

Inner Cities — What Hope for the Future?

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THE inner cities have had an abundance of social, physical and economic problems for many years. Personal deprivation, a poor and decaying built environment, lack of open space, traffic congestion and, more recently, persistent pockets of unemployment, are all characteristics of the urban rings surrounding the more vital areas of the country's major metropolitan areas. The persistence of these problems, in spite of general improvements in living standards and government programmes aimed at replacing slums, improving poorly maintained homes and supporting communities with a wide range of social and health services, has now brought about a renewed wave of concern.

Anxious no doubt about the possible electoral consequences of not acknowledging the plight of inner city voters, the Government published a White Paper* in June announcing a new commitment to attack urban deprivation, squalor and the lack of industrial development and flourishing small businesses. This new initiative by Whitehall, promising special partnership arrangements with selected local authorities, has arisen following consideration of reports recently published which describe the problems identified by various local bodies, including Education Priority Areas, Community Development Projects, Area Management Trials, Comprehensive Community Programmes, the studies of London Docklands and the three Inner Area Studies completed by consultants. This formidable battery of research documents combined with the views of some local authorities and other interested bodies recognises the results that have been achieved since the Second World War but highlights the issues which remain to be tackled—essentially issues of continuing poverty, poor environment, unco-ordinated programmes and declining work opportunities except in highly specialised fields.

Perhaps because of the interventionist policies of British governments since the War, the problems of the inner cities in the United Kingdom have not reached the size of those to be found in the United States. There are, however, similarities between the chains of events in both countries and it might be argued that the US, with its lower level of government involvement, has sustained a higher level of economic growth and productivity than the UK notwithstanding the wave of desperation evidenced

by urban deprivation, ghettos and visible squalor.

On both sides of the Atlantic the post-war years have been characterised by suburban expansion, the growth of new communities beyond the conurbations, the exodus of traditionally urban industry to lower cost green-field sites and the migration of skilled workers in pursuit of the footloose jobs and more pleasant environments. Those who have been left behind or those who have failed to qualify for jobs in the expanding service sectors of insurance, banking, marketing, advertising, research, entertainment and government, have inherited battle-scarred urban-casualty environments fragmented by modern highways or high traffic volumes and epitomised by substantial acreages of vacant or poorly utilised land. In the UK the Government now admits that much of the vacant land is in fact owned by the local authorities or other public bodies. The urban scene is also punctuated by substantial pockets of municipal housing, featuring blocks of flats disliked by their occupiers whose children have indulged in unusually aggressive forms of vandalism. Nearby, rent-controlled slums deteriorate further while their capital-starved owners fight against minimal compulsory improvement often in the hope that local authority purchase will take the problems off their hands.

The above scenario of trends and consequences is, of course, an oversimplification of both. The impact of thousands of private and public decisions on the inner city is quite complex, particularly as the decisions themselves have been made against a background of tax penalties, investment, development and employment subsidies, locational preferences and guidance policies. In addition there is the legislative



jungle of regulations, appeal procedures, compulsory acquisition, means-tested benefits, cost limits and, in the public sector, budgetary control. All these factors have had to be taken into account in making past

decisions and what is witnessed in the inner city today is the result of both action and inaction circumscribed by economic forces and public policy. Does the future hold any prospects for brighter and more prosperous inner city areas?

According to the White Paper, the Government's view is that while achievement in housing conditions, education and transport has been real, too little attention has been paid to the economic well-being and community life of the inner areas. The extent and changed character of inner area problems, it is argued, are only now becoming fully understood. The answer to the problems, it is claimed, is for the inner areas to be given explicit priority in social and economic policy. Comprehensive action is needed and as regeneration will take time, there must be long-term commitment. The Government's proposals are certainly widely based. They include:

- ◆ Increasing the Urban Programme allocation from under £30 million a year, to £125 million.
- ◆ Reviews of manpower policies and action in the fields of education, health, personal services, housing, transport, planning and environmental improvements mainly in collaboration with local authorities.
- ◆ A new emphasis on industrial policies giving the inner areas priority after the Assisted Areas and before the new and expanding towns.
- ◆ New initiatives in the co-ordination and preparation of programmes through special partnership arrangements with local authorities and involving close consultation with community interest groups.

The White Paper also emphasises the part to be played by private enterprise especially in housing and industrial regeneration. In response to this, Slough Estates have published a short booklet** on the problems seen through the eyes of the potential industrial developer.

This booklet reviews the impact of past policies and is critical of the way in which the private rental residential property market has been forced to decline thus restricting choice in housing and encouraging the more affluent to move to suburban or out-of-town locations. Similarly public planners are blamed for a negative attitude towards industry and for the inhibiting restraints of industrial development certificate control. The Government is urged to make a new approach by relaxing controls, speeding decision-making and by initiating new forms of partnership with the private sector. It is suggested that special boards should be established to promote development and that they should be enabled to raise money by issuing index-linked low-interest tax-free bonds, provide low-interest loans, resettlement grants and offer rent-free periods. Once completed, new developments should be sold or disposed of through long leases so that the capital could be recycled for further expansion. A particular need is seen for small

industrial units in modular single-storey buildings with good road access.

As far as land is concerned, both the White Paper and the Slough Estates point out that new viable land uses in inner areas may not reflect historic land



costs. Land held by the public sector may have to be sold at a loss or leased at a low initial rent. Another problem, of course, is that in some cases inner city landowners holding redundant sites may well be hoping for longer term economic revival. With no taxes on derelict land there is little incentive for them to reduce offer prices or seek short-term low rent-yielding tenants. Uncertain public sector proposals may also be causing blight as well as giving rise to pressures from community action groups calling for more public land acquisition. With many competing claims on their finances local authorities have often been reluctant to put land to temporary community uses, such as public open space pending redevelopment. The new initiative could help in this direction although some councils are already shouting that the Government is not offering financial aid commensurate with the scale of the problems.

It has been suggested by critics of the Government's proposals that more should be done to encourage the return of self-motivated entrepreneurs and skilled workers to the inner areas. In some US cities there are signs of this happening on a small scale and some neighbourhood regeneration is taking place. In addition, some new town-within-the-town large-scale private development projects have been initiated. The success of these ventures depends on tax concessions and the confidence of the lending institutions. In some cases sites have been amalgamated through public agency purchase and new buildings have been granted property tax exemptions for initial periods. There is no doubt that taxes levied on improved building values provide no incentive for redevelopment or rehabilitation. This aspect of taxation deserves to be considered further in the UK notwithstanding the recent Layfield Committee's examination of the rating system.

If anything positive is to be hoped for in the new interest being shown in the inner areas it is that the Government and local authorities might be more open in publicising available land resources, more positive in programming and providing infrastructure improvements and more sympathetic towards the needs of business. There is a danger in a mixed economy of the public sector using too much stick and not

enough carrot.

Recently the London Borough of Southwark has taken a welcome initiative in publicising a plan of vacant and potentially vacant sites as well as establishing a development fund to help industry. There will be many opportunities for partnership arrangements in the London Dockland Boroughs as well as between the Government and the local authorities. At the moment the trends seem to be settling in the direction of land municipalisation. This is certainly one way of ensuring that future land rents find their way into the public purse but it is not necessarily the best way. Even the White Paper admits that local authorities have not been the best of estate managers in the past. We can only hope that their performance may show signs of early improvement now that the Government is offering rewards for increased initiative. Robbing Peter to pay Paul it may be but it could bring promising results—especially if property-tax reform is looked at more closely as a consequence of the Government gaining a better understanding of the factors that influence investment decisions.

**Policy For the Inner Cities*, White Paper (Cmnd 6845) HMSO, 60p.

***The Inner City—A Location for Industry?* Nigel Mobbs, Slough Estates Group.

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JUSTICE is achieved only when injustice is absent.

But when the law, by means of its necessary agent, force, imposes upon men a regulation of labour, a method or a subject of education, a religious faith or creed—then the law is no longer negative; it acts positively upon people. It substitutes the will of the legislator for their own wills; the initiative of the legislator for their own initiatives. When this happens, the people no longer need to discuss, to compare, to plan ahead; the law does all this for them. Intelligence becomes a useless prop for the people; they cease to be men; they lose their personality, their liberty, their property.

Try to imagine a regulation of labour imposed by force that is not a violation of liberty; a transfer of wealth imposed by force that is not a violation of property. If you cannot reconcile these contradictions, then you must conclude that the law cannot organize labour and industry without organizing injustice.

Frederic Bastiat, *The Law*