

citizens spend their money. As a means of controlling the economy, it has enabled governments to cut across tariffs, quotas and other old-fashioned restrictions on trade, by bringing all foreign transactions under the aegis of government control – the ultimate goal of all good collectivist regimes.

Revaluation – This piece of fiscal chicanery is usually accompanied by campaigns such as “Exporting is Fun”. You arbitrarily reduce the exchange value of your currency to a level which is lower than it would otherwise be if it had been left to the market to determine. You then sell more because your exports are rendered cheaper, and import less because the foreigners’ goods have now become dearer.

What kind of benefit this is supposed to represent is not always clear, unless one subscribes to the school of economic non-thought that it is better to give than to receive. After the initial flurry of cheap exports, what usually happens is that exporters find that exporting is not as profitable as it was thought to be. At the same time, dearer imports, by pushing up domestic prices, inevitably attract the home producer. Why export unprofitably, when you can sell your production at home at elevated prices?

The switch to the domestic market, however, soon runs out of steam – the higher prices leading to a demand for higher wages. This frequently obliges the government to debase the currency to offset a domestic depression. The end result is inflation. But the fiction that government regulation of the economy can produce instant and lasting prosperity by playing Lady Bountiful with the money supply to produce full employment, unlimited goodies and social services at little or no cost to anyone is another story.

Purchasing Policies – Where governments are responsible for 50 per cent or more of the national income, a very fruitful area for government protection of native industry exists. Central and local government, the armed forces, the nationalised industries heavily dependent upon government subsidies, the National Health Service, are just some of the more important areas of government spending, where favouring domestic producers can be seen to be an effective source of protection. Far from seeing that the taxpayer gets value for his (or her) sequestered income, the government bows to the lobbying and bullying of special interests who are a constant source of intimidation urging governments to place business with domestic producers. Full employment policies will provide an irresistible temptation to solve any “unacceptable” unemployment by ensuring that all government spending favours the home producer, rather than the foreigner. The taxpayer is all too readily hoodwinked into believing that the government is killing two birds with one stone – that is, spending his (the taxpayer’s) money wisely, while at the same time providing his neighbour with profitable employment.

The reality of the situation is very different. Patronising the corner store may be an act of charity but the town centre supermarket may well provide you with a better buy. Charity may well begin at home; economic well-being frequently means doing business with a producer who may be thousands of miles away from your doorstep. This is equally true whether the government is the buyer or it is some anonymous individual exercising free choice in his best interest as he sees it.

Planning : challenged by the planners!

SINCE 1947, land use planning allocation policies and supporting regulatory and financial measures have been implemented to constrain growth in some areas and encourage it in others.

Growth restraint policies have been drawn up within a framework of restricting development in green belts, areas of outstanding natural beauty and on high quality farmland. In the South East, England’s most densely populated and economically buoyant region, the dispersal of population and industry from the capital has been encouraged. But the political tide has turned. Rising unemployment, continuing urban decay and social problems in inner London have led to policy reviews.

The Government’s attitude to development in the South East now includes policies for the economic revival of London’s Docklands and other depressed areas. Approved structure plans provide for growth to be concentrated, with tight restraint elsewhere. According to the Standard Conference on London and South East Regional Planning there are four land policy categories: growth promotion areas; gradual or phased growth areas; low growth areas; and no growth areas.

The detailed implementation of these policies is in the hands of local district councils who are responsible for detailed land allocations. A recent report¹ questions the ability and determination of the districts to effectively administer the policies in restraint areas and also states that “the emphasis on large growth areas in the regional strategy was probably unfortunate, since with limited development and a limited ability and commitment to restrain it outside the growth areas, the strategy in practice is neither efficient or conservationist...”

The authors also point out that “speculative pressures to convert land to urban use will continue producing deterioration of urban fringe land... Land and property prices in areas favoured for development will remain relatively high, with problems for those looking for low cost accommodation whether firms or people.”

These words come from a publication prepared within a Town Planning Education Department! It is refreshing to note we now have planners challenging planners in the continuous search for viable policies.

TURNING TO a related theme, the search for low cost site for housing, another interesting document has come my way.² This valuable piece of research is concerned with the cost consequences of land allocation policies and examines factors which contribute to the final price of housing in terms of costs to developers and the community.

The most illuminating part of the study reports on a project undertaken for Tamworth District some 14 miles from Birmingham where the planning problem was to allocate land for 1,800 new homes at a density of about ten houses or 40 persons per acre. Using a technique called Threshold Analysis some ten land parcels were examined and costs calculated for meeting site conditions, services, related school costs, sewage pumping and land acquisition. Using the figures in the report, I have the following findings to declare:

- The costs of providing services ranged from nothing to 59% of total site acquisition and preparation costs. Where service provision was most expensive, land acquisition costs were lowest.
- The cost of primary school provision in relation to each home site ranged from 7% to 19% of total site preparation and land costs.
- Looking at the total public infrastructure and acquisition costs, land price ranged from 34% to 91%. The unit land price per house at the time of the study ranged from £1,800 to £3,600.
- From the total cash outlay point of view (land acquisition plus service costs) the three least costly sites had land value elements of 80-88%.

This kind of research is valuable. First, planning decisions can be made more rational, and this is particularly important where housing is being paid for from the public purse. Secondly, the relevant factors of public service costs are clearly identified in advance of decision making; land costs are set out and a data base line is established.

I have frequently argued that planning decisions should be made in the light of economic considerations and it is therefore pleasing to learn that I am not alone in this cause.

This research is now to be extended to a redevelopment situation in an urban area. I look forward to seeing the results. The relationship between land prices and servicing costs is certainly a fruitful field of study. If the collection of more data of this kind leads to a gradual realisation that the service costs could be financed through site value taxation and that such taxation would also result in a lowering of land prices, the effort will be all the more worthwhile!

1. *The Implementation of Selective Restraint Policy—Approaches to land release for local needs in the South East*, P. Healey, S. Evans and S. Terry. Working Paper No 45, Oxford Polytechnic Department of Town Planning.
2. *Low Cost Sites for Public Housing*, Edited by B. J. Simpson and V. R. Clements, Joint Unit for Research on the Urban Environment, University of Aston, Birmingham. Project sponsored by The Nuffield Foundation, £3.00.

Report by PETER HUDSON

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