argument that termination would give the Premiers a pretext for blaming the Commonwealth for future housing problems, and perhaps they feared the electoral consequences of what Spooner himself had conceded was a hazardous strategy, which risked being seen to abandon all responsibility for public housing provision for low income earners. For whatever reasons, Spooner's dramatic solution had been rejected by Cabinet, and he had been instructed to follow the path first sketched by McMahon over a year previously.

At the end of July 1955, the Housing Committee of Cabinet decided that the new Agreement should specify 20 per cent as the proportion of funds to go to building societies under what was now called the Home Builders' Programme.<sup>43</sup> Spooner objected that this was too small a proportion, and his reasons were set out in a submission to Cabinet in August. Principally, he argued that the number of private houses that could be built with the 20 per cent appropriation "will not satisfy the demand" for home-ownership; his own proposal — that the Commonwealth increase the allocation to the Home Builders' Programme — "offers the opportunity to [sic] the Commonwealth progressively to scale down the growth of State Housing Authorities. The decision of Cabinet [not to vary the 20 per cent] prevents this." Spooner's view rested on an antipathy to the growth of public housing authorities: "the problem is a real one and one concerning which our party members have strong views".<sup>44</sup>

Spooner had been prevented from abolishing the housing agreement, and from pulling the Commonwealth out of all provision of public housing; now, having been directed to use the CSHA as the vehicle for diverting Commonwealth housing funds into home-ownership, he was determined to divert as great a proportion as possible. His efforts were again rejected by the Housing Committee in September, when they decided not to vary their earlier decision, yet only two weeks later, Spooner was presenting to the press his

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<sup>43</sup> "Cabinet Minute, Housing Committee, Decision no. 652 (HOC)", 30 July 1955, in "Housing Agreement Bill 1956", Item C1266, A4940/1, AA.

<sup>44</sup> "Submission No. 530: Housing – Proposals for New Agreement" and "Appendix II: Note on 20% Allocation for Home Builders' Programme", 26 August 1955, in *ibid.*

proposal that the proportion would be increased to 30 per cent after the first two years.<sup>45</sup>

Spooner was up against some powerful opposition. The Premiers — particularly Cahill in NSW and Playford in South Australia — were still objecting to the diversion of any of their funds; in October 1955, all State Housing Ministers had met with Spooner to discuss the Commonwealth proposals and finished their first day “bitterly” attacking the Commonwealth on three particular points. They objected to the increase in the interest rate on housing loans from the commonwealth, which was to rise from 3 per cent to 3.75 per cent<sup>46</sup>; they objected to a requirement that 10 per cent of homes built be allocated to armed services personnel, and finally, while they did not object to an allocation of funds to building societies, they insisted that “the money thus earmarked should be additional to the amount ordinarily available”. This, of course, was the antithesis of Spooner’s intention to cut funds from public housing and direct them towards home-ownership; his response to the Premiers was that they should take any request for additional funds to the Loans Council.<sup>47</sup> But as Ronald Mendelsohn commented in a briefing paper to Menzies: “the States are not happy about losing 20 per cent from their rental housing moneys and at least would like that figure lessened, but they would not really knock back the remainder because it is only 80 per cent .” They were less likely to be happy with an increase in the Home Builders’ Programme proportion to 30 per cent, and as Mendelsohn reminded Menzies, “you have recorded your disapproval of this”.<sup>48</sup>

When all the States finally agreed to the new CSHA — the NSW Cabinet “reluctantly” accepted the Agreement less than two weeks before it came into effect on 1 July 1956 — Spooner had made concessions on the interest rate (which was still set at 0.75 per cent below the long term bond rate, but with provision for the discount to rise to 1 per cent if the bond rate went above 4.5 per cent — “an uncalled-for gift” to the States, in Mendelsohn’s view) and on defence force housing (where the Commonwealth would provide extra funds

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<sup>45</sup> “Decision No. 628 (HOC)” Housing Committee of Cabinet, 5 September 1955, in *ibid.*, and *The Age*, 22 September 1955.

<sup>46</sup> More precisely, the states were offered a discount of 0.75% below the long-term bond rate which the Commonwealth paid for the loan funds, which at the current rates would increase the interest rate by 0.75%. This represented a reduction in the subsidy which enabled the states to keep public housing rents low.

<sup>47</sup> *The Age*, 14 October 1955 [emphasis added].

<sup>48</sup> R. Mendelsohn, “Notes on Cabinet Submission No. 126: Housing – New Agreement between Commonwealth and States”, 4 May 1956, in “Housing Agreement Bill 1956”, *op cit.*

to pay for half of the 10 per cent of houses in question) and finally, the State Banks would not be excluded from use of the Home Builders' Programme funds (one of the very few changes which Bolte had insisted upon).<sup>49</sup> Spooner had allowed no concessions — against the opposition of the Premiers — on his proposal that the Home Builders' Programme would increase to 30 per cent of total CSHA funds for the last three years of the Agreement. The effect was a diversion of 20 per cent from public housing funds, rising to 30 per cent after mid-1958, in addition to the removal of rent rebates and the reduction of interest rate subsidies.

New South Wales was one of the strongest opponents of Spooner's proposals, but he had some support from conservative forces in that state. In October 1955, the secretary of the Master Builders' Association, W.D. Ford, said that the industry strongly favoured home-ownership. The Housing Commission had "done an excellent job", but its role "should be limited to a necessary social service", for those on low incomes. In addition, while public housing went primarily to families, Ford argued that the diversion of funds to building societies would benefit "young married couples with a capital of a few hundred pounds".<sup>50</sup>

The *Sydney Morning Herald* itself supported Spooner in editorials, though with a curious ambivalence. It suggested that a nation of "worthy home owners" might be as "insufferable" as "too much State landlordism", but because landlordism stifled "the spirit of enterprise", the former was "better in principle". The CSHA had played a useful role over the past ten years, but public housing should be confined to low-income families, retaining the "original 'social service' aspect of the scheme". But the editorial then ended with a curious throw-away line: "the nation as a whole is still spending too much on 'milk bar' commodities to the neglect of houses and other durable assets needed for development."<sup>51</sup> The "milk bar" economy was a common reference to the supposed preponderance of consumer spending over national development, but the editorial did not explain why private home-ownership was any more durable an asset than public housing.

In mid-1956, when Cahill was still holding back from approving the new CSHA, the Executive Director of the Building Industries Congress, Stewart

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<sup>49</sup> *Sydney Morning Herald*, 29 May 1956.

<sup>50</sup> *Sydney Morning Herald*, October 11, 1955.

<sup>51</sup> *Sydney Morning Herald*, Editorial, 27 September 1955; another editorial supporting Spooner's changes appeared on 29 May 1956.

Fraser, threw his weight behind Spooner's proposals. The Premier was "playing politics", but "it does not matter what instrumentality builds the homes as long as they are built...People who are waiting for loans from co-operative societies want a stake of their own in the country and don't want the Government as a landlord."<sup>52</sup> But the discussion around the CSHA in the mid-1950s suggests rhetorical ways in which it did matter which instrumentality — the state or the market — built housing. For the Master Builders, public housing should be confined to low-income families; the *Sydney Morning Herald* agreed, and considered home-ownership to be a preferable condition to State landlordism. Stewart Fraser's use of the common phrase which equated home-ownership with a stake in the country was redolent of the Cold War, and of the ways in which property was seen as an antidote to social dissent.

### Conclusion

The expiry of the 1945 Commonwealth-State Housing Agreement was an obvious opportunity for re-consideration of the Commonwealth's responsibilities for public housing in the middle of the uncertain boom of the 1950s. What was done with the CSHA was, in a sense, an indication of the shifts in political rhetoric and sentiment during the decade: particularly, shifts in ideas of citizenship from public provision to private (though state subsidised) self-help, and from identity based on class and state entitlements to identity based in the family and domesticity. In this transition, the private home rather than public housing was seen both as the "container" of Fordist consumption, and the font of civic virtues.

Perhaps Spooner had been attempting to push this transition even further, in his radical attempt to simply dismantle the CSHA, leaving only such public housing as the States were committed to, and a Commonwealth programme of lending for home-ownership. But his Cabinet colleagues were reluctant to go so far, retaining the institution of the Agreement, and using it as the vehicle for directing some funds to home-ownership. By comparison with what Spooner had attempted, his success was limited, but this suggests also some cultural and political attachment to the Agreement, perhaps with political overtones. Cabinet may have been reluctant to appear to have severed all ties with public housing, while Spooner, too, had a clear political intent, reflecting his frequently voiced resentment that Commonwealth funding of housing bought it too little political credit.

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<sup>52</sup> *Sydney Morning Herald*, 19 June 1956.

Spooner published an article in October 1955 explaining “Why the Commonwealth Revised Its Housing Policy”, which touches some of these concerns. He recognised that the CSHA had done much to deal with the postwar backlog in housing, but the “emergency” was now over; wisely he refrained from revealing his own earlier intention to withdraw from public housing altogether, just as he did not reveal his frustrations with the states:

If the Commonwealth is to continue to aid State housing (and we agree that it should) then we prefer that as much of that aid as possible should be used to assist people to build and own their own homes. We take the view that people who have worked and saved to get enough money to put a deposit on their own homes are at least as entitled to receive some aid from the community’s funds as is the person who seeks to solve his housing problem by going on a Housing Commission waiting list.<sup>53</sup>

The moral terms were more subtle than his more forthright views in Cabinet, but they were easily recognisable in the 1950s. Spooner was appealing, as the Menzies government did in other areas of policy, to citizens who saw themselves as constituted by their independence from the state and by their aspirations in domestic commitment.

It is this ideological shift in constituencies which is most emblematic in the new Agreement, seen not so much in class terms as in moral terms of self-help, independence and thrift. The Commonwealth government directed its attention not so much to the middle classes, as to those citizens who were marked out by particular attitudes and behaviours, and the aspiration for home-ownership was one distinctive marker of this idea of citizenship. They were the ordinary (usually middle-class) citizens who wrote in *Australian House and Garden* of their experiences of the depression and the war, their hopes of family stability in a world that was seen as uncertain, and of their conviction that “home is the happiest place in the world, and the only perfect setting for family living”.

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<sup>53</sup> *Sydney Morning Herald*, 13 October, 1955.

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