



• Alan Cherry

Quality Chaos



• Nicholas Ridley

BRITAIN'S builders are in conflict with the government over the supply and price of land.

The House-Builders Federation wrote to Environment Secretary Nicholas Ridley to tell him that insufficient land was being zoned for residential development.

The letter was published by the angry builders, which stung the minister into a reply which barely concealed his annoyance. He told the builders that opposition to new developments in the countryside was the result of poor quality construction work.

"Your members could do more to reconcile people to the need for more housing by taking care to produce schemes that have greater regard to the local

IAN BARRON reports on a row between the British government and house builders who say they are starved of affordable land.

environment," said Mr Ridley to federation president Alan Cherry. This was an unfair accusation:

- Builders are resorting to high-density developments because prices are now £1m an acre.

- Mr Cherry is not alone among builders in advocating that part of the value of land ought to be spent on improving the living environment - to the benefit of the local community.

- Most people now agree that there is a housing problem. At the beginning of this year, prices

increased at an annualised rate of 40%. Rising house prices are the main cause of a staggering increase in credit, which has led the Treasury to increase base interest rates. That is hitting exporters (because it forces up the exchange rate), and entrepreneurs who want to invest in new capital equipment. But it is not curbing the supply of cash for mortgages!

That government policy is confused is not surprising, for the government does not appear to understand much about the economics of housing. A letter written by an official in Mr Ridley's department to one major landowner in the south-east contained the statement that an increase in the supply of

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not like. And because it is carried on with no loss of U.S. life it can proceed relatively unseen.

As one military strategist put it, low intensity conflict is "a pseudonym for a war without full political support." If it is successful the American people would not even know they were at war!

If the American people can be made to perceive all Third World insurgents as terrorists they will surely condone compromises to America's basic values, the authors observe. So the administration must shape citizens' perceptions of the governments which the U.S. supports.

Thus, after Marcos won a rigged presidential election in 1981, George Bush toasted him: "We

stand with you, sir,We love your adherence to democratic principles and democratic processes."

Apparently killing the opposition, abducting their troublesome civilians, controlling dissent and blocking any substantive change to meet majority needs does not disqualify you from being a democrat.

Our programs continue to deny access to land or decently-paid jobs because we prop up right wing governments which prop up multi-national corporations which exploit the natural resources and cheap labour of these countries. The multi-national corporations have replaced the colonial powers, using their methods of exploitation, and with the American taxpayer footing the bill.

It is crucial for Americans and

the people in Washington who run our foreign aid programs to see that if the Third World does not make it, we are not going to make it.

This is truly one world, as Wendell Wilkie put it more than forty years ago: "After centuries of ignorance and full compliance, hundreds of millions of people in eastern Europe and Asia have opened the books....they are no longer willing to be Eastern slaves for Western profits.

"They....know that men's welfare throughout the world is interdependent. They are resolved, as we must be, that there is no more place for imperialism within their own society than in the society of nations. The big house on the hill surrounded by mud huts has lost its awesome charm."

land for housing would not have a major impact on house prices.

This is astonishing, given the fact that 70% of builders now say that the supply of land is the major constraint on the supply of new houses.

CHRISTOPHER Huhne, economics editor of *The Guardian*, London, has no doubt about what needs to be done to solve the house price boom. He wrote on July 13:

"The house price boom is really a land price boom. The situation is crying out for the sort of land value tax which would encourage owners to develop their land.

"After all, a recent study found that there were 210,000 hectares of vacant land in Britain's inner cities, much of it in private hands. In addition, there are large tracts of relatively undeveloped city land.

"At present, there are inadequate incentives for landowners to release land for building, which is why there is such pressure for planning permission to

CONSTRAINTS ON FUTURE SALES: UK, 1988		
	Major	Minor
Mortgage availability	0	9
Labour availability	19	51
Materials availability	6	48
Lack of purchaser confidence	1	14
Delays/chains 'down the line'	14	53
Inadequate supply of land to meet demand	70	17
Purchasers' inability to pay house prices irrespective of land availability	9	45

Note: Percentage figures may not add to 100 due to rounding

be granted in the green belts.

"The best economic way of dealing with the problem, as Henry George knew and several American and Australian cities have discovered, is to levy a tax on the fully developed value of land, whether it is developed or not. If there is planning permission for housing on those city wastelands, the owners should be taxed on their developed value."

Mr Huhne argued that, if the owner of an urban site could put an eight-storey building on his land, he should be taxed on the

full market value of his land.

"The owner would soon get building - or sell to someone who would."

His article was illustrated with a photograph of Centrepont, in Tottenham Court Road, at the eastern end of Oxford Street in London's West End shopping centre. The high-rise building overlooks a row of single-storey buildings on valuable sites which, if properly developed, would create many jobs and ease the pressure for commercial land in other parts of London.

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