Textbook to make the politicians sit up

BRINGING AN END TO CITY MISERY

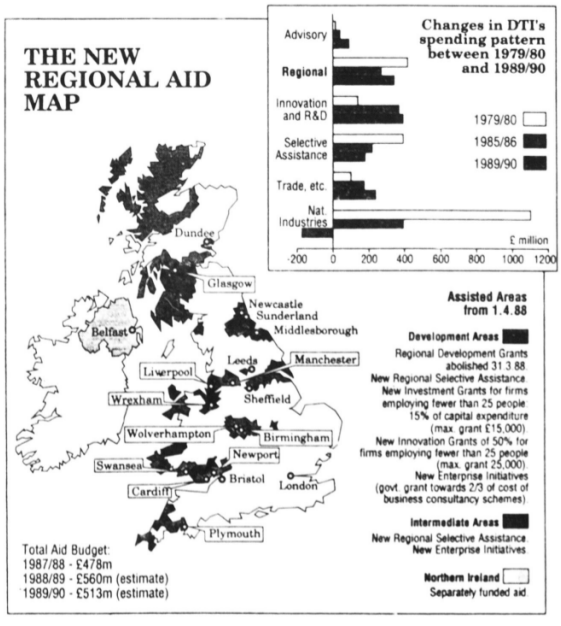
By PETER POOLE

ACADEMIC economists tend to leave the study of urban problems to the geography departments. That explains why so many textbooks on the subject are irrelevent to the issues of the day.

The consequence has not just been one of missed political opportunities, but rather of bad policies – based on misinformation and misunderstanding – accelerating the decline of inner cities and whole regions.

In the United States, the drive to rescue the urban environment has been driven by a hotch potch of policies that have largely rewarded the land speculators who have done the most to displace people and jobs from the centre of cities; speculators who, in the exercise of their rights, have nurtured decay where there should be growth, and profited from human misery where there should be a continuous celebration of a wholesome alliance of individual enterprise and the communal ethic.

These issues are thrown into sharp relief in Britain, where the central government – which exercises greater control over regional economic and political activity than is the case in the US – has just overhauled its urban and industrial policies.



Among other proposals, the Thatcher Government is withdrawing regional aid in favour of selective grants that are biased in favour of small firms. At the same time, it is introducing laws that directly undermine the goal of helping the derelict inner cities and impoverished regions – for example, the decision to abolish the domestic property tax, and the introduction of the Poll Tax as the alternative revenue raiser, which will favour the rich south and further impoverish the underemployed north.

A critical time, indeed, for regional and urban studies. And at last we have a textbook that addresses itself to these issues in a comprehensive, hard-headed manner.

Dr. Paul Balchin and Dr. Gregory Bull are lecturers at Thames Polytechnic. Their *Regional and Urban Economics* (London: Harper & Row, £8.95) ranges over the theoretical literature and contemporary policies; but they also test these against the empirical evidence.

By adopting the economist's perspective, they are compelled to consider issues that tend to be underplayed by textbooks from the same shelf. The ownership, use and taxation of land are recognised as crucial factors in the complex forces that, on the whole, are leading to the disintegration of the built environment.

The authors are critical of postwar Labour Governments that have been "repeatedly sidetracked by the aim of taxing development or betterment values,

• HARD-HEADED HEROES: Greg Bull, left, and Paul Balchin . . . . a thought-provoking exercise.

without due attention being paid to public acquisition" – a stricture which, one hopes, will be taken to heart in the party's current review of policies under its young Welsh leader, Neil Kinnock.

As a prelude to their review of rent theory, Balchin and Bull state:

> Even if it were logical to consider "returning" land to the people, it is unlikely that the majority of the population would wish to have direct responsibility for the ownership and use of a sizeable quantity of land. Given a choice, it is probable that most people would have a preference for a share of the monetary value of land rather than a common title of ownership.

The book offers a powerful commendation of the virtues of land value taxation.

THE AUTHORS, while striving to maintain the even-handed neutrality of the scholar, demonstrate an ability to synthesise political nous with a refreshing understanding of how the land market operates in reality as well as in theory.

They do not shirk the logic of the evidence that is packed into their book, which leads them to make statements that would sit well in a radical manifesto. For example, in reexamining "the land question", they declare:

> Private ownership, it could be maintained, is economically inefficient and inequitable. Since most economic activity pull's up land values, the resulting wealth is accumulated by private landowners and not used for the benefit of society as a whole. A huge volume of financial resources – which could be invested in productive industry and so increase the gross domestic product for the benefit of all – is being soaked up by land for largely speculative reasons, to the detriment of all except a minutely small number of landowners and their financiers and advisers.

Bold conclusions based on a detailed examination of the evidence drawn from as far afield as the UK housing market and the Graded Tax employed by a number of cities in Pennsylvania, in which the property tax burden is being progressively shifted from buildings and onto land values, to the benefit of the local economy in terms of construction and new jobs.

One might wish to quibble with the lip service paid to Karl Marx's pedantic breakdown of unearned rental income into subcategories; or the association of "advanced capitalism" with the seizure of common lands during the great enclosures of the 18th century (which was actually the arrival of advanced landlordism); or precisely what it was that Henry George, the American social reformer, proposed to tax in the 19th century.

But these are trifling points when read in the context of a book that now forces other scholars, and politicians, to come to terms with issues that are central to the task of abolishing poverty and unemployment, and rebuilding our derelict cities.