



The Saturday club for people with big plans to build

Further discussion on the Aims of the 250 New Towns Club

Planning is not a Socialist system: How Policy Exchange still misunderstands planning

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Policy Exchange and the 1947 Town and Country Planning Act

The youthful Senior Research Fellow for Housing and Planning at the Conservative Party's favourite "think tank", Policy Exchange, Alex Morton imagines himself to be against the 1947 Town and Country Planning Act. He says in the acknowledgement to his 2011 report *Cities for Growth - Solutions to our Planning Problems*:

'I also owe an intellectual debt to those who warned during previous periods of reform that we needed a decisive break from our failed planning system - but were ignored in favour of minor revisions to 1940s-style local authority plans. We cannot afford to repeat this mistake.'¹

At no point in *Cities for Growth* does Morton on behalf of Policy Exchange call for the repeal of the 1947 planning law. He understands that the National Planning Policy Framework reforms are a continuation of the post-war national denial of freehold development rights that gives planning powers to Local Authorities. Without that denial Local Planning Authorities would have no power over freehold land owners. They would have to win public support for any plan. However Morton fails to seriously answer why those criticising the 1947 planning law, let alone those advocating that it is repealed, are being ignored. It is not a mistake. It is necessary for the British government to sustain the post-war denial of development rights, unfortunately. It is a predicament for every Planning Minister, even if they start off wanting to set freeholders free to build.

Fresh faced Nicholas Edward Coleridge Boles was appointed Planning Minister on 6 September 2012, letting Greg Clark off the hook about the NPPF. This horrified the *Daily Mail Online*, who expected him to tear up the planning law.² Nick Boles knows the planning system through his time with and close links to Policy Exchange. They had published several reports about planning since their formation in 2002, and notably *The Best Laid Plans: How planning prevents economic growth* in 2007.³ This summarised other Policy Exchange reports, and concluded that the 1947 planning law must be sustained. Rather than look at the awkward effect of the law, Oliver Marc Hartwich imagined a New Labour conspiracy against development:

'The planning system in the UK has been intended to restrict physical development, reducing economic growth as a result. In particular, Labour have made it a matter of policy that 60% of any new housing should be built on so-called "brown field sites". This policy depends on, and results in, both high house prices and higher land prices.'⁴

New Labour had not conspired against development. Yes they planned to contain development, and urban compaction reinforces the effect of the planning law. However it is the law that planning relies upon that is having consequences today; unintended consequences since it was innovated in 1947. The planning law sustains an artificial scarcity in developable land. Morton stands on Hartwich's shoulders, and tries to elevate Boles, but their view is stunted. Policy Exchange fails to understand the planning system.

Morton makes the naïve mistake in thinking that '... planning is largely about urban areas.'⁵ Wrong! It is a system based on preventing Britain's farmers from selling their land to be built on and urbanised. British planning is not a system necessarily devoted to urbanism, but rather to containing the supposed "sprawl" of urban development.



Nick Boles, Parliamentary Under Secretary of State for Planning, with close links to Policy Exchange



Greg Clark, relieved of the National Planning Policy Framework responsibility



Oliver Marc Hartwich, no longer at Policy Exchange

The 1947 Town and Country Planning Act invented British planning as we know it today, by preventing farmers from selling land at cheap prices for simple houses to be built in large numbers, as was done during the interwar years. Morton is right when he says Britain does not build enough, and does not build to a high enough quality. ⁶ We certainly do need far more and better building. That is obvious. Many are saying that.

The myth of planning as a socialist system

In September 2012, to build his reputation as a “myth buster” for the Conservative party, Morton published the lengthy *Why Aren't We Building Enough Attractive Homes? - Myths, misunderstandings and solutions*. In this he reiterates his claims in *Cities for Growth*:

‘The 1940s system is “socialist” as it requires councils create a “socially optimal” plan then impose it on everyone. But we know in reality such changes impose clear costs and benefits on specific individual existing residents. This is explored in our *Cities for Growth* report.’ ⁷

I wrote to Morton on 13 September 2012, suggesting the obvious, that the existing planning system was capitalist rather than socialist. He wrote back, a bit huffed:

‘The current system is nothing to do with capitalism. Possibly corporatism (the use of state power to enrich a small business elite through involuntary confiscation of property rights), definitely socialism (at least in original intent given how land uplift was originally to be taken by the state).’ ⁸

“Nothing to do with capitalism” Wrong again! Morton elides over 60 years of political and economic context, and reveals the shallowness of Policy Exchange thinking. The 1947 Act made an entirely new beginning for post-war capitalism by repealing all previous town planning legislation, re-enacting some important provisions salvaged from previous law, and innovating significant legal principles. The Town and Country Planning Act 1947 came into force on “the appointed day” of 1 July 1948, and only after Britain’s farmers had secured a post-war commitment to continuing state regulation of food production at guaranteed prices. Sir Desmond Heap understood this significant legal moment:

‘It is impossible to exaggerate the importance of July 1, 1948, from the point of view of the local planning authority, the landowner or the building developer, for the 1947 Act contained some of the most drastic and far-reaching provisions ever enacted affecting the ownership of land (which for this purpose includes buildings) and the liberty of an owner to develop and use his land as he thinks fit. Indeed, after July 1, 1948, ownership of land, generally speaking, carries with it nothing more than the bare right to go on using it for its existing purposes. The owner has no right to develop it, that is to say, he has no right to build upon it and no right even to change its use. Until the 1947 Act was amended by the Town and Country Planning Act 1954 a landowner selling his land could expect to obtain (in theory, at least) only its existing use value, because whatever development value the land had was expropriated by the State under the 1947 Act. The 1947 Act did not nationalise the land; what it did do was to nationalise the development value in land – a state of affairs which was reversed by the 1954 Act under which development value in land was returned to the landowner.’ ⁹

By 1954 Winston Churchill had stripped out the Labour Party’s 1940s attempt to capture 100% of “betterment” for the State. Today we know “betterment” as “planning gain”, and both landowners and developers try to keep as much of it as possible in their negotiations over planning. Planning gain is how developers make most of their money from the planning system. After 1954 planning law reforms introduced legal Sections that built on the essential 1947 principle of a denial of development rights, to allow voluntary contributions to Local Authorities. As time went on these contributions were a way for developers to gain favour, and were no doubt assumed to be compulsory. The Sections that led to Section 106 have been used by reformists of all parties, and New Labour in particular, in an attempt to capture more planning gain for the State, though not very effectively at all times. Morton estimates this public share of planning gain:

‘Local authorities are compensated for allowing development through Section 106 agreements with developers.’ ¹⁰ ‘In 2007 councils gained £5 billion from Section 106 agreements. That year 167,000 properties were built, so that totalled almost £30,000 a home.’ ¹¹



Alex Morton, the Senior Research Fellow for Housing and Planning at “think tank” Policy Exchange



On 26 October 1951 the Conservative Party won the General Election with a small majority for Prime Minister Winston Churchill

Between 1952 and 1954 he ended the attempt by the State under the 1947 Town and Country Planning Act to capture all “betterment” in the value of land granted planning approval, and allowed what we know as planning gain to be kept by landowners, and developers they commercially deal with



Neil O'Brien, the Director of Policy Exchange



David Skelton, the Deputy Director and Head of Research at Policy Exchange



Matthew Oakley, Head of Economics and Social Policy at Policy Exchange

The result of this negotiation over planning gain between the developer, Local Authority, and the freeholder, if the developer is buying the land, has been crippling for smaller scale house builders. Expensive planning gain negotiations have worked to consolidate the Home Builders Federation membership, and to encourage the construction industry to organise through large contractors. This phenomenon was apparent in the 1960s as a process of capital consolidation and accumulation. Morton refuses to see this as capitalist, even though he can see the '... oligopolistic house building sector, where a few powerful players interlock with council planning departments.'¹² He sees the smaller builder being squeezed out, when he says '... complex planning acts as a barrier to entry.'¹³ However he does not see how the 1947 planning law served to consolidate the construction industry and development finance through the negotiation over the share of planning gain with the Local Planning Authority representing the capitalist State. It is not how Morton wants capitalism to be. So in his mind it must be in the hands of socialists.

Policy Exchange sees socialists everywhere. Of course much development in the two decades after the Second World War was carried out by Local Planning Authorities, in direct negotiation with freeholders, hoping to secure a planning approval to realise any planning gain. The State increasingly withdrew from tax funded housing provision after the economic difficulties around 1968, and accelerated that withdrawal through the 1970s. Housing policy shifted from the post-war "numbers game" in which there was a consensus about using the planning system to build more housing among competing political parties. It became an ideological point of disagreement and differentiation in which Old Labour clung to a dream of council house building. New Labour did not ignore the fact that home owners, along with aspiring home owners, were in the majority.

Planning facilitated the late 1980s house price boom, and limited the bust in the early 1990s. The urban compaction policies of Lord Richard Rogers skewed the housing market for the New Labour expansion of the fund of mortgage lending up to 2008. A volume of lending made possible by, rather than causing, house price inflation. Sales to mortgage borrowers is how speculative house builders recover their development capital, and realise the planning gain that is paid out to all those who negotiated the Section 106 agreement on land, within the local plan. All farmers outside of the locally planned area, or the immediate zone for future expansion of the planned area for development, have no prospect of planning gain. Of course Morton can see the inflationary effect that every developer, and every home owner, wants to enjoy. By his measure Policy Exchange assessed in 2011 that '... in England a median priced home now costs seven times the median salary.'¹⁴ For the developer the process is about capital accumulation, and they deal with the Local Planning Authority. For the home owner the process is a calculation of projected "capital gains" over the mortgage burden reduced by inflation. That is more an augmentation of low wages, while many dream of gaining a small capital sum.

The concept of a Housing Trilemma

Rather than interrogate how the planning system intersects with the contemporary character of the desperate attempt to augment low household income, or look closely at the capitalist activities of a development sector consolidated around Local Planning Authorities, Morton sees only "socialism" to be eradicated by Boles. He vulgarises the discussion for the sake of a radical sounding policy and another media controversy.

In 2011 the Conservative Party were beaten by the opposition to the NPPF organised by *The Telegraph*. Morton hopes Boles will revive the argument. Indeed, a committed interrogation of the effects of the 1947 planning law would be a good thing. However Policy Exchange is engaged in propaganda, imagining a socialist plot. They obscure the capitalist predicament. That predicament is actually a Trilemma in our view, and it is a reality that Boles will have to face, even if Morton has the luxury of not needing to. Boles will inevitably retreat under pressure from those with major capital interests in sustaining the Trilemma. The British predicament consists of a triangulation, characterised as:

- A) Social dependence on substantial house price inflation in Britain's political economy
- B) Securitisation of mortgage lending by government through the planning system
- C) Public acceptance of the low quality of an ageing and dilapidated housing stock

We are saying this is a mutually reinforcing Trilemma. It is not a socialist conspiracy, as Policy Exchange imagine. It is a predicament for British capitalism that is having serious consequences for the population. Trying to address one aspect of the Trilemma is tricky.



Hugh Pearman, Editor of the RIBA Journal

Listen again

Ian Abley and Hugh Pearman argue about the need for much more new house building in the countryside on the Radio 4 programme *You and Yours*. Listen again on:

www.bbc.co.uk/programmes/p00hld00

Key

Blue A)
There is a social dependence on substantial house price inflation in Britain's political economy

Red B)
The securitisation of mortgage lending is supported by an artificial scarcity of developable land sustained by the British government's planning system

Yellow C)
There is public acceptance of the low quality of an ageing and dilapidated housing stock

Purple Between A) and B)
£1.2 trillion in debt also means £2.4 trillion in housing equity

Orange Between B) and C)
The value of the existing stock of 26,000,000 homes matters more than the 130,000 new homes built annually

Green Between C) and A)
The desire for house price inflation is more important than the utility of most housing

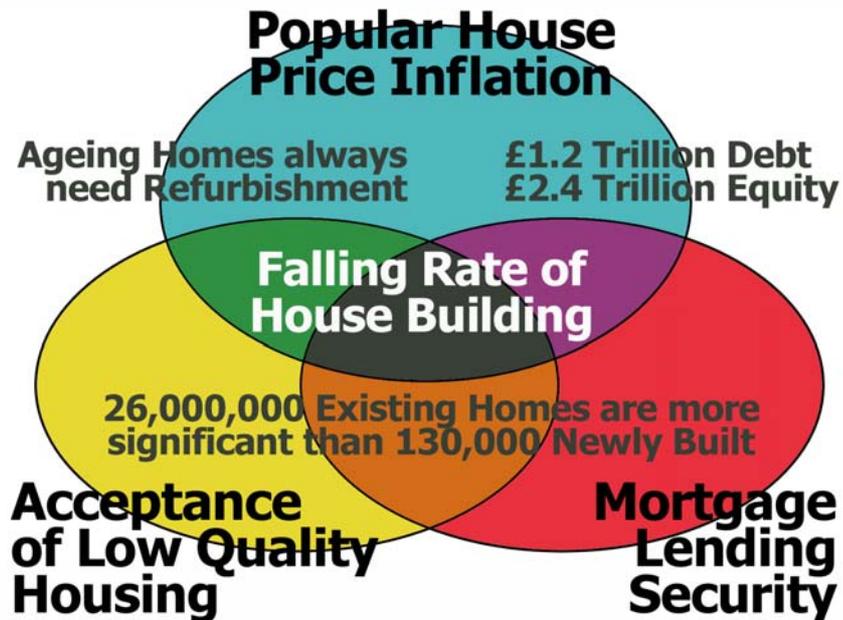
Between A) and B) £1.2 trillion in debt also means £2.4 trillion in housing equity. Maybe equity of £2.8 trillion if the Office for National Statistics figures for 2009 hold. ¹⁵ House price inflation is sought by owner occupiers and the Council of Mortgage Lenders alike.

Between B) and C) it is clear that The City is far more interested in the trade in the stock of 26 million existing homes than in the 128,000 new homes built in the year 2010 to 2011. If fewer luxury homes are built The City will not care. In fact, The City may provide the customer base. For most people the housing stock is poor quality. That inferior quality is mostly accepted by owner occupiers because of the financial benefits.

Between C) and A) the desire for house price inflation is more important than the utility of most housing. The stock is substantially dilapidated, certainly ageing badly with a negligible rate of replacement through demolition, and in need of enough refurbishment to keep it habitable. ¹⁶ That stock is increasingly overcrowded as households "Make do and Mend". This mundane repair and extension work is too large a proportion of the British construction industry. It is highly unproductive, although this is just what Hugh Pearman, editor of the *RIBA Journal* recommends. Endless refurbishment is Pearman's ideal, echoing the slogan from the Second World War. ¹⁷ That, and several households sharing the same extended family home, rather than enjoying a home of their own.

This mutually reinforcing Trilemma results in a fall in new housing production.

Britain's Housing Trilemma



audacity

In contrast to our view of the Housing Trilemma as a predicament for capitalism, Morton would have us see the planning system as '... a product of a 1940s utopian vision of bureaucratic control,' ¹⁸ '... created as part of a Socialist economy in the 1940s.' ¹⁹

Far from being a socialist project today, there is far more at stake than jobs for the large number of bureaucrats and the many consultants they deal with on a daily basis. He recognises that with the 1947 planning law landowners in Britain '... went from a system where you had the right to do what you wanted with private property (with limited exceptions), to a system where you could only do what was allowed by the government, (with limited exceptions).' ²⁰ However he sees that as the growth of bureaucratic interference, not as the loss of a property right. He is bothered about the undoubtedly stifling level of "micromanagement". ²¹ If only the Housing Trilemma were easy to solve with a concerted attack on bureaucracy. Planning Ministers like Boles might have some chance of dramatically reducing the general unaffordability of the housing market.

The A) B) and C) reality is rather more awkward than Policy Exchange appreciate.



Eric Pickles, Secretary of State for Communities and Local Government



Mark Prisk, Minister for Housing at the DCLG

The invention of a “Presumption against Interference”

Morton can see that the Presumption in Favour of Sustainable Development in the NPPF is no challenge to the planning powers of central government or Local Authorities:

‘A controversial Presumption in Favour of Sustainable Development bows to local plans. Councils will continue to decide housing numbers, with central oversight, meaning that both too few homes will be built and legal struggles between central and local government are likely.’²²

True, yet Morton doesn’t see why that power is needed by the State. He is unable to imagine doing without a planning system, ‘... because market failures exist in the built environment,’²³ and so he thinks that ‘... planning’s legitimate role is in regulating externalities.’²⁴ Planners will agree with this as a justification for their power, and argue that planning is needed to sustain local housing markets to avoid the negative externality of a general collapse in prices. Planning is reduced to Estate Agency. In 2011 Morton makes a point that planners will happily adopt as a self-justification for their role:

‘Developers can maximise profits by putting mediocre housing in attractive, expensive areas, knowing it is easier to sell such properties. They don’t pay for the costs they impose.’²⁵

By 2012 and *Why Aren’t We Building Enough Attractive Homes?* Morton is proposing a new planning system that very much sounds like business as usual:

‘Aside from protecting exceptionally beautiful areas from change, we need it to protect existing property owners from nearby changes infringing their property rights and allow for infrastructure planning.’²⁶

Having accepted the need for the planning system to protect the environment, correct the property market, and save the public from the negative externality of supposed mediocre development, Morton is reduced to playing with policy words:

‘It is time for a real overhaul of the planning system. Local authority control has been the centre of the planning system for over 60 years. It must be stripped back and a Presumption against Interference be made central instead.’²⁷

The idea of a “Presumption against Interference” is nonsense. It is a media trick that ignores the legal reality. Either a freeholder is free to ignore the Local Planning Authority, or the Local Planning Authority has the power to interfere in their freehold land. Either a freeholder has a development right, or they are denied that through law - the 1947 planning law in this case. A right is a freedom from interference. For Morton the authority that has the power to interfere must promise not to exercise that power.

‘The key element of the 1947 Town and Country Planning Act, which endures to this day, is to presume that all significant changes to private property must be authorised by local authorities, which should create local plans to guide their decisions.’²⁸

The Act doesn’t “presume”. It denies. It denies the development right that used to exist as a property right in freehold land ownership. It is not a matter of the significance of the development proposal, but a matter of principle that no-one is free to develop their own land without approval from the Local Planning Authority, based on a design. He suggests that ‘... the onus of the planning system should not be “everything is forbidden unless it is permitted” but “everything is permitted unless expressly forbidden”.’²⁹ In other words Morton wants planning to be *proscriptive*, not *prescriptive*, but falls short of arguing that there should be a property right to be able to develop your own land.

No freedom to build

Morton doesn’t advocate the freedom to build, but aims to sustain the planning power on the assurance it is never to be used except as a proscription. He doesn’t explain how a proscriptive system would necessarily be any more liberal than a prescriptive one. This is not “real”, let alone an “overhaul of the planning system”. It is another defence of the 1947 denial of development rights in 2012. This slippery nonsense policy sound-bite from Policy Exchange sounds liberal, “hands-off”, and permissive, but is not the freedom to build that is needed. In fact it leaves the law intact, which they may be happy about.



James O'Shaughnessy, no longer the head of David Cameron's Policy Unit, and back at Policy Exchange

The idea of a refreshed presumption is not Morton's. Policy Exchange has been peddling this pro-development sounding talk of "presumption" for years, without once arguing to repeal the 1947 planning law. At *Superbia* in 2006, when James O'Shaughnessy was then the Head of Research at Policy Exchange, he too rejected a repeal of the 1947 Act.³⁰ He had organised *Bigger Better Faster More: Why some countries plan better than others*, a Policy Exchange event.³¹ This had led O'Shaughnessy to edit the reports *Unaffordable Housing: Fables and Myths* of 2005,³² and *Better Homes, Greener Cities* of 2006,³³ both written by Evans and Hartwich in a series culminating in *The Best Laid Plans*.

O'Shaughnessy left Policy Exchange to head David Cameron's Policy Unit, but by early 2012 was back at the "think tank". Hartwich couldn't bring himself to argue for repeal either; not when he spoke at *All Planned Out?* in 2007,³⁴ or afterwards, when he had left Britain to pursue his policy working career in New Zealand and Australia. Quizzing him in 2011 about the NPPF, Hartwich dismissively told me:

'Good luck trying to convince anyone in Britain to scrap the 1947 act. The presumption in favour of development is a step in the right direction. That they are calling it sustainable could be mere spin.'³⁵



Prime Minister David Cameron

Hartwich is at least realistic about the established and popular attachment to the 1947 planning law, even if he doesn't want to accept, or simply can't understand that most capitalists the world over believe the ideological nonsense of sustainability.³⁶ He certainly doesn't see that the NPPF's sustainable prefix to the systemic presumption gives the planning law a green oiling that will serve as maintenance for a few years. The British government, the Bank of England, and The City are not about to tear down the legislation that separates the planned urban investment area from the abundance of redundant British farmland. As an echo of a resigned and cynical Hartwich, Morton just gets himself stuck in Policy Exchange's attempt to retreat from scrapping the 1947 Act:

'Government should not have wide-ranging and all-encompassing rights over private property. The Presumption should mean that people have the right to use their property as they see fit, once they have taken account of the immediate impact on those around them - the externalities that they create.'³⁷

You can't have half a right. Morton doesn't understand what a property right is.

Putting the right to develop back into freehold land ownership

In 2012 Morton says that '... property rights can begin to be traded.'³⁸ What he really means is that neighbours might deal with each other when wanting to build, but they could only do that when they have an equal development right in property, free from any other authority, and free from each other. Britain should repeal the 1947 Town and Country Planning Act and return development rights to the owners of all private property, whether in the form of vacant land or existing buildings. People will be free to arrange plans for themselves, or adopt Local Authority proposals if they want to. They can compensate their neighbours for negative externalities if they want to, or run the risk of local disagreement and disillusionment. They will also be free to generate positive externalities to ease their neighbourly relations, or to collaborate on shared development projects. Farmers would be liberated by having their development rights returned after more than 60 years. Building work would boom. None of the corrective nonsense would be required from policy wonks like Morton at Policy Exchange.

Stuck in the brownfield again

'Planning permission for brownfield development should generally be permitted unless more than half of those nearby object,'³⁹ says Morton in 2011. A year later and Morton has accommodated to the brownfield policy that the NPPF preserved from the New Labour years, even though he correctly recognises '... it is a myth there is a large amount of "brownfield" land in England. The total level of derelict brownfield land is enough for a million new homes, but mostly this is in the wrong place.'⁴⁰ True, but he seems to be so intellectually exhausted that he wants the easy option. He says that '... brownfield development is much less controversial than greenfield development and so should be high on the list of priorities.'⁴¹ Adding that '... compensation for greenfield not brownfield would prioritise brownfield redevelopment in a sensible manner.'⁴² His muddle makes the 1947 based planning law look preferable. He collapses into a plan intervention.



Daniel Finkelstein, the Chairman of the Board of Trustees at Policy Exchange



**250 New Towns Club
organiser and architect Ian
Abley says:**

'The 250 New Towns Club is a popular response to the fact that Britain should be building many more homes than the 128,000 that were built in 2011. We say 500,000 houses and flats should be built every year as a minimum. We also say that 260,000 demolitions are required at the same time to get rid of the worst old housing. Of course, housing does not exist in isolation. We all want to live near good facilities, and close to work. Towns take time to grow and become established.'

'The Dutch and North Americans have been notable at creating new places to live in new landscapes. We see ambition too in Brazil, Russia, India and China. We should learn from that and get building here. The 250 New Towns Club will learn from the scale and pace of development in the rest of the World. We believe in population growth and free migration.'

With development rights reconnected to freehold land ownership brownfield clearance and regeneration work would be as unstoppable as new building on green fields. To give farmers back the freedom to sell on their development rights in freehold today, and to let Britain's many small builders get on with building low cost and popular suburbia, would variously collapse the inflated housing market. Morton is worried about "anti-suburban attitudes" among many planners.⁴³ These attitudes, and any prejudice, would count for nothing with a repeal of the 1947 law. Urban property values would fall. However that would put at risk the security of the £1.2 trillion of live debt that the members of the Council of Mortgage Lenders enjoy a percentage return from. Capital would be at risk.

The NPPF sustained the 1947 planning law. Boles will too as Planning Minister, despite the fears of the *Daily Mail Online* with publication of Morton's slippery report.⁴⁴ Boles will be very careful to do nothing that threatens to generally reduce the inflated cost of housing in a country with a surplus of redundant farmland. Or he will be sat on by Eric Pickles. Instead, we argue for repeal of the 1947 Town and Country Planning Act.⁴⁵

The three aims of the 250 New Towns Club

We have articulated three aims at the 250 New Towns Club:

- 1) To work for population growth, more migration, and industrial advances in productivity, as materialists opposed to green idealism
- 2) To demand the return of development rights to owners of Freehold land, exchanging the 1947 Act for a system of development or land tax
- 3) To publicly plan as citizens for house building at a rate never achieved before and with the intention of deflating housing markets

At the 250 New Towns Club we don't expect too many architects to join, though they would be welcome. Morton is trying to appeal to design consultants. 'Architects in particular lose out in the current system,'⁴⁶ he says, unconvincingly. Every architect moans about planners, but knows that their own practices are based on the winning of planning approvals. Where many architects once found employment within Local Authorities, today architects almost exclusively perform the role of an intermediary in the negotiation over planning gain. Architects claim their dwindling percentage for that service, and have never organised once to practice without the 1947 planning law.

Who is the "we" in the market?

The 1947 planning law persists. It has proven resilient to change, and has become an essential tool. Morton insists that '... we would be better off replacing it with a system designed around private property rights.'⁴⁷ I asked him who the "we" is. I'm waiting for a reply, although I'm not holding my breath. He says that '... local people must have ultimate control, and greenfield development come with compensation.'⁴⁸ After all the vague talk of local people, for Morton the "we" means British capitalism. More precisely his imagined version of capitalism, not the real one he sees dealing with politicians:

'Whitehall is, unfortunately, the battleground for vested interests. This favours the big developers, the large housing associations, and local government associations.'⁴⁹

Morton wants a fantasy capitalism that works by '... taking control from top down bureaucracy and giving it to local people.'⁵⁰ The newspaper *City A.M.*, handed out freely in London, laughably reported that according to Policy Exchange '... house builders are exploiting the planning system to boost their profits,' as if somehow maximising profits is not normal commercial behaviour.⁵¹ It is easy for Policy Exchange to go into battle over their ideas of "localism" around Whitehall, moaning about planners, accusing councils of being "socialist", objecting that some '... home owners have two or more spare bedrooms,'⁵² and seeking more undemocratic ways for sufficiently capitalised locals to build housing that leaves the 1947 law essentially intact. Hartwich helped established this style of faux-analysis in 2007, and it has kept Policy Exchange in print:

'In many ways, British housing policy has a Soviet edge. Like all other examples of central planning, this does not work. Whitehall simply does not know best what kind of housing is needed across the country. Local government, on the other hand, would know better, but at the moment they do not have the financial incentives to deliver it.'⁵³



Wendell Cox and Hugh Pavletich of *Demographia* have long looked at the still increasing unaffordability of the British housing market on www.demographia.com



Blue-Green Philosopher Roger Scruton

Quite simply the workforce will be far better off when all capitalist house building developers can buy cheaply from a vast stock of redundant farmland that exists in well connected locations to build homes that cost a far smaller proportion of wages. A median priced home on a mortgage should cost less than three times the median income. That is the *Demographia* measure of affordability, recommended by the World Bank and the United Nations, and used by the Harvard University Joint Center on Housing. ⁵⁴ Morton is of course correct when he says '... house prices should be kept close to construction costs.' ⁵⁵ To achieve that feat the land price must be a fraction of the cost of the building work. Minimising the price of land requires every farmer to have the right to develop, letting them sell those property rights onto builders when it suits them. Not every scrap of farmland will be immediately built upon. That would never happen in the market. In his *Why Aren't We Building Enough Attractive Homes?* Morton makes the point:

'The UK's "land market" is in no real sense a market. Land release is not triggered by market mechanisms but is controlled by councils through the planning system.' ⁵⁶

The market in developable land is limited by planning. British capital needs it to be so. If all farmers could potentially sell their land cheaply at say £100,000 a hectare rather than at the agricultural value of £10,000 a hectare, the bottom would fall out of the housing market as it is presently sustained by the planning system. All developed land at over £1,000,000 a hectare, with some at over £10,000,000 a hectare, would have to be seriously written down as a real estate asset. All but the very best located land owning developers would falter. The Council of Mortgage Lenders with £1,200,000,000 of live mortgage lending would face a deluge of defaults and a rising tide of negative equity. It would be financially disruptive, but not completely disastrous for capitalism.

The result would be the substantial reduction of the funds of housing equity that many people hope to be able to liquidate and use in lieu of wages and pensions, or pass on to their children as an inheritance of some small kind. Repeal of the 1947 Act would be painful, but is the sustained inflation of the housing market any less painful?

It is a predicament: A Housing Trilemma... and the workforce suffers from it most of all.

Roger Scruton could teach Policy Exchange a lesson

The 1947 planning system is an instrument of the Treasury to protect The City.

Government needs the planning system to sustain the inflated housing market, falling presently in large areas of the North, but still inflating generally in the South. The 1947 law sustains planning gain as the difference between £10,000 for a hectare of agricultural land, and the millions that a planning approval makes a hectare of land worth under conditions of artificial scarcity. As conservative thinker Roger Scruton says:

'There are few success stories in environmental politics. But the 1947 Act is one of them. And its success is due to one fact above all, which is that it removes the default position from the developer... The Government justifies its new proposals as instruments of economic growth. The 1947 Act has certainly been an obstacle to economic growth... Thank God for obstacles to economic growth.' ⁵⁷

The CML, backed by every environmentalist and heritage organisation aligned behind *The Telegraph* in their promotion of Scruton's understanding of the importance of the 1947 planning law, ⁵⁸ seriously oppose repeal. They may even fear that Policy Exchange is talking about repeal, but the "think tank" is not. For them repeal is unthinkable, and Morton defends the planning law in his libertarian sounding criticism of it. The CML will not want the £2.4 to £2.8 trillion of equity in the housing market even partially destroyed, and the likes of Scruton don't want the workforce liberated to live in the countryside. The last thing this coalition government - any British government - will ever do is put all that at risk in a housing market collapse precipitated by a repeal of the 1947 Town and Country Planning Act. That is a real problem for British capitalists. They cannot afford to denationalise the development right the State denies to private owners of land.

That is why it is so important that we, *the depoliticised workforce*, are clear about the predicament they, *the owners of capital*, are in over a piece of post-war legislation which today protects unproductive capital. We need industrial advance and better standards of living for a growing population more than The City needs economic growth in building.

Compatible with Scruton's conservatism, the young Morton says that '... politicians must remind people that there are depressingly few modern areas that can compete with our pre-1947 Town and Country Planning Act communities.'⁵⁹ This is not true either, but it holds the prospect that better places could easily be built on the basis of re-privatising development rights in an industrial democracy in the twenty-first century. But that requires repeal, and Policy Exchange does not want that. Also, the price will be financial disturbance in Britain, and far more disturbing than events in 2008. It is a price that Boles will never be allowed to make others pay, even if he wanted to. He has his job.

Expect another propagandist report on planning and housing from Policy Exchange soon.

Ian Abley
19.09.2012

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