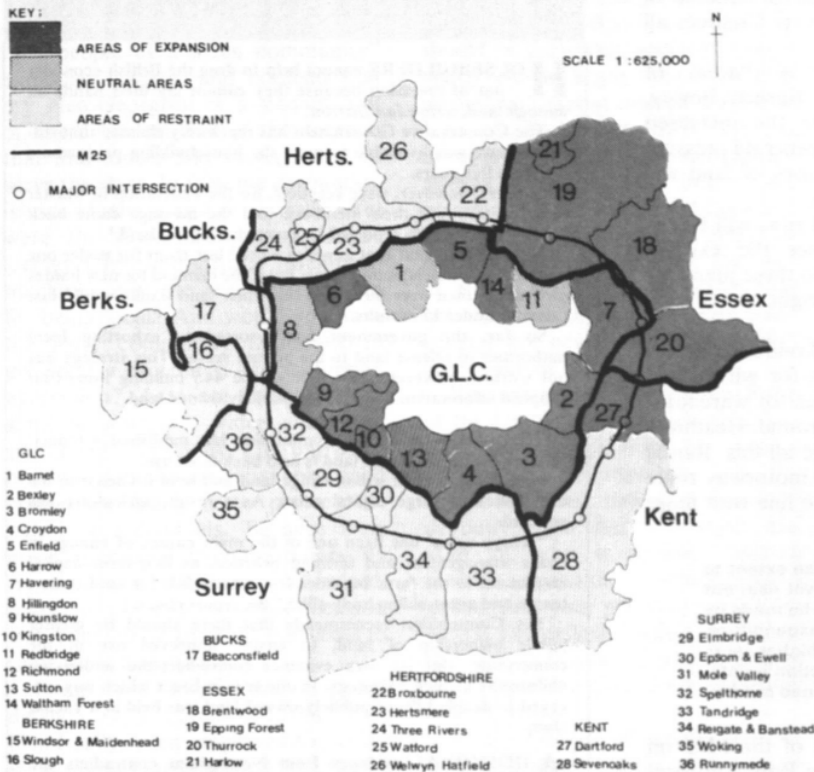


## AREAS OF OPPORTUNITY : INDUSTRY

# The Goldlined Moneybelt



**BERT BROOKES** reviews the report by Nathaniel Lichfield & Partners and Goldstein Leigh Associates - *M25 London Orbital: Property Market Effects* - which reveals how public investment is converted into private gain.



● Nat Lichfield

FROM WHERE I live, on the south-eastern outskirts of London's commuter-land, it takes me close on two hours to motor to my favourite riverside resort - Henley-on-Thames. By far the greater part of this time is spent in inching through the urban congestion of Croydon, Esher, Walton, Feltham etc. Then, having reached the M4 at Harlington and set free from the traffic like a greyhound released from its trap, I thankfully do a "Stirling Moss" down the outer lane to reach Henley in a cloud of motorway dust.

The increasingly funereal crawl to the M4 has steadily offset the attraction of a day in the Thames countryside and for a long time I have feared that my trips to Henley will soon have to cease, becoming just one more casualty of the juggernaut growth of the horseless carriage.

But not it seems that the black outlook may have a silver lining. In five years, if the forecasts are right, the M25 motorway will weave a six-lane girdle around London at a radius of about 15 miles. Subject to the cost of petrol, I shall then be able to drive the few miles from my home to the M25 entry point at Godstone, follow the westerly curve of the new road all the way to the M4 join-up near Slough and from there make my final dash to Henley. Instead of two hours, the journey will probably take little more than one.

I RECOGNISE, of course, that the M25 is not being built simply to provide quick and easy access to Henley, Marlow and Cookham, important though this may be to maintain the morale of suburban Londoners. As far as the government are concerned, the motorway (which they call London's Orbital Route) will fill an urgent national need. They expect it to provide a substantial easing of the present congestion in Inner London, to make a significant cut in the transport costs of industry and to give a shot in the arm to our vital trade with Europe.

A valuable assessment of some of the more specific effects that the M25 will exert on the lives and livelihoods of those living and working in its vicinity are given in a recently-published report. This asserts that the motorway - 120 miles in length and costing £600 m to build - will be the most important development to affect London and the south-east since the construction of the London Underground.

About 35 miles of the road are now open to traffic with another 57 miles under construction. By 1983 the north-eastern and eastern segments will be complete, providing a continuous motorway route from the A1 to the M2 and M20 and on to the Channel ports. By 1984 Heathrow and Gatwick airports will be linked to the Channel ports and the whole circuit should be in business two years later.

The economic effects of all this should be dramatic. Heavy traffic from all parts of the country will be able to reach the London airports, docks and the Channel ports without running the gauntlet through the capital. A lorry going from Dartford to Southampton will take about 115 minutes instead of 150. The road time from Tilbury Docks to Heathrow, at present about four hours, will be telescoped into 90 minutes. The journey from Brentwood to Dover will take 95 minutes instead of 145. The report lists a large number of other typical journeys, all of which will enjoy considerable savings of time when the M25 is open.

ALL RIGHT, so my getting to Henley without expiring en route from traffic frustration will be a pure bonus. But it seems that I shall not be alone in reaping a tangible and personal benefit from that huge slice of public expenditure.

According to the report, the completion of the M25 will trigger a near explosion in land values around the capital's perimeter and the owners concerned will strike a new bonanza.

Whereas the demand for premises in Inner London will probably fall, there will be a big increase in demand in many areas of Outer London and the Home Counties all along the motorway route.

The report identifies more than 50 "areas of opportunity," including places such as Barnet, Bexley, Orpington, Hounslow, Kingston, where the increased demands of commerce and industry will generate pressure for development or re-development. Owners of land will find their rental values zooming skywards.

Within these areas, the most favoured sites will be the junction points where the M25 crosses the existing "feeder" roads. Businesses located close to these junctions "will enjoy crucial advantages in freight costs and convenience."

Among the industrial activities of the London area, the report selects "warehousing" as the one for which land values will be most affected. Rental values for warehousing sites are at present much higher around Heathrow than elsewhere. The new road will change all this. Rental values for warehousing sites all along the motorway route will move up smartly to come closely into line with those near Heathrow.

The report makes no estimate of the precise extent to which land values in the opportunity areas will rise, but there seems no doubt that many a killing will be made by private landowners as a result of this public expenditure. They have merely to sit tight to see those higher rents come rolling in. For those at the critical junction points, London's motorway girdle will prove a gold-lined money-belt.

We can only surmise what the effect of the M25 on public revenues might have been if only a British government in the past had had the foresight and the will to introduce a stiff tax on land values. Not only would the building of the motorway itself have been cheaper (the land for it would have been less costly), but a share in the increases in land values occurring along its route – and even farther afield – would have gone into the Exchequer instead of the whole of it into private pockets.

In a most informative report there is, perhaps, one small omission. There is no mention of the effect of the motorway on the Thames Valley resorts to which many Londoners besides myself will, come 1986, have quicker and easier access. Industries serving the needs of visitors to these places will surely receive a boost. Perhaps, on my next trip to Henley, I should cut short my lazing by the tow-path and go looking for a useful investment . . .



## Neo-Georgism & Libertarianism

My esteemed friend:

As one who has for many years opposed those who have sought to use the Georgist movement to promote various statist schemes, it distresses me to find myself linked with them in your article, "Neo-Georgism Violates Natural Rights and Enhances State Power" (*Land & Liberty*, May and June, 1981). You write from a perspective of Georgist orthodoxy, expressing, through a parenthetical exclamation point, astonishment at my suggestion that we

might make better headway with a name that did not imply agreement with *all* the reforms and analyses George put forward. Yet you did confess to me, at the 1980 Joint Georgist Conference of North America, that you were yourself unable to reconcile the single tax with your own non-governmental libertarianism.

You note that I praise the Libertarians, but ask if I have examined their argument. However, the thrust of your own arguments would seem to exclude from libertarian ranks all who

acknowledge *any* legitimate role, however minimal, for the nation-state. Are Ludwig von Mises, F. A. Hayek, Frank Meyer, Leonard Read, John Hospers and Robert Nozick, then, not to be accounted libertarians? For shame! As for me, my sympathy for libertarianism is no new thing. On my college campus as an undergraduate, I was a libertarian minority of one. I have considered myself a libertarian since long before the term came into general use, long before there was a Libertarian Party, long before – I

## BUILDERS FACE LAND FAMINE

**H**OUSEBUILDERS cannot help to drag the British economy out of recession because they cannot lay their hands on enough land, writes Ian Barron.

The Conservative Government has repeatedly claimed that sufficient land was available to meet the housebuilding programme for up to five years.

Builders, however, were sceptical. So the Federation of Master Builders surveyed their members, and the message came back loud and clear: 85% reported an acute shortage of land.<sup>1</sup>

Half of them said that supplies would last them for under one year at present production rates; but if the demand for new homes picked up, then over 60% said that their land banks would last them for under 12 months.

So far, the government has resorted to exhorting local authorities to release land to the private sector. This strategy has not worked, however: only 11% of the 445 building firms that supplied information had secured publicly-owned land.

**T**HE COUNTRYSIDE Commission has published a report<sup>2</sup> which reveals why land is held back from use.

Speculators corner urban fringe land and hold it vacant in the expectation of large capital gains. As a result, agriculture has suffered.

"'Hope value' has been one of the main causes of change in estate management and farming practice, as long-term capital investment in the farm becomes less worthwhile for land-owner, tenant and grant-aiding body alike," the report states.

The Commission recommends that there should be greater public ownership of land, to ensure improved use of the countryside. But its own evidence contradicts the underlying philosophy of such a strategy. In one area in Essex which was surveyed in detail, 32% of publicly-owned land was held in a vacant state.

**A**DDITIONAL evidence from Nottingham contradicts the government's assumption that sufficient land is available.

The findings also challenge the Countryside Commission's view that greater public ownership would get the land market moving.

A case study of the city was undertaken by the Dept. of Land Economy, Cambridge University.<sup>3</sup>

Over 480 vacant sites were identified. After a detailed survey of 379 of these, covering 1,770 acres, it was concluded that two-thirds were potentially suitable for residential development and most of the sites were in public ownership.

But: "Most of the sites identified as suitable for residential development were not, in fact, available to private housebuilders."

1. Federation of Master Builders, *Future for Housebuilding*, London, June 1981, £2.50.
2. *Countryside Management in the Urban Fringe*, Cheltenham: Countryside Commission, £10.30.
3. D. C. Nicholls et al., *Private Housing Development Process*, London: Dept. of the Environment, £4.35.

Robert Andelson (pictured left) replies to the strictures from Mark Sullivan (right)

