

# TOWN PLANNING VERSUS THE PLANS OF THE PEOPLE

JOHN HIBBS

Since the days of the sainted Ebenezer Howard, before him, with Robert Owen, Titus Salt, the Cadburys and the Lever family, and on to the execrable Le Corbusier, planners have behaved as if they had a divine gift for knowing what is good for people. Now it cannot be denied that some of them got it right — New Lanark, Saltaire, Bourneville, Port Sunlight, Letchworth, Welwyn, and not forgetting Hampstead Garden Suburb. But while ‘town planning’ on this scale gave people pleasant places to live in, British planners after the Second World War succumbed to *folie de grandeur*, and started planning on an altogether grander style.

## A SEVERE CURTAILMENT OF LIBERTY

Largely ineffective legislation in 1932<sup>1</sup> and 1935<sup>2</sup> was followed after the war by “one of the great landmarks in town planning”, to quote an anonymous and all too typical author. This Act<sup>3</sup> provided for a Ministry and 145 local planning authorities, each of which had to prepare a ‘development plan’, to be reviewed every five years, which had to be approved by the Ministry. Each plan took the form of a map, showing what development was to be permitted and where. Although the system was supposed to be flexible, the amount of detail in the maps made it rigid, so that the outcome was a severe curtailment of liberty. It was also a slow process, inhibiting decision-taking by individuals and firms alike, and creating the phenomenon of ‘planning blight’, where land remained unfruitful while a decision was awaited as to its development.

Another aspect was the process of taxing away ‘unearned increment’, where planning permission raised the market value of land, to create a fund out of which payments were

to be made to landowners who were refused permission for development. The whole process would have required each application to have been considered on its merits for it to have the appearance of equity, but there could never have been the number of highly paid officials qualified to do the work, nor the time required to carry it out. So the process came to follow formal guidelines, which duly led to litigation and ‘case law’; the legal fraternity to this day obtain a financial reward of no mean value by practising in the ‘Planning Bar’.

The compensation plan was abandoned as unworkable, thereby removing any pretence at equity, since when the free play of the factor land in the market has been constrained by professional planners, with their own ideas about what is ‘right’ for the people. Yet it must be accepted that, at least in urban uses, land as a factor is in short supply. In the normal course of events, property rights in the market will take care of this, but intervention intended to achieve some ‘social cost/benefit’ outcome can too easily set in train a process of non-linear dynamics whose outcome in the real world, is cannot be forecast.<sup>5</sup>

There are however certain problems concerning the free exchange of property rights in urban land (or wherever land is in effect in short supply). One of them arises where the opportunity cost of a given plot would prevent it from being used for purposes generally held desirable, but where payment would limit access to the very rich. In London, one might take the Royal Parks as an example, or the great churches and mosques, or — maybe — the Houses of Parliament. (We might on the other hand deny the argument to theatres and opera houses — and reflect for a moment upon the grand commercial buildings inherited from the 19th century in a city like Manchester.) The planners whose names we met at the start of this paper were in agreement that open space, at least, should be provided at no cost to the user, in their garden cities, while municipal councils have, at least until fairly recently, regarded the maintenance and planning of parks as a proper expenditure of public money.

The ‘opportunity cost problem’ in this sense is no doubt something we can live with. Where today’s problem is at its most acute — and still getting too little attention — is the failure of property rights to apply effectively to the use of land for transport. And without transport, cities cannot survive.

## CARS — “MUCH TOO GOOD FOR THEM!”

Until the advent of the automobile we could live with this, too. Railway companies acquired the land they needed long before planning was invented, and over the past 40 years they have needed less and less.<sup>6</sup> Their ability to burrow below ground means that their land-take for new investment is far less than once it was, but it is still substantial where major investments like the high-speed link from London to the Channel Tunnel are concerned. It is with roads that the problem is greatest, and this is where the new planners, the ‘transportation planners’, to use an ugly and unnecessary word, now exercise increasing power.<sup>7</sup>

Transportation Planning was introduced into Britain from the USA in the 1960s, and from the first the policy behind it was ‘predict and provide’. Sir Colin Buchanan foresaw the outcome early on,<sup>8</sup> but was not listened to. The Labour government’s 1967 White Paper, *Public Transport and Traffic*, proposed Conurbation Transport Authorities, to act as



### Political Notes No. 141

ISSN 0267-7059 ISBN 1 85637 388 6



An occasional publication of the Libertarian Alliance,  
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The views expressed in this publication are those of its author, and not necessarily those of the Libertarian Alliance, its Committee, Advisory Council or subscribers.

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**FOR LIFE, LIBERTY AND PROPERTY**

'honest brokers' between highway planners and transport operators; it gave birth to a disastrous piece of legislation,<sup>9</sup> which gave us Passenger Transport Authorities instead. These were basically monopoly bus operators, with little interaction with land-use planners, and despite having lingered on when their main purpose was removed in 1985,<sup>10</sup> they continue to exist as wasteful bureaucracies with little useful left to do that could not be better done by local authorities.

But nothing was ever done to tackle the real problem: the total lack of property rights in the highways. (In British law a highway is merely a 'right of passage', the land actually owned by the frontager, who cannot however claim it as his to dispose of.) Again, this did not greatly matter until street congestion grew severe in the late 19th century (before the appearance of motor transport), and then began to become intolerable by the late 1970s.<sup>12</sup>

Twenty years later the inherent falsity of 'predict and provide' became plain: it rested upon no property rights whatsoever, so no-one could be brought to book for its mistakes. Not even the planners.

For twenty years later something had happened that no-one seems to have foreseen. The private car, originally a rich man's toy, in the 1930s became a middle class luxury, and then, from the 1950s on, it increasingly became a middle-class necessity. It should have surprised no-one when, in the 1980s, it started to become a working-class necessity. Not a luxury, but a possession that gave a man a vastly better chance of finding a job during the recessions of the period — and the opportunity to take his wife to the supermarket to economise on household costs. It is open to question whether this fact has entered the consciousness of the planners and the *bien pensants* even now, but between 1981 and 1991 the greatest growth in car ownership was in the C1 and C2 groups (skilled and semi-skilled manual workers), while the greatest growth in multi-car households was among the C1s.

There is a story about an upper-class couple who were breakfasting on the first morning of their honeymoon. The wife says to her husband: "What we were doing last night, dear — do the common people do that?", to which he replies: "I suppose so." "Much too good for them!" she says. Now it is this attitude that today is being taken to the working-class car-owner, as nobody can deny. And it is a political bombshell!

## THEY PLAY WITH OUR LIBERTIES

So, at the same time as it is becoming politically correct to regard car drivers as much like smokers (and admittedly car drivers do far more harm to other people than smokers do), all parties have greened up, and now abhor the very idea of highway planning. Where this will lead, unless we introduce property rights into highways (and road-use planning is a step in that direction<sup>13</sup>), is only too easy to foresee: cars will continue to be bought, not least by the common people, and roads will stifle the trade of goods.<sup>14</sup> So where is the planner left now?

In a sort of limbo, produced by the impossibility of arriving at a rational policy for 'transportation planning' in the irrational world that knows no property rights. A century on from Ebenezer Howard and fifty years on from the great Town and Country Planning Act we have a meddlesome bureaucracy that seeks to make people restore buildings to their previous state of dereliction, and plough under the gar-

dens they have created from the waste.<sup>15</sup> But the highway and transportation planners surely suffer a worse fate — or we do from their activities, rather. Leaving aside the waste of millions of pounds on Light Rapid Transit, which has become their playground, they pedestrianise, they build humps in the roads, and they place signposts so as to make us take roundabout routes to reach our legitimate objectives.<sup>16</sup> They play with our livelihoods, and they play with our liberties. Our elected representatives seem to have suffered a kind of 'regulatory capture', and even the supposed representatives of the motorist do not seem to want to become involved.

## PEOPLE PLANNING FOR THEIR OWN FUTURE

Success in commerce and industry requires planning. Planning by people whose future depends upon achieving that success. People planning for their own or their company's future, in a market where prices and property values tend always to optimise the outcome in human terms. Not planners planning other people's lives.

## NOTES

1. Town and Country Planning Act 1932.
2. Control of Ribbon Development Act 1935.
3. Town and Country Planning Act 1947.
4. Recommended by the Uthwatt Report of 1942, which also wanted to provide that, when the freehold of a piece of land was acquired by a local authority, it should not again be sold, but leased — nationalisation of land by the back door.
5. Almost three decades ago Professor Coase expressed it well: "Analysis in terms of divergencies between private and social products concentrates attention on particular deficiencies in the system and tends to nourish the belief that any measure which will remove the deficiency is necessarily desirable. It diverts attention from those other changes in the system which are inevitably associated with the corrective measure, changes which may well produce more harm than the original deficiency." ('The Problem of Social Cost', *Journal of Law and Economics*, Vol. III, October 1960)
6. One peculiar problem bedevilled the working of the market in the United Kingdom from 1957, when the state-owned Railway Executive became bankrupt. Under a Treasury rule that land in the ownership of a loss-making public corporation should not appear on its balance sheet, railway land became 'valueless', and as sidings and freight yards became redundant they were sold off, the proceeds appearing as a clear gain. In many places the market for land would have been improved if they had been used for 'park-and-ride' sites, to reduce the volume of traffic on the roads. Since the privatisation of Railtrack the situation has changed, but the separation of land ownership from train operation leaves the underlying problem unsolved.
7. See Mark Ledbetter, *The Automobile Century: How Subsidized Roads Wrecked Twentieth Century America*, Historical Notes No. 25, Libertarian Alliance, London, 1995.
8. *Traffic in Towns: A study of the long-term problems of traffic in urban areas* — 'The Buchanan Report' (HMSO 1963).
9. The Transport Act 1968.
10. The Transport Act 1985.
11. See John Hibbs and Matthew Bradley, *Deregulated Decade: Ten Years of Bus Deregulation*, ASI Research Ltd., London, 1997.
12. Part of the problem arose from the total inability of management in the publicly-owned bus companies (and the Passenger Transport Authorities) to realise that the car was a competitor of theirs.
13. See Gabriel Roth's excellent study, *Roads in a Market Economy* Avebury, Aldershot, Hampshire, 1996.
14. For a critical analysis see Professor C. D. Foster, "The Dangers of Nihilism in Roads Policy", *Proceedings of the Chartered Institute of Transport*, Vol. 4, No. 2, 1995.
15. Both such decisions, and others like them, have been reported in the media, and where they leave property rights is a matter for sadness.
16. It was one of these that prompted me to the thoughts in this paper. The signposted route, which few observe because there is a shorter one, involves an addition of something under a mile to each trip. Not much, you may think, but apart from the cars, there is a half-hourly bus service involved, and freight vehicles to and from a neighbouring trading estate. And neither the bus company nor the firms on the estate were even consulted when the change was made.