

Garden City Armenia

THE earthquake that devastated much of Armenia in December 1988 killed nearly 25,000 people and left more than 20,000 seriously injured. Many towns and villages were almost completely destroyed.

The international community mounted a large-scale relief effort, in which nearly 50 countries provided finance, expertise, equipment and supplies. Since that first immediate response, thoughts have turned to how best to go about the massive task of rebuilding the country's shattered towns and rehousing the 500,000 people left homeless by the disaster.

One result of the continuing international concern is the Europolis Foundation's ambitious proposal for an Armenian 'city of peace', designed 'in accordance with ecological principles'. But the Foundation's aim of creating healthy cities in which people can live and work without destroying the environment could be achieved by using a blueprint for development produced over 90 years ago - Ebenezer Howard's invention, the garden city model could make an enormous contribution to Armenia's reconstruction programme.

Howard's ideas have, in the past, figured prominently in Russian and Soviet planning philosophy. Before the First World War, citizens of the Russian Empire witnessed the building of Letchworth, the first garden city, and Alexander Block translated Howard's *Garden Cities of Tomorrow* into Russian while being held in a Tsarist jail.

Vladimir Semyonov built a small-scale version of Letchworth, called Prozorovka, near Moscow, and the garden city approach was incorporated into the pre-revolutionary programme of the Bolshevik Party.

After the Revolution of 1917,

- **Architect ALAN SPENCE** has proposed a plan for creating new towns in the Soviet Union. His ideas will be among those discussed at a conference in Moscow this year. He explains how the ideas of an American social reformer, Henry George, need to be adopted by the Soviet Union.
- "The Soviets won't solve their problems without the Georgist solution to the land question," claims Mr Spence, who has worked with community groups to regenerate London's Covent Garden.
- Capturing the economic rent of land to finance the renewal of the urban environment could be a bold solution to 'quake-devastated Armenia', he suggests. The garden city concept was originally developed in England by Ebenezer Howard, who acknowledged that he was inspired by the fiscal policies of Henry George.

By ALAN SPENCE

garden city principles played a major role during a period in which many 'model' urban environments were planned and built. These schemes varied in scale from local neighbourhoods to whole cities (including the new town of Erevan, planned by Alexander Timmian along garden city guidelines) and were implemented with varying degrees of success. Only when Stalin denounced garden cities as 'petty bourgeois' in 1932 did they fall from favour in Soviet planning.

Now, in an atmosphere of *perestroika*, the political climate is right for renewed consideration to be given to the benefits that garden cities could offer to the Soviet Union.

THIS, then, is the background to my proposal for a new capital city for Armenia, 'Ararat Garden City' - the name being derived from Mount Ararat, which, although lying within the borders of Turkey, plays a major role in Armenian history and culture.

Plans on paper are in themselves of little value unless they are realisable in the hard world of politics and economics. This

is the age of *perestroika*, in which it seems that all things may be possible, but the fact is that the Soviet Union has very little hard currency, and Armenia even less.

However, basing the development of Ararat on the same financial principles as guided the building of Letchworth - one of this century's urban success stories - seems to be a natural solution to the funding problem.

A limited liability company could be set up to guide the development of Ararat, much as First Garden City Limited oversaw the building of Letchworth. A city finance corporation could be established to secure funds by issuing limited-dividend shares in the company, traded on the international markets just like any other share issue.

The limited dividend would probably attract only those investors who would be more interested in supporting the aims of the new city than in maximising the return on an investment.

Support for the scheme could be won from expatriate Armenians and others concerned by the country's present plight, but the corporation would also need to seek funding from loans.

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government grants, charitable foundations etc.

The new city could be built on previously unused land or on areas laid waste by the earthquake. Whatever site is chosen, the land should be leased in perpetuity to the citizens of Ararat by the Republic of Armenia.

Following the guidelines set down by Howard, Ararat would take the form of a 'social city' of some half-dozen small towns, with populations of about 30,000, clustered around a larger, central city.

THE TASK of overseeing the construction of the city would best be undertaken by a development corporation, which would be responsible for producing a master plan (subject to the approval of the Armenian Parliament) and providing the physical infrastructure. Funds for these operations would be channelled to the development corporation from the finance corporation.

Buying and selling land would not be permitted; instead, it would be let out on leases to appropriate users by the municipality. Initially, lease prices would be determined by the development corporation, but as development progressed leases for new sites would be put out to auction.

An annual land rate for each site, linked to the true value of the land to the user, would be determined and collected by the development corporation.

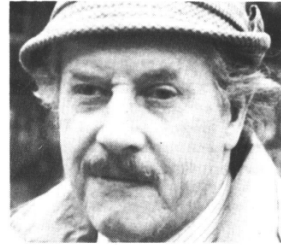
No annual rate would be sought in the early stages of construction, when the land would, of course, be largely undeveloped; but as the infrastructure is built up and the surrounding area becomes increasingly inhabited, so all sites would be rated, even those on which building had not yet begun.

Houses built on development

corporation sites would become the personal possession of mortgagees, who would borrow money to buy land leases and for house purchase or construction from a specially formed co-operative building society.

To prevent property speculation, the development corporation would have the first option on any resale. Disputed valuations could be referred to a system of binding arbitration.

Again following the Letchworth model, the development corporation would set up an agricultural division, to lease out land for small-holdings, farms



• Alan Spence

and agro-industrial complexes. As with housing land, initial annual rates would be minimal, with the land rating being revised according to its real value as urban development proceeds.

If the country is to retain its national identity, the rights to lease land and purchase houses, small-holdings or family farms should be reserved for Armenian citizens or their descendants. However, to repay the hard currency dividends on the shares issued by the garden city company, a manufacturing base would have to be established and integrated into the world economy, and to this end leading transnational companies should be invited to set up branch factories.

Land rates for these enterprises could be charged on the basis of the capital cost of the

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means of production, divided by the number of the workforce, and multiplied by the dividend paid on the shares of the company concerned.

The local economy should be reserved for Armenian entrepreneurs and producers' co-operatives, who would be encouraged to manufacture goods which would otherwise have to be imported. This would enable them to repay starter loans obtained from the city finance corporation and to soon become successful and profitable enterprises.

Underpinning the successful development of Ararat, in whatever sector of activity, would be the revenue derived from the rateable value of land. Rating buildings and property would only be a deterrent to development and to any further improvements to the built environment.

Any property owned by the development corporation would be rented out, with rents determined by the corporation as appropriate. At such a time as the initial building of Ararat is deemed to be complete, the development corporation would hand over control of the land to the municipal authorities.

GIVEN THE current climate of increasing openness to change, the Ararat project could be the flagship of a new garden city movement in Eastern Europe and the Soviet Union. With the potential for solutions to some of the problems facing the former communist bloc countries and elsewhere in mind, a number of architectural and urban design organisations are already co-operating with the Union of Soviet Architects to stage an International Conference on the Role of Garden Cities and New Towns in the 21st century, which

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INFLATION FOLLY

OVER THE last decade the British government has slowly been edging towards an acceptance of the quantity theory of money as the basis for controlling its financial affairs. The former Chancellor Nigel Lawson, even stated on a number of occasions that M0 (which measures notes and coins in circulation) was by far the most reliable indicator of inflation.

As a result, the Treasury has set annual limits to the expansion of the money supply (normally between 1-5%) but it regularly overshoots its target by a considerable margin. Even in the present financial year when a squeeze is supposed to be in operation the average figure shot above 5%, although after last August it was gradually reduced to 3.5%.

As for the broader measure (M4) its average figure for the whole year was 11.1% and its worst 18.2% in January. Even more significant is the fact that, whereas 10 years ago this broad measure was equivalent to about half of gross domestic product, nowadays it amounts to 80%.

This is an unhealthy state of affairs. Even so, the annual influx of extra notes (M0) being

• BRITAIN'S inflation rate reached 9.7% last year, before easing to 9.3% in December - 3% higher than the rates in the USA and Australia, twice the rate in France and three times higher than Germany's rate of consumer price rises.

In his analysis, FRED JONES blames Britain's government, and is puzzled why it was necessary to resort to the printing press to increase the supply of money while paying off the national debt.

printed seems modest enough in itself and according to common sense should not produce more than an equivalent rate of inflation. However, money is not the only means of payment. There is also the system of credit.

Not surprisingly, it is widely believed that money and credit amount to the same thing since they appear to have the same inflationary effects. But this mistaken attitude is largely responsible for much of the present confusion about the true nature of inflation.

In technical terms money is a multilateral contract between the government and the people, and the watering-down of the currency by resort to the printing press has a direct effect on everyone's pocket.

Credit, on the other hand, is a

bilateral contract between a creditor and a debtor, and if a debtor defaults, only the creditor, not the whole population, suffers.

This is because the amount of purchasing power in the system is neither increased nor decreased by credit transactions, it simply changes hands. So it follows that in itself the provision of credit cannot cause inflation.

Instead, what the credit system successfully achieves is to re-channel demand from one potential customer to another, and any reasonably comprehensive retail index must over a period remain unaffected by it.

Yet, whenever the economy goes wrong, the government still tends to use *ad hoc* remedies to reduce what it interprets as "excess credit", whereas it should be looking into the causes that create that excess.

IN THE early industrial era credit was first offered by the goldsmiths and silversmiths who discovered that they could make loans by using the deposits of precious metal in their vaults as a guarantee of their financial soundness.

They also found that they could lend far more than the total amount of these deposits because only about one-eighth of their customers withdrew their valuables at any given moment.

This discovery must have caused the cost of living at the time momentarily to rise until the market adjusted to the extra purchasing power which had been introduced.

But as soon as that once-and-

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will be held in Moscow later this year.

In addition to an international platform of speakers, the conference will feature seminars, workshops, field trips to Soviet developments and an exhibition of designs for new communities, one of which will be for Ararat Garden City.

Christian tradition has often made Armenia the site of the

biblical Garden of Eden. Out of the rubble and devastation of the 1988 earthquake, Armenia could now build for itself a new garden and a new beginning.

By the year 2000, Ararat Garden City could be ready to open its gates onto a new era - as a standard bearer for a nation which, with a history that stretches back towards the beginnings of civilisation, would be ready for a future beyond the 20th century.