

The Interrelated Problems of Land Use

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This is the second article in a series highlighting some of the points made in papers presented at the conference of the International Federation of Surveyors 1968.

THE HISTORY of the land value cycle, outlined in Mr. R. L. Nelson's paper, reflects the enormous changes that have taken place in a very short period of American history.

One hundred and fifty years ago, about half the U.S. population worked in agriculture. Today, the figure is less than 5 per cent, and their produce not only supports a population of 200 million, but allows large surpluses to be sent abroad. Forty per cent of the U.S. population is now employed in offices and as the output per man in manufacturing increases, the number of people required to administer, transport and organise financial services, grows rapidly. It is strange that the European countries, which pioneered the development of the U.S., should now be examining the trends which have already taken place there to discover what is likely to happen in tomorrow's Europe.

Land values in the U.S.A. are, *per capita* far lower than those in many other developed countries. This has been so since the first settlers arrived. America has always had a development frontier beyond which was to be found large vacant areas to attract new investment and to accommodate population growth at relatively luxurious space standards.

The American land market, however, although much freer than its European counterparts, has frequently suffered from speculative booms and spectacular crashes. The resilience of the construction industry in withstanding the dramatic waves of frantic investment, invariably followed by an over-supply of floor space, has been remarkable. "I know of no other country in the world," writes Mr. Nelson, "where there have been such periodic and dramatic land busts, nor such situations in which the construction industry has been able to create an oversupply of space in such a short time." Between 1922 and 1928 and again between 1954 and 1960, the supply of residential and commercial accommodation far exceeded effective demand. In both cases the accommodation boom was preceded by increasing land speculation, sparked off by the growing economy and the rapidly increasing birth rate following the two world wars.

Mr. Nelson shows how American cities developed in circles or semi-circles spreading out with the develop-

ment of rail and tramway communications. Later with the advent of the motor car (1.5 for every U.S. family), came the suburban sprawl bringing in its wake new opportunities for out-of-town construction. This resulted in the lateral spread of land values which were formerly concentrated along fixed rail transport routes. It also levelled out the down-town land values to a point where in some cities the central shopping area still commands only the rentals of forty years ago. Since more than 9,000 shopping centres (most of them out of town) have been built in the past fifteen years, it is easy to understand how the ever-expanding urban margin has to some extent ensured that *per capita* land values have not soared to enormous heights. On the other hand, the concentration of down-town offices has produced in the major cities small areas of great location value. The sprawl itself has been partly conditioned by land speculation. Those who with-held their land from the market long enough profited considerably from the hop-scotch game of community expansion.

Looking to the future, Mr. Nelson sees the possibility of central-city prime office locations doubling their value in a few years.

With the spread of ghettos, which accommodate the coloured population in very crowded conditions, land values in the inner urban areas have remained high. This has become serious partly on account of discriminatory policies precluding cheap housing, and partly by high commuting costs in relation to the wages for unskilled workers.

The problem of the next few years may be worsened by a rise in *per capita* land values. It is estimated that the population increase forecast for the next twenty years will be concentrated in relatively few large metropolitan areas. Land shortage caused by restrictive land use zoning policies has tended to put a brake on needed developments, and this has resulted in increases in land value in those places where development has been permitted. Urban and fringe sites that have doubled in value in five years could more than double again in the same period. Rising land prices, air and water pollution, transportation and ghetto problems loom ahead. Mr. Nelson paints the picture thus: "Great new crises are emerging in our urban society which may culminate in massive attempts, private and public, to create new towns with an indigenous employment base in truly rural areas to relieve metropolitan pressure."

At the present time a report is due from the National Commission on Urban Problems. Much

evidence has been given to the Commission pointing to the need for a thorough overhaul of U.S. land use regulations, political jurisdiction and the property tax system. Although not mentioned by Mr. Nelson, the growing change in emphasis from taxing buildings to

taxing land, which is gaining greater political acceptance in the U.S.A., can point the way to a land reform programme which is becoming rapidly overdue. The need for urgent remedial action of the right kind has been well illustrated by Mr. Nelson's research.

What a Prospect for 1969!

T. O. EVANS

A "SET OF simple things that need doing" in 1969 were listed and explained in the *Observer*, December 29, under the heading "What we want is . . ." Personally I would prefer a Watney's ale.

Among the things the *Observer* wants is the Treasury to give top priority to producing a plan to encourage new saving with income tax concessions as an inducement. As a further inducement, the Government should compete more closely with the equity market for funds, and, because everyone believes that inflation is here to stay, should offer a "cost-of-living adjustment both for the interest and capital sum."

This is rather like suffocating a man with one hand while administering artificial respiration with the other. It would be more honest to stop debasing the currency—no further inducement to save would be necessary.

EXPORT FETISH

On the subject of exports, the *Observer* complains of the number of bodies who are teaching us how to export more and of the export committee set up to increase exports. The solution? A Ministry of Exports—"a single unified organisation whose single concern should be to promote, advise and analyse our export efforts."

Another Ministry of Meddlers with its army of civil servants is more likely to make matters worse—apart from its cost. Under a sound economy and a floating exchange rate the export "problem" would not exist to give rise to such footling and fatuous proposals.

HOW TO BEAT INFLATION

Continuing the theme of the falling value of money, the *Observer*, loath to advocate the removal of the cause, wants a scheme for making people believe that prices will fall, not rise, so as to stop them from buying (all shopping is now a "spending spree" and is anti-social). It suggests that the Chancellor should encourage the idea that he is considering sharp cuts in purchase tax and also increasing Selective Employment Tax in the service trades. This brilliant idea would, it maintains, cause people to postpone their buying of "consumer durables," but not to stock up on their con-

sumer services since "no one can stock up today on the haircuts and restaurant meals he will be buying in a few months' time, even if he believes that their prices will be higher in the future."

This puerile palliative is not enhanced by the suggestion that the Chancellor need only spread the rumour or "encourage the idea"—but not necessarily carry it out. Debased thinking is no solution to a debased currency.

WHY NOT BURN THEM AT THE STAKE?

Since the heroes of modern times are the exporters it naturally follows that the villains are the importers. Throwing aside the economics of international trade, the *Observer* declares:

"Who are Britain's guilty importers? Too often we hear about the magnificent efforts of firms in exporting but never details of what the same firms are importing. It is time that there was an attempt by the Customs and Excise department to name the firms who are bringing in large quantities of foreign goods which are not for re-export. At the same time the efforts to identify areas where Britain can produce what she is currently importing should be invested with urgency."

Thus we should import only for re-export. Even a hardened protectionist would splutter at this one.

SCRAPING THE BARREL

As a final contribution to the brave new world of 1969, the *Observer* comes up with the revolutionary idea of raising the price of dog licences and, after the usual sop to old-age pensioners who would be exempt, it concludes: "and what about cats? They pay nothing."

If this is the best a reputable and serious Sunday newspaper can offer for 1969, then give me the politician any day—at least we are accustomed to making allowances for him.

I was tempted to think that this unsigned article in "The Nation's Business" section of the *Observer* must have been written by a student who had failed his economics and political science exams, but on reflection I think he might well have passed them with honours!