

The Good Life Lost

In our towns and cities economic mismanagement and greed cost us the good life, says Greg McGill. By adjusting the tax system we could reduce the rewards for greed and reverse the decline

THERE CAN be little doubt that the quality of Western urban life is declining. We have lost the good life. Whether we live in cities, towns or villages it is becoming increasingly apparent that our social, cultural and economic way of life is not what it used to be. All too often we find that what was once taken for granted is either no longer available or provided in a more restricted or less convenient way.

The good life means a living where all our needs associated with home, work and play can easily be met, and where there is a variety of social, cultural, leisure and other activities conveniently available. These should yield an urban fabric of not just houses, shops, schools, offices and industrial premises; but also meeting places (like pubs and restaurants), parks, gardens and allotments, places of religion, entertainment centres (like funfairs and theatres), public transport facilities, sports facilities, medical and emergency services, and much more. Variety is key: but, in terms of quality, it should not depend simply on such a mix of uses. Significantly it should also encompass broader human diversity, provide opportunity for social intercourse, be contained within a quality architecture (both old and new) and, most important of all, be arranged so that all of these interests and activities are easily accessible, either by walking or by efficient, effective and cheap public transport. This is what twenty-first century urban living should be about.

In reality, most of us live a suburban existence where many of the facilities and services are not so convenient and, unfortunately, are becoming less so. Many of us are aware of shops, pubs and post offices closing down, but not necessarily of the continuing nature of this process. For example, according to the UK Office of National Statistics, between 1994 and 2001 around 37% of independent shops selling food, tobacco and beverages closed for good—and since then even more have followed. It's also easy to forget that over the last 15 years there has been an average annual decline in the number of post offices in the region of 2-3%; where, in 2001 alone, Britain lost 547 of these community life-saving institutions. Earlier this year it was announced that a further 2500 are now to go, as part of the government's *Network Change Programme*.

Then there are the other services and facilities that have already been lost or are still disappearing, such as school playing

fields sold to housing; and increasing child obesity appears to be one consequence of this. Examples abound relating to all manner of services—such as the sale of allotment grounds and the closure of town-centre fire stations and local hospitals, frequently making public services less accessible when we need them. What is so disappointing is that such consequences take second place behind the need for public and other organisations to 'consolidate their resources' (eg. sell land) in order to balance budgets.

What we are witnessing is a continuing gradual reduction in the availability of accessible and necessary services and facilities. And this is happening at a time when food and fuel prices are rising, where inflation is on the increase, where negative equity is again raising its ugly head, and where concerns are growing about the impact of our activities on climate change and the environment. It all adds up to genuine and serious concerns about the decline in the quality of our life in the West. What is the option for a better outcome?

In seeking to answer that question it is worth remembering that governments are frequently criticised for tackling problems in a piecemeal way. The implication is that we should seek to find a common cause linking the above diverse range of matters—and there is, in fact, just one cause, namely land. Accessibility and convenience provide the key to the urban good life because we are all totally dependent on what is provided and where it is located; and land is the common denominator. What we should concentrate on, therefore, are the matters which influence how land is used.

There are, of course, many such influences. They include the size and distribution of the population, the creation and distribution of wealth and the regulatory systems (or lack of them) that are adopted by governments—deregulation, privatisation and town planning spring to mind. But land use is also influenced by other matters such as globalisation and taxation, which are more influential than many people realise. In their different ways all these matters affect the demand for and supply of land—and the use to which, subsequently, it is put.

In respect of demand, the starting point must be people. 'Communities' is the current buzzword of government. It's as if all will be solved if communities can be created and nurtured. But globalisation and deregulation undermine the very essence of community

because of the ease with which people and money can now move freely around the world. Both are drawn to attractive and accessible parts of individual countries (eg. in England—London, South Devon and the Cotswolds) and shy away from the already really bad, run-down areas. On the one hand local people are priced out of their local markets and have to move elsewhere to find jobs and housing. On the other, people who are desperate to leave the 'sink' estates are unable to do so. The point is that the demand for land differs enormously in different localities, with serious consequences for the good life because it affects the availability of goods, services and facilities that people need. This is true in both the more popular and less popular areas.

Another important factor affecting the demand for land is the way our economies work. In broad terms, because all life is totally dependent on land and because it has no cost of production (it's been around for millions of years) the returns to land, known as rent in economic terms, or land values to most of us, are a 'surplus' over production costs. That is, they arise simply from the demand for the privilege of using particular land, and are paid irrespective of what is produced or what buildings are constructed on it. In reality land is the source of all wealth because everything originates from it, which means that the returns to land must come first, therefore, before wages, goods and services. Thus whoever controls the land controls production, and the more costly land becomes, the greater the return to landowners—with less available for everything else including houses, wages and services. This is a fact that is all too frequently overlooked.



No 1222 Vol 115

The situation, however, is made worse because the systems of taxes that operate in countries such as the UK and US (income tax, capital tax, goods tax etc.) almost exclusively focus on the productive forces in society, rather than the unproductive forces—most noticeably land. Admittedly taxes such as business rates and, in the UK, Council Tax, have a land element, but these charges apply primarily to buildings and not the ground underneath. Therefore, like all other taxes, they add to the costs of production. Applying to what we produce, they have to be absorbed in some way, usually in the form of higher prices. Charges on land have no such effect because, being the natural resource, it has no cost of production. It simply exists.

As a result, two serious consequences arise for the good life. One is that current taxes are passed on in the form of higher prices. The other is that they foster speculation in land. This then encourages greed and sets in train a vicious circle whereby this fiscal mismanagement encourages further greed which in turn encourages further mismanagement. Allowing this is one of the most unsustainable things societies can do.

The answer to the question of a better outcome would seem obvious. Alter the system of taxation: away from the productive forces in society, and on to land. This would reduce speculation in land which would reduce demand and hence the cost of land. In turn this would enable more money to be made available for everything else. It would also encourage more efficient and effective use of land and be a real driver for urban regeneration. And it would support small businesses and help create greater local diversity. In short, it would foster urban living, reduce pressures on the environment and help bring back more of the good life. **L&L**

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No 1222 Vol 115